

Rs.

BALANCE SHEET AS ON

Sch

31-Mar-2021

31-Mar-2020

CAPITAL AND LIABILITIES

Capital	1	13,42,22,620	13,42,22,620
Reserves and Surplus	2	34,98,06,386	28,29,30,855
Deposits	3	3,21,29,16,240	2,47,57,51,042
Borrowings	4	-	-
Other Liabilities and Provisions	5	25,80,87,288	21,63,48,988
Total		3,95,50,32,534	3,10,92,53,505

ASSETS

Cash and Balances with Reserve Bank of India	6	9,31,67,826	6,55,29,340
Balances with Banks and Money at Call and Short Notice	7	68,87,31,209	47,02,42,037
Investments	8	60,09,41,312	48,54,09,795
Advances	9	2,46,14,78,093	1,99,71,52,847
Fixed Assets	10	2,32,57,947	3,11,07,177
Other Assets	11	8,74,56,147	5,98,12,309
Total		3,95,50,32,534	3,10,92,53,505

Contingent Liabilities	12	14,40,440	1,77,67,234
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

For and on behalf of Board of Directors

Chartered Accountants

Firm Regn. No. 003510S


B. Srinivasa Rao
Partner
M.No. 202352


Mahpara Ali
Director


Narsi Reddy Vangala
Director


Geetha Mikkilineni
Director


Durga Prasad Donepudi
Managing Director


J Murali Krishna
General Manager &
Chief Financial Officer


P A Pattnaik
Company Secretary

Place: Madhapur

Date: April 30, 2021

Audited Financial Statements as on March 31, 2021

			Rs.
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED	Sch	31-Mar-2021	31-Mar-2020
I. INCOME			
Interest Earned	13	44,45,38,675	37,30,28,180
Other Income	14	10,76,20,343	9,04,18,867
Total		55,21,59,018	46,34,47,047
II. EXPENDITURE			
Interest Expended	15	19,68,62,748	16,79,78,990
Operating Expenses	16	21,96,42,810	22,18,04,512
Provisions and Contingencies		6,41,60,300	4,70,07,481
Total		48,06,65,858	43,67,90,983
III. PROFIT / LOSS			
Net Profit/(Loss) for the Year		7,14,93,160	2,66,56,063
Add: Profit/(Loss) Brought Forward		18,13,68,302	16,07,80,252
Total		25,28,61,462	18,74,36,315
IV. APPROPRIATIONS/TRANSFERS			
Statutory Reserve		1,43,08,952	53,35,060
Capital Reserve		-	-
Investment Fluctuation Reserve		-	-
Interim and Proposed Dividend		-	-
Tax on Dividend		-	-
Staff Welfare Fund Reserve		7,50,000	10,00,000
Covid Contingency Fund for Employees		50,00,000	-
Balance Carried Over to Balance Sheet		23,28,02,510	18,11,01,255
Total		25,28,61,462	18,74,36,315
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. 0035105



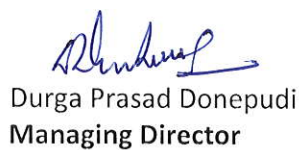
B. Srinivasa Rao

Partner

M.No. 202352



Mahpara Ali
Director



Durga Prasad Donepudi
Managing Director

For and on behalf of Board of Directors



Narsi Reddy Vangala
Director



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J. Murali Krishna
General Manager &
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P A Pattnaik
Company Secretary

