

		Rs.	
BALANCE SHEET AS ON	Sch	31-Mar-2020	31-Mar-2019
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	1342,22,620	1342,22,620
Reserves and Surplus	2	2829,30,855	2570,07,743
Deposits	3	24757,51,042	21858,94,408
Borrowings	4	-	-
Other Liabilities and Provisions	5	2163,48,988	1801,09,365
<b>Total</b>		<b>31092,53,505</b>	<b>27572,34,136</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	655,29,340	903,61,226
Balances with Banks and Money at Call and Short Notice	7	4702,42,037	3453,96,204
Investments	8	4854,09,795	4482,81,386
Advances	9	19971,52,847	17715,15,429
Fixed Assets	10	311,07,177	390,51,764
Other Assets	11	598,12,309	626,28,127
<b>Total</b>		<b>31092,53,505</b>	<b>27572,34,136</b>
Contingent Liabilities	12	177,67,234	325,65,978
Bills for Collection		-	-
Principal Accounting Policies	17		
Notes To Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet  
In terms of our report of even date

**for Sagar and Associates**

Chartered Accountants

Firm Regn. No. 003510S

For and on behalf of Board of Directors

  
B. Srinivasa Rao  
Partner  
M.No. 202352

  
Mahpara Ali  
Director

  
Ravi Shankar Kolathur  
Director

  
V. Jaganmohan  
Director

  
Donepudi Durga Prasad  
Managing Director

  
J. Murali Krishna  
Chief Financial Officer

  
P. A. Pattnaik  
Company Secretary

Place: Madhapur  
Date: June 03, 2020

Audited Financial Statements as on March 31, 2020

Rs.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED	Sch	31-Mar-2020	31-Mar-2019
<b>I. INCOME</b>			
Interest Earned	13	3730,28,180	3165,64,452
Other Income	14	904,18,867	627,33,406
<b>Total</b>		<b>4634,47,047</b>	<b>3792,97,858</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	1679,78,990	1344,80,563
Operating Expenses	16	2218,04,512	2017,74,828
Provisions and Contingencies		470,07,481	218,80,200
<b>Total</b>		<b>4367,90,983</b>	<b>3581,35,591</b>
<b>III. PROFIT / LOSS</b>			
Net Profit/(Loss) for the Year		266,56,063	211,62,267
Add: Profit/(Loss) Brought Forward		1607,80,252	1438,63,378
<b>Total</b>		<b>1874,36,315</b>	<b>1650,25,645</b>
<b>IV. APPROPRIATIONS/TRANSFERS</b>			
Statutory Reserve		53,35,060	42,35,508
Capital Reserve		-	4,76,716
Investment Fluctuation Reserve		-	-
Interim and Proposed Dividend		-	-
Tax on Dividend		-	-
Staff Welfare Fund Reserve		10,00,000	-
Balance Carried Over to Balance Sheet		1811,01,255	1603,13,421
<b>Total</b>		<b>1874,36,315</b>	<b>1650,25,645</b>

Principal Accounting Policies 17

Notes on Accounts 18

The schedules referred to above form an integral part of the Profit and Loss Account


In terms of our report of even date


for Sagar and Associates

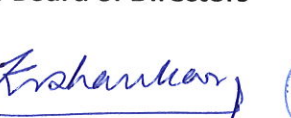
Chartered Accountants


Firm Regn. No. 003510S

For and on behalf of Board of Directors

  
B. Srinivasa Rao  
Partner  
M.No. 202352

  
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Managing Director

  
J. Murali Krishna  
Chief Financial Officer

  
P A Pattnaik  
Company Secretary

Place: Madhapur

Date: June 03, 2020

Audited Financial Statements as on March 31, 2020

	Rs.	
<b>SCHEDULES TO BALANCE SHEET AS ON</b>	<b>31-Mar-2020</b>	<b>31-Mar-2019</b>
<b>SCHEDULE 1: CAPITAL</b>		
<b>Authorised Capital</b>	<b>2500,00,000</b>	<b>2500,00,000</b>
250,00,000 Equity Shares of Rs. 10/- each		
<b>Issued Capital</b>		
Issued 13422262 Equity Shares of Rs. 10/- each	<b>1342,22,620</b>	<b>1342,22,620</b>
<b>Subscribed &amp; Paid-up capital</b>		
13422262 Equity Shares of Rs. 10/- each	<b>1342,22,620</b>	<b>1342,22,620</b>
<b>Total</b>	<b>1342,22,620</b>	<b>1342,22,620</b>
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserves</b>		
Opening Balance	<b>532,02,921</b>	<b>489,67,413</b>
Additions during the Year	<b>53,35,060</b>	<b>42,35,508</b>
Deductions during the Year	-	-
<b>Total</b>	<b>585,37,981</b>	<b>532,02,921</b>
<b>II. Capital Reserves</b>		
Opening Balance	<b>27,68,191</b>	<b>22,91,475</b>
Additions during the year	-	<b>4,76,716</b>
Deductions during the year	-	-
<b>Total</b>	<b>27,68,191</b>	<b>27,68,191</b>
<b>III. Share Premium</b>		
Opening Balance	<b>304,29,380</b>	<b>304,29,380</b>
Additions during the year	-	-
Deductions during the year	-	-
<b>Total</b>	<b>304,29,380</b>	<b>304,29,380</b>
<b>IV. Investment Fluctuation Reserve</b>		
Opening Balance	<b>93,75,000</b>	<b>93,75,000</b>
Additions during the year	-	-
Deductions during the year	-	-
<b>Total</b>	<b>93,75,000</b>	<b>93,75,000</b>
<b>V. Revenue and Other Reserves</b>		
Opening Balance	<b>4,52,000</b>	<b>4,52,000</b>
Addition During the Year	-	-
Deductions during the year	-	-
<b>Total</b>	<b>4,52,000</b>	<b>4,52,000</b>
<b>VI. Balance in Profit and Loss Account</b>		
Opening Balance	<b>1607,80,252</b>	<b>1438,63,378</b>
Addition During the Year	<b>213,21,002</b>	<b>164,50,043</b>
Deductions during the year	<b>10,00,000</b>	-
<b>Add: Deferred Tax</b>	<b>2,67,049</b>	<b>4,66,831</b>
Less : Depreciation relating to earlier years	-	-
<b>Total</b>	<b>1813,68,302</b>	<b>1607,80,252</b>
<b>Total (I to VI)</b>	<b>2829,30,855</b>	<b>2570,07,744</b>

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date

**for Sagar and Associates**

Chartered Accountants

Firm Regn. No. 0035105

HYDERABAD

B. Srinivasa Rao

Partner

M.No. 202352

For and on behalf of Board of Directors

Mahpara Ali

Director

Ravi Shankar Kolathur

Director

V. Jaganmohan

Director

Donepudi Durga Prasad

Managing Director

J. Murali Krishna

Chief Financial Officer

P A Pattnaik

Company Secretary

Place: Madhapur


Date: June 03, 2020



	31-Mar-2020	31-Mar-2019
<b>SCHEDULES TO BALANCE SHEET AS ON</b>		
<b>SCHEDULE 3:DEPOSITS</b>		
<b>A I. Demand Deposits</b>		
(i) From Banks	-	-
(ii) From Others	146,82,510	171,24,940
<b>II. Savings Bank Deposits</b>	4661,05,206	4246,06,185
<b>III. Term Deposits</b>		
(i) From Banks	-	-
(ii) From Others	19949,63,326	17441,63,283
<b>Total (I, II and III)</b>	<b>24757,51,042</b>	<b>21858,94,408</b>
<b>B. I. Deposits of branches in India</b>	<b>24757,51,042</b>	<b>21858,94,408</b>
II. Deposits of branches out side India	-	-
<b>Total</b>	<b>24757,51,042</b>	<b>21858,94,408</b>
<b>SCHEDULE 4:BORROWINGS</b>		
<b>I. Borrowings in India</b>		
i Reserve Bank of India	-	-
ii Other Banks	-	-
iii Other Institutions and Agencies	-	-
<b>II. Borrowings outside India</b>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
(Secured borrowings included in I & II above)		
<b>SCHEDULE 5:OTHER LIABILITIES AND PROVISIONS</b>		
<b>I. Bills Payable &amp; Liabilities</b>	-	-
<b>II. Inter-Office adjustments (net)</b>	-	-
<b>III. Interest Accrued</b>	-	-
<b>IV. Others (including provisions)</b>	2163,48,987	1801,09,365
<b>V. Proposed dividend ( Inc Dividend Distribution tax)</b>	-	-
<b>Total</b>	<b>2163,48,987</b>	<b>1801,09,365</b>
<b>SCHEDULE 6:CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
<b>I. Cash in hand</b>	457,37,308	705,69,194
(including foreign currency notes)		
<b>II. Balances with Reserve Bank of India</b>		
(i) in current Account	197,92,032	197,92,032
(ii) in other Accounts	-	-
<b>Total - (I &amp; II)</b>	<b>655,29,340</b>	<b>903,61,226</b>

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date  
for **Sagar and Associates**  
Chartered Accountants  
Firm Regn. No. 0035105

  
B. Srinivasa Rao  
Partner  
M.No. 202352

For and on behalf of Board of Directors

  
Mahpara Ali  
Director

  
Ravi Shankar Kolathur  
Director

  
V. Jaganmohan  
Director

  
Donepudi Durga Prasad  
Managing Director

  
J. Murali Krishna  
Chief Financial Officer

  
P A Rattnaik  
Company Secretary

Place: Madhapur  
Date: June 03, 2020



	31-Mar-2020	31-Mar-2019
<b>SCHEDULES TO BALANCE SHEET AS ON</b>		
<b>SCHEDULE 7: BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
I. In India		
i. Balance with banks		
a. in current accounts	1326,21,708	1020,64,718
b. in other deposit accounts	3376,20,329	2433,31,486
ii. Money at call and short notice		
a. with banks	-	-
b. with other institutions	-	-
<b>Total</b>	<b>4702,42,037</b>	<b>3453,96,204</b>
II. Outside India		
i. In current accounts	-	-
ii. In Other deposit accounts	-	-
iii. Money at call and short notice	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total - (I &amp; II)</b>	<b>4702,42,037</b>	<b>3453,96,204</b>
<b>SCHEDULE 8: INVESTMENTS</b>		
I. Investments in India in		
i. Government Securities	4751,31,889	4497,72,155
ii. Other approved securities	-	-
iii. Shares	-	-
iv. Debentures and Bonds	-	-
v. Subsidiaries and/or joint ventures	-	-
vi. Others	102,77,906	-
<b>Total</b>	<b>4854,09,795</b>	<b>4497,72,155</b>
<b>Less: Depreciation</b>	<b>-</b>	<b>14,90,769</b>
<b>Net Investments</b>	<b>4854,09,795</b>	<b>4482,81,386</b>
II. Investments outside India in		
i. Government securities (including local authorities)	-	-
ii. Subsidiaries and/or joint ventures abroad	-	-
iii. Other investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total - (I &amp; II)</b>	<b>4854,09,795</b>	<b>4482,81,386</b>

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date

**for Sagar and Associates**

Chartered Accountants

Firm Regn. No. 0035105

  
B. Srinivasa Rao  
Partner

M.No. 202352

**For and on behalf of Board of Directors**

  
Mahpara Ali  
Director

  
Ravi Shankar Kothathur  
Director

  
V. Jaganmohan  
Director

  
Donepudi Durga Prasad  
Managing Director

  
J. Murali Krishna  
Chief Financial Officer

  
P A Pattnaik  
Company Secretary

Place: Madhapur

Date: June 03, 2020

Rs.

SCHEDULES TO BALANCE SHEET AS ON	31-Mar-2020	31-Mar-2019
<b>SCHEDULE 9:ADVANCES</b>		
A i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	860,96,724	967,54,919
iii) Term Loans	19110,56,123	16747,60,510
<b>Total</b>	<b>19971,52,847</b>	<b>17715,15,429</b>
B i) Secured by Tangible Assets	18853,13,719	16683,03,605
ii) Covered by Bank/Government Guarantee	-	-
iii) Unsecured	1118,39,128	1032,11,824
<b>Total</b>	<b>19971,52,847</b>	<b>17715,15,429</b>
C I) Advances in India		
i) Priority Sectors	14654,48,272	13134,48,775
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	5317,04,575	4580,66,654
<b>Total</b>	<b>19971,52,847</b>	<b>17715,15,429</b>
II) Advances outside India		
i) Due from Banks	-	-
ii) Due from Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total ( C. I &amp; II )</b>	<b>19971,52,847</b>	<b>17715,15,429</b>
<b>SCHEDULE 10:FIXED ASSETS</b>		
I Premises	-	-
II Other Fixed assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	1223,06,521	1200,29,751
Additions during the year	66,22,670	34,91,660
Deductions during the year	46,98,496	12,14,889
Depreciation to date	931,23,518	832,54,758
<b>Total</b>	<b>311,07,177</b>	<b>390,51,764</b>
<b>SCHEDULE 11:OTHER ASSETS</b>		
I. Inter-Office adjustments (net)	-	-
II. Interest accrued	175,46,216	194,76,546
III. Tax paid in advance / Tax deducted at source	285,39,589	233,63,176
IV. Stationery and stamps	14,56,970	25,71,444
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax Asset ( Net)	14,33,195	11,66,146
VII. Others	108,36,340	160,50,816
<b>Total</b>	<b>598,12,309</b>	<b>626,28,128</b>

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date

**for Sagar and Associates**


Chartered Accountants

Firm Regn. No. 0035105

  
B. Srinivasa Rao  
Partner  
M.No. 202352

For and on behalf of Board of Directors

  
Mahpara Ali  
Director

  
Ravi Shankar Kolathur  
Director

  
V. Jaganmohan  
Director

  
Donepudi Durga Prasad  
Managing Director

  
J. Murali Krishna  
Chief Financial Officer

  
P A Pattnaik  
Company Secretary

Place: Madhapur  
Date: June 03, 2020

Audited Financial Statements as on March 31, 2020

**SCHEDULES TO BALANCE SHEET AS ON**
**31-Mar-2020**
**31-Mar-2019**
**SCHEDULE 12: CONTINGENT LIABILITIES**

I. Claims against the bank not acknowledged as debts	<b>165,46,349</b>	<b>315,46,349</b>
II. Liability for partly paid investments	-	-
III. Capital Commitments	-	-
IV. Liability on account of outstanding forward exchange contracts	-	-
V. Guarantees given on behalf of constituents		
a. In India	-	-
b. Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other items for which the bank is contingently liable	<b>12,20,885</b>	<b>10,19,629</b>
<b>Total</b>	<b>177,67,234</b>	<b>325,65,978</b>

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date

**for Sagar and Associates**

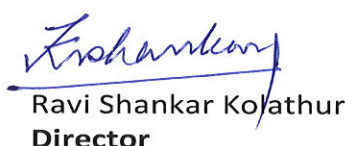
Chartered Accountants

Firm Regn. No. 003510S

**For and on behalf of Board of Directors**

  
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Partner  
M.No. 202352

  
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Director

  
Ravi Shankar Kolathur  
Director

  
V. Jaganmohan  
Director

  
Donepudi Durga Prasad  
Managing Director

  
J. Murali Krishna  
Chief Financial Officer

  
P A Pattnaik  
Company Secretary

Place: Madhapur

Date: June 03, 2020



Rs.