Place: Madhapur

Date: April 30, 2021

Audited Financial Statements as on March 31, 2021

SCHEDULES TO BALANCE SHEET AS ON	31-Mar-2021	31-Mar-2020
SCHEDULE 3:DEPOSITS		
A I. Demand Deposits		
(i) From Banks	-	-
(ii) From Others	2,21,29,465	1,46,82,510
II. Savings Bank Deposits	52,63,11,491	46,61,05,206
III. Term Deposits		
(i) From Banks	-	-
(ii) From Others	2,66,44,75,284	1,99,49,63,326
Total (I, II and III)	3,21,29,16,240	2,47,57,51,042
B. I. Deposits of branches in India	3,21,29,16,240	2,47,57,51,042
II. Deposits of branches out side India	-	-
Total	3,21,29,16,240	2,47,57,51,042
SCHEDULE 4:BORROWINGS		
I. Borrowings in India		
i Reserve Bank of India	-	-
ii Other Banks	-	-
iii Other Institutions and Agencies	-	-
II. Borrowings outside India	-	-
Total	-	-
(Secured borrowings included in I & II above)		
SCHEDULE 5:OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable & Liabilities	-	-
II. Inter-Office adjustments (net)	-	-
III. Interest Accured	-	-
IV. Others (including provisions)	25,80,87,288	21,63,48,987
V.Proposed dividend (Inc Dividend Distribution tax)	-	-
Total	25,80,87,288	21,63,48,987
SCHEDULE 6:CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	6,37,38,294	4,57,37,308
(including foreign currency notes)		
II.Balances with Reserve Bank of India		
(i) in current Account	2,94,29,532	1,97,92,032
(ii) in other Accounts	-	-
Total - (I & II)	9,31,67,826	6,55,29,340

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

B. Srinivasa Rao
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M.No. 202352

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Managing Director

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General Manager &
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P A Rattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021

SCHEDULES TO BALANCE SHEET AS ON		31-Mar-2021	31-Mar-2020
SCHEDULE 1: CAPITAL			
Authorised Capital		25,00,00,000	25,00,00,000
250,00,000 Equity Shares of Rs. 10/- each			
Issued Capital			
Issued 13422262 Equity Shares of Rs. 10/- each		13,42,22,620	13,42,22,620
Subscribed & Paid-up capital			
13422262 Equity Shares of Rs. 10/- each		13,42,22,620	13,42,22,620
Total		13,42,22,620	13,42,22,620
SCHEDULE 2: RESERVES AND SURPLUS			
I. Statutory Reserves			
Opening Balance		5,85,37,982	5,32,02,921
Additions during the Year		1,43,08,952	53,35,060
Deductions during the Year		-	-
Total		7,28,46,934	5,85,37,981
II. Capital Reserves			
Opening Balance		27,68,191	27,68,191
Additions during the year		-	-
Deductions during the year		-	-
Total		27,68,191	27,68,191
III. Share Premium			
Opening Balance		3,04,29,380	3,04,29,380
Additions during the year		-	-
Deductions during the year		-	-
Total		3,04,29,380	3,04,29,380
IV. Investment Fluctuation Reserve			
Opening Balance		93,75,000	93,75,000
Additions during the year		-	-
Deductions during the year		-	-
Total		93,75,000	93,75,000
V. Revenue and Other Reserves			
Opening Balance		4,52,000	4,52,000
Addition During the Year		-	-
Deductions during the year		-	-
Total		4,52,000	4,52,000
VI. Balance in Profit and Loss Account			
Opening Balance		18,13,68,302	16,07,80,252
Addition During the Year		5,71,84,208	2,13,21,002
Deductions during the year		57,50,000	10,00,000
Add: Deferred Tax		11,32,371	2,67,049
Less: Depreciation relating to earlier years		-	-
Total		23,39,34,881	18,13,68,302
Total (I to VI)		34,98,06,386	28,29,30,855

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

Mahipara Ali
Director

Narsi Reddy Vangala
Director

Geetha Mikkilineni
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Durga Prasad Donepudi
Managing Director

J Murali Krishna
General Manager &
Chief Financial Officer

P A Pattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021

Rs.