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

31-Mar-2020

31-Mar-2019

**SCHEDULE 13: INTEREST EARNED**

I. Interest/discount on advances/bills	3215,54,776	2781,92,647
II. Income on Investments	323,52,945	314,82,107
III. Interest on balances with Reserve Bank of India and other inter-bank funds	191,20,459	68,89,698
IV. Others	-	-
<b>Total</b>	<b>3730,28,180</b>	<b>3165,64,452</b>

**SCHEDULE 14: OTHER INCOME**

I. Profit on sale of Asset / Investments	43,76,732	37,59,322
II. Miscellaneous Income	860,42,135	589,74,084
<b>Total</b>	<b>904,18,867</b>	<b>627,33,406</b>

**SCHEDULE 15: INTEREST EXPENDED**

I. Interest on Deposits	1679,78,990	1344,80,563
II. Interest on Reserve Bank of India/Inter-bank borrowings	-	-
II. Others	-	-
<b>Total</b>	<b>1679,78,990</b>	<b>1344,80,563</b>

**SCHEDULE 16: OPERATING EXPENSES**

I. Payments to and provision for employees	1147,32,189	1014,17,808
II. Rent, taxes and lighting	191,14,643	185,93,993
III. Printing and Stationery	29,77,843	21,82,350
IV. Advertisement and publicity	2,48,778	5,43,426
V. Depreciation on bank's property	138,60,662	155,95,053
VI. Directors' fees, allowances and expenses	16,09,372	18,51,465
VII. Auditors' Fees and Expenses	9,33,432	8,33,768
VIII. Law Charges	-	40,000
IX. Postage, Telephones. Etc.	25,64,472	23,82,732
X. Repairs and maintenance	31,23,617	103,61,126
XI. Insurance	61,30,209	53,99,322
XII. Other expenditure	565,09,295	425,73,785
<b>Total</b>	<b>2218,04,512</b>	<b>2017,74,828</b>

**PROVISIONS AND CONTINGENCIES**

I. Provision for Non Performing Assets	104,14,260	126,86,522
II. Provision on Standard Assets	6,30,611	5,59,563
III. Provision for Current Tax	167,10,679	95,05,894
IV. Prov for Income Tax Prior Years	150,00,000	-
V. Provision for Deferred Tax	-	-
VI. Provision for Depreciation on Investments	8,39,231	(9,87,631)
VII. Other Provisions	-	1,15,852
VIII. General Provision	34,12,700	-
<b>Total</b>	<b>470,07,481</b>	<b>218,80,200</b>

The schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report of even date

**for Sagar and Associates**


Chartered Accountants

Firm Regn. No. 003510S

For and on behalf of Board of Directors


  
B. Srinivasa Rao  
Partner  
M.No. 202352


  
Mahpara Ali  
Director


  
Ravi Shankar Kolathur  
Director


  
V. Jaganmohan  
Director


  
Donepudi Durga Prasad  
Managing Director


  
J. Murali Krishna  
Chief Financial Officer


  
P. A. Pattnaik  
Company Secretary

Place: Madhapur

Date: June 03, 2020

Audited Financial Statements as on March 31, 2020

# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

## SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

### 1) General :

The Financial Statements are prepared in accordance with the historical cost convention and accrual basis of accounting and are in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Accounting Policies applied are consistent with those applied in the earlier years except as otherwise stated elsewhere. They are also based on the going concern concept and conform to the statutory provisions and practices prevailing in India.

These Financial Statements have been prepared to comply with the Accounting Standards (AS) notified.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statements and the reported income and expenses for the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

The normal operating cycle for the company is 12 months.

### 2) Revenue, Income and Expenditure Recognition:

#### 2.1 Income:

- Income on advances classified under standard assets category is recognized on accrual basis.
- Income on Non-performing advances is recognized as and when realized as per the IRAC norms
- Interest on Investments and Bank Fixed deposits is recognized on accrual basis.
- Other Incomes like commission, exchange and other charges are recognized as and when realized.

#### 2.2 Expenditure:

- Revenue Expenditure is accounted on accrual basis.

### 3) Investments:

3.1 The Investment portfolio of the Bank is classified into the following three categories:

- Held to Maturity (HTM)
- Available for Sale (AFS)
- Held for Trading (HFT)


#### 3.2 Valuation :

- All investments held under HTM category are aggregated classification wise, and accounted for at acquisition cost. However, excess of cost over the face value being premium is amortized over the period remaining to maturity.
- Securities held under AFS category are valued scrip-wise, at market / estimated realizable value (worked out as per RBI guidelines) and aggregated classification wise. Treasury bills under AFS category are valued at carrying cost. The net depreciation under each group of classification, if any, is fully provided for, while net appreciation is ignored.



  
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- c) Securities held under HFT category are to be valued scrip wise at monthly intervals at market / estimated realizable value (worked out as per RBI guidelines) and aggregated classification wise. The net deprecation under each group of classification, if any, is fully provided for while net appreciation is ignored. However there are no securities under this category.
- d) The shifting of securities as allowed by RBI as part of one time transfer of securities from one category to another is done at the lowest of the acquisition cost, book value or market value and treated as book value in the new category. The Bank shifted one stock from HTM to AFS category having aggregate book value of Rs.149.72 lakh and one stock from AFS to HTM category having aggregate book value of Rs.480.25 lakh during the financial year 2019-20 after due approval of the Board as allowed by RBI.
- e) Investment fluctuation reserve: As per Reserve Bank of India guidelines, Investment Fluctuation Reserve (IFR) of a minimum 5% of the investment portfolio comprising of investments held in "Available for Sale" categories should be created. The total amount held in the IFR as on March 31st, 2020 is Rs. 93.75 Lakhs.

#### 4) Advances:

- a) The loans are classified as secured and un-secured after taking into consideration, the estimated value of primary security in terms of Livestock, Standing Crops, Other assets and collaterals hypothecated / mortgaged, wherever applicable.
- b) The loans and advances are also classified as Standard, Substandard, Doubtful and Loss Assets as per IRAC norms.
- c) All assets, which are not treated as standard assets are classified as Non-Performing Assets.
- d) Irrespective of the above classification, where any asset, in the opinion of the management, auditors and Reserve Bank of India, is considered irrecoverable with reasonable efforts, the same is classified as Loss Assets. However there are no loans under this category.
- e) Provision on Standard Assets is made at 0.50% on advances to Agriculture and 0.25% on SME sectors, 1% on advances to commercial real estate, 0.40% on all other advances.

#### 5) Fixed Assets and Depreciation / Amortization :

- a) Fixed Assets are stated at Cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the assets.
- b) Intangible Assets comprising of computer software and licenses expected to provide future enduring economic benefits are carried at cost less accumulated amortization and impairment losses, if any. Cost comprises of purchase price and directly attributable expenditure for making the asset ready for its intended use. Any technology support cost or annual maintenance cost for such software is charged to the Statement of Profit and Loss.
- c) Depreciation on tangible assets is provided on Straight Line Method (SLM) which reflects the management's estimate of the useful lives of the respective fixed assets. As per the Companies Act, 2013, the bank has reviewed and fixed the useful life of its fixed assets. Such useful Life of the fixed assets are given here under :



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d)

**Asset Category****Useful Life of the Asset  
in number of years****1. Assets for Own Use:**

I.	Furniture and Fixtures	10
II.	Office Equipment	5
III.	Professional Equipment (Comprising of Computers, Printers, Peripherals, etc)	3
IV.	Vehicles	5
V.	Leased Premises – constructions	5

e) Fixed Assets costing up to Rs.5,000/- are depreciated fully in the year of purchase and put to use.

**6) Impairment of Fixed Assets:**

- Whenever events or changes in circumstances indicate that the carrying amount of fixed assets may be impaired, such assets are put to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the impairment loss is recognized which is the excess of the carrying amount over the recoverable amount.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying amount after reversal is not increased beyond the carrying amount that would have prevailed by charging usual depreciation if there was no impairment.

**7) Provisioning and Write off :**

- Provisioning in respect of Non-performing assets is made as per guidelines applicable to banks, issued by Reserve Bank of India.
- Bank has adopted a policy to write off selective cases, wherever 100% provision is made.

**8) Pre-operative Expenditure :**

The pre-operative expenditure incurred with regard to shifting of existing branches and opening of new branches are treated as revenue expenditure during the year of shifting. However during the financial year the bank has not booked any pre-operative expenses.

**9) Prior Period and Extra Ordinary Items :**

Prior Period and Extra Ordinary items having material impact on the financial affairs are disclosed separately.

**10) Staff Benefits:**

- Provident Fund:** Contribution is accounted on actual liability basis and paid to Employee's Provident Fund Organization.



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- b) **Gratuity:** Gratuity is being computed as per statutory norms on actuarial valuation basis and paid into a trust created with and for this purpose, through the group schemes of Life Insurance Corporation of India.

#### 11) Taxes on Income :

- a) **Current Tax** is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- b) **Deferred Tax** is recognized on the timing differences – being differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

#### 12) Provisions, Contingent Liabilities and Contingent Assets :

- a) **Provisions** involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events – it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- b) **Contingent Liabilities** are not recognized but are disclosed in the Notes.
- c) **Contingent Assets** are neither recognized nor disclosed in the financial statements.

#### 13) Net Profit :

- a) Net Profit is arrived at after accounting for the following “Provisions and Contingencies” :

Depreciation and amortization on Investments  
 Provision for Taxation including Income Tax & Deferred Tax  
 Provision for Loan Losses  
 Provision for Standard Assets and NPAs  
 Provision for disputed tax on the Interest on NPA  
 Other usual and necessary provisions

#### 14) Earnings per Share :

Basic and Diluted earnings per equity share are reported in accordance with Accounting Standard – 20 – Earnings per Share – notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

Basic earnings per equity share have been computed by dividing Net Profit / (Loss) after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.



①



②



③



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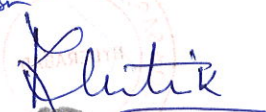
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⑤



⑥



⑦



# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



Diluted earnings per equity share is computed by dividing the Net Profit / (Loss) after Tax for the year by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## SCHEDULE 18 – NOTES ON ACCOUNTS

### 1) CAPITAL:

S No	Particulars	31-Mar-20	31-Mar-19
i)	Common Equity Tier 1 capital ratio (%)	21.50	22.68
ii)	Tier 1 capital ratio (%)	21.50	22.68
iii)	Tier 2 capital ratio (%)	0.37	0.38
iv)	Total capital Ratio (CRAR) (%)	21.87	23.06
v)	Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi)	Amount of Equity capital raised	Nil	Nil
vii)	Amount of additional Tier 1 capital raised; of which PNCPS: PDI:	Nil	Nil
viii)	Amount of Tier 2 capital raised Of which Debt capital instrument: Preference share capital instruments: [perpetual Cumulative Preference shares (PCPS) / Redeemable Non-cumulative Preference shares (RNCPS) / Redeemable Cumulative Preference shares (RCPS)	Nil	Nil

### 2) a. INVESTMENTS

(Rs in Lakhs)

Particulars	31-Mar-20	31-Mar-19
<b>1. Value of Investments</b>		
a) Gross Value of Investments		
i) In India	4751.32	4497.72
ii) Outside India	NIL	NIL
b) Provision for Depreciation		
i) In India	NIL	14.91
ii) Outside India	NIL	NIL
c) Net Value of Investments		
i) In India	4751.32	4482.81
ii) Outside India	NIL	NIL
<b>2. Movement of provisions held towards Depreciation on investments:</b>		
i) Opening Balance	14.91	24.78
ii) Add: Provision made during the year	8.39	
iii) Less: Provision reversed during the year	23.30	9.87
iv) Closing Balance	NIL	14.91

Bank booked a net depreciation of Rs.14.91 lacs during 2018-19 due to marking to market of AFS securities. During current financial year, Bank shifted securities from AFS to HTM category and booked depreciation of Rs.8.39 lacs. The total depreciation of Rs.23.30 lacs is reversed to Investments account during the financial year 2019-20.



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



**b. Repo Transactions:** Bank does not deal in any repo transaction.

## c. Non SLR Investment Portfolio:

The Bank has invested in below mentioned Mutual fund portfolio under Non SLR category as on March 31, 2020. The details are under

Name of Bank /Mutual Fund	Scheme Name	Amount in Rs.
State Bank of India	Regular Plan Growth	1,00,42,702
Aditya Birla Sun Life	Liquid Fund	2,35,204
<b>Total</b>		<b>1,02,77,906</b>

## d. Sale and transfers to/from HTM category

The Bank has shifted one stock of HTM category having aggregate book value of Rs.149.72 Lakh to AFS Category and One stock of AFS category having aggregate book value of Rs.480.25 lakh to HTM during the financial year, with the due approval of Board, as allowed by RBI and AFS category stock was sold during the FY -2019-20.

## 3) DERIVATIVES:

The bank does not deal in any derivatives products.

## 4) ASSET QUALITY

### i) Non-Performing

(Rs in Lakhs)

Items	31-Mar-20	31-Mar-19
(i) Net NPAs to Net Advances (%)	0.85	1.92
(ii) Movement of NPAs (Gross)		
(a) Opening Balance	740.75	485.89
(b) Additions during the year	133.06	412.44
(c) Reduction during the year	310.63	157.58
(d) Closing Balance	563.18	740.75
(iii) Movement of Net NPAs		
(a) Opening Balance	332.79	144.86
(b) Additions during the year	-51.18	234.16
(c) Reduction during the year	115.29	46.23
(d) Closing Balance	166.32	332.79
(iv) Movement of Provision For NPAs (excluding provisions on standard assets)		
(a) Opening Balance	407.96	341.03
(b) Provision made during the year	184.24	178.28
(c) Write-off/Write -Back of excess provisions	195.34	111.36
(d) Closing Balance	396.86	407.96

### ii) Loan Assets subjected to Restructuring/Rescheduled

The bank has not rescheduled/ restructured any loan either during the current year or during the previous year.



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



## iii) Details of financial assets sold to Securitization / Reconstruction Company

The bank has not sold any financial assets to Securitization / Reconstruction Company during current year or the previous year.

## iv) The bank has neither sold nor purchased any non performing financial assets during the current year or previous year.

## v) Provisions on Standard Advances:

(Rs in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Provisions towards Standard Advances	70.84	64.54

## 5) Business Ratios :

Particulars	31-Mar-20	31-Mar-19
Interest income as a percentage to Working Funds	13.99	14.08
Non-Interest income as a percentage to Working Funds	3.39	2.79
Operating Profit as a percentage to Working Fund	2.76	1.91
Return on Assets	0.91	0.85
Business (Deposits plus advances) per employee (Rs. in lakh)	127.80	110.23
Profit per Employee (Rs. in lakh)	0.76	0.59

## 6) Asset Liability Management:

### Maturity pattern of certain items of assets and liabilities

(Rs in Lakhs)

Period	Deposits	Loans & Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1Day	318.36	1627.11	102.78	-	-	-
2 to 7 Days	472.13	114.88	-	-	-	-
8 to 14 days	762.84	57.61	-	-	-	-
15 to 28 days	656.06	75.35	-	-	-	-
29 days to 3 months	3216.80	2515.93	-	-	-	-
Over 3 months & up to 6	3788.54	3573.58	-	-	-	-
Over 6 months & up to 1 year	8355.16	5419.29	-	-	-	-
Over 1 year & up to 3 years	6594.69	6329.06	-	-	-	-
Over 3 years & up to 5 years	351.49	199.09	81.91	-	-	-
Over 5 years	241.44	59.63	4669.41	-	-	-
<b>Total</b>	<b>24757.51</b>	<b>19971.53</b>	<b>4854.10</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 7) Exposures :

### i) Exposure to Real Estate Sector

The bank has provided housing loans, which are fully secured by mortgage on residential property that is or will be occupied by the borrowers or that is rented and are classified under priority sector.

The loans given to commercial real estate are classified as Non priority sector loans.



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



(Rs in Lakhs)

S No	Category	31-Mar-20	31-Mar-19
a)	Direct exposure		
i.	Residential Mortgages	429.65	396.24
	- Included under Priority Sector		
	- Non Priority Sector	99.30	11.21
ii.	Commercial Real Estate	274.81	512.89
iii.	Investments in Mortgage Backed Securities (MBS) and other securitized exposures :	Nil	Nil
	a. Residential		
	b. Commercial Real Estate.		
	c. Indirect Exposure	Nil	Nil
	<b>Total Exposure to Real Estate Sector</b>	<b>803.76</b>	<b>920.34</b>

## ii) Exposure to Capital Market

The bank has not made any investment in capital market.

## iii) Risk category wise Country Exposure

The bank does not have any overseas operations; hence there is no risk of country exposure.

## iv) Details of Single Borrower Limit / Group Borrower Limit exceeded

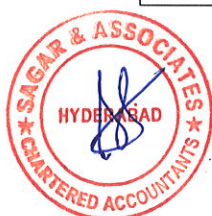
The Bank has not exceeded the prudential exposure limit in the case of single borrower or Group borrower during the current year / previous year.

## v) Unsecured Advances

An Unsecured loan is a loan that is not backed by any security, either primary or collateral. It is a loan that is issued and supported only by the borrower's creditworthiness, Joint Liability, Group Pressure, etc., rather than by some sort of collateral. The unsecured advances breakup is as under:

(Rs in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Crop Loans	1.57	22.15
Agri Allied Loans		14.83
Agri Investment Loan	3.53	6.41
NFS – Micro Enterprises Loan	0.38	23.90
Housing Loans		
Samruddhi Kisan Credit Card Loans		12.84
SHG/FED/CDFI Loans		
General Purpose Loans	1044.17	874.08
Sudhama Loans		
Personal loan to staff	50.84	52.12
Salaried class term loan	0.37	6.02
Salaried class Overdraft		
Personal loan to Staff	17.53	19.77
<b>Total</b>	<b>1118.39</b>	<b>1032.12</b>



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## 8) i) Amount of Provision made for Income Tax during the year:

(Rs in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Provision for Income Tax – Current	167.11	95.06
Provision for Tax – Earlier years	150.00	-

## ii) Penalties imposed by RBI: NIL

## 9) Additional Disclosures:

## Provisions &amp; contingencies:

- a) COVID-19 Regular Package: Due to the pandemic, RBI has announced relief package to all the borrowers vide circs. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20, dated April 17, 2020 and RBI/2019-20/244, dor.No.BP.BC.71/ 21.04.048/2019-20, dated May 23, 2020 to extend six months moratorium on repayment of instalments on term loans and deferment of interest on working capital limits. Further, RBI has directed Banks to make a general provision of not less than 10% on SMA accounts as on 29<sup>th</sup> February, 2020, if the accounts are likely to deteriorate in credit quality, due to non-servicing of debt. Bank has identified 359 such accounts with an outstanding liability of Rs.1,36,50,802/- and made a provision of Rs.34,12,700/-.

## b) The details of provisions debited to Profit and Loss Account

(Rs in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Provision for depreciation on investments	8.39	(9.87)
Provision for Non-Performing Assets	104.14	126.86
Provision for Bad debts	-	1.16
Provision towards standard assets	6.31	5.59
Provision for taxation (including Deferred Tax )	167.11	95.06
Provision for Tax – Earlier years	150.00	-
General Provision on SMA accounts as per RBI directives	34.12	-
<b>Total</b>	<b>470.07</b>	<b>218.80</b>

- c) The Bank was not having any floating provisions at the end of the financial year 2019-20 and has not made any additional or drawdown the provision during the current year.
- d) During the year the bank has not drawn down any reserves made in earlier years.

## a. Complaints :

Complaints	ATM	Others
Number of complaints pending at the beginning of the year	NIL	NIL
Number of complaints received during the year	119	NIL
Number of complaints redressed during the year	119	NIL
Number of complaints pending at the end of the year	NIL	NIL






# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

- b. No awards were passed by the Banking Ombudsman against the bank during the current year. Bank, being a non-scheduled Bank, does not come under the purview of Banking Ombudsman or under Right to Information Act.
- e) The bank has not issued any Letter of Comfort (LOCs) during the current year.
- f) The Provision Coverage Ratio stood at 70.47% as at the end of March 2020 Vs 55.07% at the end of March 2019.
- g) The Bank has not undertaken any bancassurance business.
- h) **Claims against the bank not acknowledged as debts :**

## Income Tax Proceedings:

As on 31.03.2020, the following demands are pending, which are contested by the Bank. These amounts are shown under contingent liabilities as under:

(Rs in lakhs)

AY	Particulars	Disputed tax liability and Provisions as on 31-03-2019			Disputed tax liability and Provisions as on 31-03-2020	
		Disputed tax demand	Provision held	Balance shown as Contingent liability as on 31.03.2019	Provision Held as on 31.03.2020	Balance shown as Contingent liability as on 31.03.2020
1	2	3	4	(5)=(3-4)	6	7
2009-10	Income Tax Demand for Rs.13,94,370/- with the contention that Bank has not deducted TDS on certain entities who are otherwise liable to pay tax and also for non-filing of Form 15 G / Form 15 H	7.54	-	7.54	7.54	-
2009-10	Interest on above demand	6.40	-	6.40	1.60	4.80
2009-10	Penalty on above TDS	11.64	-	11.64	2.91	8.73
	<b>Total ( A )</b>	<b>25.58</b>	<b>-</b>	<b>25.58</b>	<b>12.05</b>	<b>13.53</b>
2013-14	Income Tax Demand on account of share application amount of Rs.2.25 crore and De recognized Interest amount of Rs.26,67,521/- on NPA amount	70.74	12.02	58.72	70.74	0
2013-14	Interest on above demand	30.64	-	30.64	7.66	22.98
	<b>Total ( B )</b>	<b>101.38</b>	<b>12.02</b>	<b>89.36</b>	<b>78.40</b>	<b>22.98</b>
2014-15	Income Tax Demand on account of Share Premium of Rs.4.15 crore	147.02	4.80	142.22	76.37	70.65
2014-15	Interest on above demand	58.30	-	58.30	-	58.30
	<b>Total ( C )</b>	<b>205.32</b>	<b>4.80</b>	<b>200.52</b>	<b>76.37</b>	<b>128.95</b>
	<b>Total (D) = ( A )+ (B)+ ( C )</b>	<b>332.28</b>	<b>16.82</b>	<b>315.46</b>	<b>166.82</b>	<b>165.46</b>
	Un-Claimed deposits (E)	-	-	10.20	-	12.21
	<b>Total =(D) + ( E )</b>	<b>332.28</b>	<b>16.82</b>	<b>325.66</b>	<b>166.82</b>	<b>177.67</b>



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



Bank has made a provision of Rs.16.82 lacs during 2017-18 against the above demands. Bank has decided to settle all the above long pending IT dues under 'Vivad Se Vishwas' scheme and made an overall provision of Rs.166.82 lacs as on 31.03.2020. Thus, net of these provisions, the contingent liabilities are Rs.177.67 lacs.

## 10) Concentration of Deposits, Advances, Exposures and NPAs

### a) Concentration of Deposits:

Particulars	31-Mar-20
Total Deposits of twenty largest depositors (Rs in Lakhs)	1937.73
Percentage of Deposits of twenty largest depositors to Total Deposits	7.83%

### b) Concentration of Advances:

Particulars	31-Mar-20
Total Advances of twenty largest borrowers (Rs in Lakhs)	606.00
Percentage of Advances of twenty largest borrowers to Total Advances	3.03%

### c) Concentration of exposures:

Particulars	31-Mar-20
Total Exposure of twenty largest borrowers/customers (Rs in Lakhs)	664.26
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure on borrowers/customers	2.34%

The bank has not made any investment in shares/debentures, PSU Bonds and Commercial Papers, as such the investment exposure of the bank is NIL.

### d) Concentration of NPAs:

Particulars	(Rs in Lakhs) 31-Mar-20
Total Exposure of Top four NPA accounts	135.10

### e) Sector-wise Advances:

Sl. No.	Sector	(Rs in Lakhs) Amount
1	Agriculture & allied activities	4559.89
2	Industry (Micro & small, Medium and Large)	9493.72
3	Services	5866.71
4	Personal Loans	51.21



*AA*

*For Krishna Bhima Samruddhi Local Area Bank Limited*

*J. Murugan*

## f) Sector-wise NPAs:

Sl. No.	Sector	% of NPAs to Total Advances in that sector
1	Agriculture & allied activities	3.65%
2	Industry (Micro & small, Medium and Large)	2.74%
3	Services	2.32%
4	Personal Loans	0.73%

## g) Movement of NPAs:

(Rs in Lakhs)	
Particulars	Amount
Gross NPAs as on April 1, 2019	740.75
Additions (Fresh NPAs) during the year	133.06
Sub-total (A)	
Less: (i) Upgradations	8.59
(ii) Recoveries (excluding recovery made from upgraded accounts)	185.65
(iii) Write-offs (including compromises approved)	116.39
Sub-total (B)	
Gross NPAs as on March 31, 2020 (A-B)	563.18

## h) Overseas Assets, NPAs and Revenue

The bank does not have any overseas operations.

## 11) Off-balance Sheet Sponsored

The bank has not sponsored any off balance sheet item.

## 12) Un-amortized Pension and Gratuity Liabilities - NIL

## 13) Intra-Group Exposures – NIL

## 14) Transfers to Depositor Education and Awareness Fund (DEAF) :

(Rs in Lakhs)

Particulars	2019-20	2018-19
Opening balance of amounts transferred to DEAF	10.20	7.63
Add: Amount transferred to DEAF during the year	2.01	2.57
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	12.21	10.20

## i) Disclosure Requirements as per Accounting Standards :

## a) Effect of changes in Accounting Policies : NIL

## b) Accounting Standard – 9: Revenue Recognition: Revenue and Expenditure have been generally accounted for on Accrual Basis



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

## c) Accounting Standard– 15: Employee Benefits:

Provision has been made for employee benefits viz. Gratuity (as applicable to the bank) in accordance with the Revised Accounting Standard – 15. The liability of Gratuity was considered as per the statutory norms based on actuarial valuation and paid into a trust created for this purpose, through the group schemes of Life Insurance Corporation of India.

This is in compliance with the Revised Accounting Standard–15 on Employee Benefits notified by the Institute of Chartered Accountants of India.

## d) Accounting Standard – 17 : Segment Reporting:

### Part A: Business segments:

(Rs. In Lakhs)

Business Segments	Treasury		Corporate/Whole sale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	557.49	420.35			3,215.55	2,781.93	861.43	590.7	4,634.47	3,792.98
Result										
Unallocated Expenses									3,897.84	3,362.56
Operating Profit									736.63	430.42
Provisions and Contingencies (excluding tax)	8.39	(9.88)			144.58	133.62			152.97	123.74
Income Tax									317.10	95.06
Deferred Tax liability /Asset									-	-
Net Profit									266.56	211.62
<b>Other Information</b>										
Segment Assets	4,854.10	4,482.81			19,971.53	17,715.15			24,825.63	22,197.96
Unallocated Assets									6,266.91	5,374.38
Total Assets									31092.535	27,572.34
Segment Liabilities					24,757.51	21,858.94			24,757.51	21,858.94
Un allocated Liabilities									6,335.02	5,713.40
Total Liabilities									31092.535	27,572.34

Note: An amount of Rs.2.78 lacs being accrued interest on Mutual Funds as on 31-03-2020 is included under the head 'Other Income' in the Profit & Loss Account. Under segment reporting, the same is considered under Treasury income.



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



## Part B : Geographic segments

(Rs In Lakhs)

	DOMESTIC		INTERNATIONAL		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	4,634.47	3,792.98			4,634.47	3,792.98
Assets	31,092.54	27,572.34			31,092.54	27,572.34

## e) Accounting Standard – 18 : Related Party Disclosures

(Rs In Lakhs)

Items / Related Party	Parent (As per Ownership or control)	Subsidiaries	Associates / Joint ventures	Key Management Personnel <sup>@</sup>	Relatives of Key Management Personnel	Total
Rendering of Services				43.89		43.89

The details of remuneration of Key Management Persons of the Bank are appended hereunder:

(Rs. In Lakhs)

SL.NO	NAME	Date of Joining	Designation	Remuneration	
				2019-2020	2018-2019
1	Donepudi Durga Prasad	06-07-2017	Managing Director	23.80	17.00
2	J. Murali Krishna	06-06-2019	Chief Financial Officer	8.19	0.00
3	P A Patnaik	01-01-2011	Company Secretary	11.90	10.00
4	S Srinivasaraghavan *	08-09-2014	Chief Financial Officer	0.00	15.03
			<b>Total</b>	<b>43.89</b>	<b>42.03</b>

\*Note: Mr S Srinivasa Raghavan resigned and left the service on 15-11-2018

Sr. No.	Name(s) of the Related party	Nature of Relationship Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year ( ` In Lakhs)	Duration of contracts/ arrangements/ transactions
1	M/s PRSV & Co LLP	Appointed as consultants for: 1. Attending income tax assessments proceedings, stay petitions and penalty proceedings in respect of IT related issues; 1. Verification of monthly TDS / TCS payments and submission of returns; 2. Tax consultancy and advisory services; One of the independent directors, is a partner in the said firm	Rs.1.00 lac Per quarter No Payments made during the FY 2019-20	For the period 01.04.2020 to 31.03.2021



*[Handwritten signatures and initials]*

**f) Accounting Standard – 21 : Consolidated Financial Statements :**

The Bank does not have any Subsidiaries, Joint Ventures or Associates. Hence, Consolidated Financial Statements are not prepared.

**g) Accounting Standard - 22 : Accounting for Taxes on Income :**

Deferred tax Asset arising on account of timing difference between financial statements and taxation statements have been recognized as per the procedure prescribed in Accounting Standard -22 issued by ICAI. The detail of components of Deferred Tax Asset / (Liability) are shown below for the Year ended 31.03.2020

(Rs. In Lakhs)

Particulars		Deference in Exp.	Deferred Tax as at 31.03.2020
<b>Deferred Tax Liability</b>			
Depreciation as per Companies Act	138.61		
Depreciation on GOI stock	8.39		
<b>Deferred Tax Asset</b>			
Depreciation as per Income Tax Act	90.05	56.95	14.33
Deferred Tax Asset at the beginning of the year			11.66
<b>Net Deferred Tax Asset as on March 31, 2020</b>			<b>2.67</b>

**h) Accounting Standard -23: Accounting for Investments in Associates in Consolidated Financial Statements:**

This accounting Standard is not applicable since the Bank has no Associates

**i) Accounting Standard -24 : Discontinuing Operations**

This accounting Standard is not applicable since the Bank did not close any of its branches/activities during the year.

**j) Accounting Standard 25 : Interim Financial Reporting**

Bank is preparing and presenting half yearly financial statement as per guidelines prescribed by Reserve Bank of India

**k) Accounting Standard – 28 : Impairment of Assets**

In the opinion of Bank's Management, there is no impairment to the assets during the year to which Accounting Standard – 28 – Impairment of Assets applies.

**l) Accounting Standard – 29 : Description of Contingent Liabilities :**

1. Claims against the Bank not acknowledged as debts - Rs.165.46 Lacs

2. Other items – An Amount of Rs.12.21 Lacs is transferred to Depositor Education and Awareness Fund (DEAF) of which Rs.2.01 lacs pertains to the financial year 2019-20



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



The previous year figures have been re-grouped / re-classified wherever necessary to make them comparable with the current year's figures.

Wherever certain items are not relevant or applicable to the bank, the same have been omitted.

In terms of our report of even date

**for Sagar and Associates**

Chartered Accountants

**Firm Regn. No. 003510S**



**B. Srinivasa Rao**  
**Partner**

**M.No. 202352**

**For and on behalf of Board of Directors**



**Mahpara Ali**  
**Director**



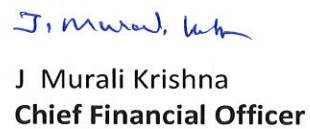
**Ravi Shankar Kolathur**  
**Director**



**V. Jaganmohan**  
**Director**



**Donepudi Durga Prasad**  
**Managing Director**



**J. Murali Krishna**  
**Chief Financial Officer**



**P. A. Pattnaik**  
**Company Secretary**

**Place: Madhapur**

**Date: June 03, 2020**



# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



## Other Disclosures

### A. Capital

#### (a) CRAR

Particulars	31-03-2020	31-03-2019
CRAR	21.87%	23.06%
Core CRAR	21.50%	22.68%
Supplementary CRAR	0.37%	0.38%

(b) The Bank has not raised any subordinated debt during the current year / previous year.

#### (c) Risk weighted assets

(Rs in Lakhs)

Particulars	Total Assets	Risk weighted Assets
Risk weighted assets - On Balance sheet items	31,092.53	19,333.47
Risk weighted assets - Off Balance sheet items	177.67	Nil

The bank does not have any investment from foreign holdings (Foreign Institutional Investors, Foreign Companies, Foreign Financial Institutions, NRIs, Overseas Corporate Bodies etc.,) as on March 31, 2020.

#### (d) Shareholding pattern as on March 31, 2020

S.no	Particulars	% of holding
1	Corporates	24.67
2	Individuals	75.33
	Total	100.00

### B. Asset quality and credit concentration

#### a) Net NPAs to net loans and advances

Particulars	31-Mar-2020	31-Mar-2019
Net NPAs to net loans and advances	0.85%	1.92%

b) Net NPAs under the prescribed asset classification categories as on March 31, 2020.

(Rs in Lakhs)

Category	Gross NPA	Provision	Net NPA	Percentage of provision to Gross NPA
Sub-Standard	132.03	25.54	106.49	4.54%
Doubtful – 1	263.30	216.68	46.62	38.47%
Doubtful – 2	157.19	143.98	13.21	25.57%
Doubtful – 3	10.66	10.66	-	1.89%
Grand Total	563.18	396.86	166.32	70.47%



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## c) Provisions made towards Standard assets, NPAs, investments and income tax

(Rs in Lakhs)

Particulars	31-Mar-2020	31-Mar-2019
Provision for depreciation on investments	8.39	(9.87)
Provision for Non-Performing Assets	104.14	126.86
Provision for Bad debts		1.16
Provision towards standard assets	6.31	5.59
Provision for taxation	167.11	95.06
Provision for Tax – Earlier years	150.00	
General Provision on SMA as per RBI directions	34.12	
<b>Total</b>	<b>470.07</b>	<b>218.80</b>

## d) Movement in net NPAs

(Rs in Lakhs)

Particulars	March -2020	March -2019
(a) Opening Balance	332.79	144.86
(b) Additions during the year	-51.18	234.16
(c) Reduction during the year	115.29	46.23
(d) Closing Balance	116.32	332.79

## e) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of

Particulars	Credit exposure as percentage to capital funds	Percentage to Total assets
The largest single borrower	2.44%	0.33%
The largest borrower group		
The 10 largest single borrowers	10.46%	1.42%
The 10 largest borrower groups		
<b>Total Capital funds &amp; Assets (Rs In lakhs)</b>	<b>4228.04</b>	<b>31092.54</b>

## f) Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets

Particulars	Percentage to total assets
Five largest industrial sectors	--

## C. Forward rate agreements and interest rate swaps

The bank has not made any forward rate agreements and interest rate swaps during the current year / previous year.



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**D. Business Correspondent Operations**

The Bank appointed M/s. Gram Tarang Inclusive Development Services Pvt Ltd was appointed as Business Correspondent with effect from 01-12-2019 with approval of Board in the meeting held on 12-11-2018 and continuing as Business Correspondent for the FY 2019-20. The details of the business as follows

Particulars	31-Mar-2020	31-Mar-2019
Deposits (Rs in lacs)	4887	4718
Advances (Rs in lacs)	187	290
Percentage to total Deposits	19.74%	21.58%
Percentage to total Advances	0.94%	1.64%
No of Locations	14	17

**E. Disclosures on Remuneration**

S No.	Particulars		Remarks	
1	Qualitative disclosures	<p>1. Information relating to the composition and mandate of the Remuneration Committee.</p> <p>2. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p>	<p>The functions of Remuneration committee are performed by Human Resources and Development Committee consisting of five directors as members.</p> <p>Scope of the committee To oversee the framing, review and implementation of compensation policy of the bank on behalf of the board.</p> <p>The Human Resources and Development committee reviews all aspects of the compensation structure such as proportion of fixed component &amp; variable component of pay etc.</p>	
2	Quantitative disclosures.	Number of meetings held by the Remuneration committee during the financial year.	Current year 3	previous year 3

**F. Disclosures relating to Securitization**

The bank has not entered into any securitization transaction during the financial year.

**G. Credit default swaps**

The bank does not deal in Credit default swaps.



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

## H. Liquidity Coverage Ratio:

Bank has been following Basel-I framework which is applicable to Local Area Banks. Hence, Liquidity Coverage Ratio is not applicable.

## I. Divergence in Asset Classification and Provisioning for NPAs(Ref. RBI Cir .DBR.BP.BC.No.32/21.04.018/2018-19)

Sr.No	Particulars	Amount Rs. In '000'
1.	Gross NPAs as on March 31, 2019* as reported by the bank	740.75
2.	Gross NPAs as on March 31, 2019 as assessed by RBI	740.75
3.	Divergence in Gross NPAs (2-1)	-
4.	Net NPAs as on March 31, 2019 as reported by the bank	332.79
5.	Net NPAs as on March 31, 2019 as assessed by RBI	332.79
6.	Divergence in Net NPAs (5-4)	-
7.	Provisions for NPAs as on March 31, 2019 as reported by the Bank	407.98
8.	Provisions for NPAs as on March 31, 2019 as assessed by RBI	407.98
9.	Divergence in provisioning (8-7)	Nil
10.	Reported Net Profit after Tax (PAT) for the year ended 31, March 2019	211.62
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	Nil

\* March 31, 2019 is the close of the reference period in respect of which divergences were assessed.

## J) Reconciliation of ATM and POS Transactions:

ATM & POS reconciliation is completed till March 31, 2020;

ATM pending entries summary Transaction Type	31-03-2020	
	No of Tran	Amount (Rs.)
Acquirer	398	9,68,000
Issuer	666	11,83,000
On us	33	89,400
<b>Total</b>	<b>1097</b>	<b>22,40,400</b>

## POS pending entries Summary

Particulars	No of transactions	Amount
Issuer	Nil	Nil



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



## CASH FLOWS STATEMENT

(Amount in Rs.)

Sl. No	Particulars	31-Mar-2020		31-Mar-2019	
A	Cash Flow from Operating activities		12,99,30,720		22,07,59,170
B	Cash Flow from Investing activities		(2,91,83,822)		4,77,46,361
C	Cash Flow from Financial activities		(7,32,951)		4,66,831
	<b>Net Change in Cash &amp; Cash Equivalents</b>		<b>10,00,13,947</b>		<b>26,89,72,362</b>
D	Cash & Cash Equivalents at the beginning of the year		43,57,57,430		16,67,85,069
E	Cash & Cash Equivalents at the end of the year		53,57,71,377		43,57,57,430
	<b>Net Change in Cash &amp; Cash Equivalents</b>		<b>10,00,13,947</b>		<b>26,89,72,362</b>
A	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>				
I	Net Profit after Taxes	2,66,56,063		2,11,62,267	
	Add : Tax Provision	3,17,10,679		95,05,894	
	<b>Sub Total</b>		<b>5,83,66,742</b>		<b>3,06,68,161</b>
	Less : Amount Transferred to Provision for leave encashment	-	-	-	-
	<b>Sub Total</b>	-	<b>5,83,66,742</b>	-	<b>3,06,68,161</b>
	<b>Adjustments :-</b>				
i	Depreciation on Fixed Assets		1,38,60,662		1,55,95,053
ii	Provision for NPAs(pbdd)		1,04,14,260		1,26,86,522
iii	Provision for Standard Assets		6,30,611		5,59,563
iv	Depreciation on Investments		8,39,231		(9,87,631)
v	Interest paid on Subordinated Debts		-		-
vi	<b>Other Provisions</b>				
	Provision for Restructured accounts(interest sacrifice)	-		-	
	Provision for Retired employee's Medical Bills	-		-	
	Adhoc.provision for loan loss & Misce.Items /other provision	-		-	
	Provision for Contingent Liabilities	-		-	
	Floating Provision for Loan Losses	-		-	
	Deferred Tax asset for Current year / DTL	-	-	-	-
	<b>Sub Total</b>		<b>8,41,11,506</b>		<b>5,85,21,668</b>
	Less : Direct Taxes (Actual advance Tax paid)		1,25,00,000		85,00,000
	<b>Sub Total</b>		<b>7,16,11,506</b>		<b>5,00,21,668</b>



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# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



I	Increase in Deposits	28,98,56,635		36,81,82,394	
II	Increase /Decrease in Borrowings	-		-	
III	Increase in Advances	(22,56,37,419)		(18,26,49,433)	
IV	Increase in Other Liabilities & Provisions	(2,12,15,821)		(72,21,060)	
V	Increase/ Decrease in Other Assets	1,53,15,819		(75,74,398)	
	<b>Sub Total</b>		<b>5,83,19,214</b>		<b>17,07,37,502</b>
	<b>Net Cash Flow from Operating Activities</b>		<b>12,99,30,720</b>		<b>22,07,59,170</b>
<b>B</b>	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>				
I	Investment in subsidiaries and /or Joint Ventures	-		-	
II	Income Earned on Such Investment	-		-	
III	Increase in Investments	(3,71,28,409)		3,55,55,508	
III	Fixed Assets				
	Additions during the year	32,46,091		1,09,75,964	
	Deductions during the year	46,98,496		12,14,889	
	<b>Net Cash used in Investing Activities</b>	-	<b>(2,91,83,822)</b>	-	<b>4,77,46,361</b>
<b>C</b>	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>				
I	Share Capital	-		-	
II	Share Premium	-		-	
III	Subordinated Bonds	-		-	
IV	Redemption of Bonds (Series -1)	-		-	
V	Interest paid on Subordinated Bonds	-		-	
VI	Dividend paid	-		-	
VII	Other Reserves	(7,32,951)		4,66,831	
	<b>Net Cash Provided by (used in) Financing Activities</b>		<b>(7,32,951)</b>		<b>4,66,831</b>
<b>D</b>	<b><u>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</u></b>				
I	Cash in Hand (including Foreign Currency Notes)	7,05,69,194		3,26,48,887	
II	Balance with Reserve Bank of India	1,97,92,032		1,97,92,032	
III	Balance with Banks and Money at call and short Notice	34,53,96,204		11,43,44,150	
	<b>Total :</b>		<b>43,57,57,430</b>		<b>16,67,85,069</b>











# KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED



E	<u>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</u>				
I	Cash in Hand(including Foreign Currency Notes)	4,57,37,308		7,05,69,194	
II	Balance with Reserve Bank of India	1,97,92,032		1,97,92,032	
III	Balance with Banks and Money at call and short Notice	47,02,42,037		34,53,96,204	
	<b>Total :</b>		<b>53,57,71,377</b>		<b>43,57,57,430</b>

In terms of our report of even date

**for Sagar and Associates**

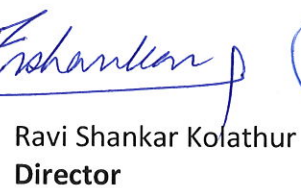
Chartered Accountants

Firm Regn. No. 003510S

For and on behalf of Board of Directors


  
B. Srinivasa Rao  
Partner  
M.No. 202352

  
Mahpara Ali  
Director

  
Ravi Shankar Kolathur  
Director

  
V. Jaganmohan  
Director

  
Donepudi Durga Prasad  
Managing Director

  
J Murali Krishna  
Chief Financial Officer

  
P A Pattnaik  
Company Secretary

Place: Madhapur

Date: June 03, 2020

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