SCHEDULES TO BALANCE SHEET AS ON	31-Mar-2021	31-Mar-2020
SCHEDULE 7: BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i. Balance with banks		
a. in current accounts	15,18,51,344	13,26,21,708
b. in other deposit accounts	53,68,79,865	33,76,20,329
ii. Money at call and short notice		
a. with banks	-	-
b. with other institutions	-	-
Total	68,87,31,209	47,02,42,037
II. Outside India		
i. In current accounts		
ii. In Other deposit accounts	-	-
iii. Money at call and short notice	-	-
Total	-	-
Total - (I & II)	68,87,31,209	47,02,42,037
SCHEDULE 8: INVESTMENTS		
I. Investments in India in		
i. Government Securities	60,09,41,312	47,51,31,889
ii. Other approved securities	-	-
iii. Shares	-	-
iv. Debentures and Bonds	-	-
v. Subsidiaries and/or joint ventures	-	-
vi. Others	-	1,02,77,906
Total	60,09,41,312	48,54,09,795
Less: Depreciation	-	-
Net Investments	60,09,41,312	48,54,09,795
II. Investments outside India in		
i. Government securities (including local authorities)	-	-
ii. Subsidiaries and/or joint ventures abroad	-	-
iii. Other investments	-	-
Total	-	-
Total - (I & II)	60,09,41,312	48,54,09,795

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



B. Srinivasa Rao
Partner
M.No. 202352


Mahpara Ali
Director


Narsi Reddy Vangala
Director


Geetha Mikkilineni
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J. Murali Krishna
General Manager &
Chief Financial Officer


P. A. Pattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021

	31-Mar-2021	31-Mar-2020
SCHEDULES TO BALANCE SHEET AS ON		
SCHEDULE 9:ADVANCES		
A i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	12,92,45,660	8,60,96,724
iii) Term Loans	2,33,22,32,433	1,91,10,56,123
Total	2,46,14,78,093	1,99,71,52,847
B i) Secured by Tangible Assets	2,32,19,71,375	1,88,53,13,719
ii) Covered by Bank/Government Guarantee	-	-
iii) Unsecured	13,95,06,718	11,18,39,128
Total	2,46,14,78,093	1,99,71,52,847
C I) Advances in India		
i) Priority Sectors	1,09,55,04,049	1,46,54,48,272
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	1,36,59,74,044	53,17,04,575
Total	2,46,14,78,093	1,99,71,52,847
II) Advances outside India		
i) Due from Banks	-	-
ii) Due from Others	-	-
Total	-	-
Total (C. I & II)	2,46,14,78,093	1,99,71,52,847
SCHEDULE 10:FIXED ASSETS		
I Premises	-	-
II Other Fixed assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	12,42,30,696	12,23,06,521
Additions during the year	49,30,275	66,22,670
Deductions during the year	13,45,715	46,98,496
Depreciation to date	10,45,57,309	9,31,23,518
Total	2,32,57,947	3,11,07,177
SCHEDULE 11:OTHER ASSETS		
I. Inter-Office adjustments (net)	-	-
II. Interest accrued	2,62,30,508	1,75,46,216
III. Tax paid in advance / Tax deducted at source	4,40,40,330	2,85,39,589
IV. Stationery and stamps	11,84,778	14,56,970
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax Asset (Net)	25,65,566	14,33,195
VII. Others	1,34,34,965	1,08,36,340
Total	8,74,56,147	5,98,12,309

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


Narsi Reddy Vangala
Director


Geetha Mikkilineni
Director


Durga Prasad Donepudi
Managing Director


J. Murali Krishna
General Manager &
Chief Financial Officer


P A Pattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021

Rs.

SCHEDULES TO BALANCE SHEET AS ON	31-Mar-2021	31-Mar-2020
SCHEDULE 12: CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	-	1,65,46,349
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	14,40,440	12,20,885
Total	14,40,440	1,77,67,234

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

For and on behalf of Board of Directors

Chartered Accountants

Firm Regn. No. 0035105


B. Srinivasa Rao
Partner
M.No. 202352


Manpara Ali
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General Manager &
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P A Pattnaik
Company Secretary

Place: Madhapur

Date: April 30, 2021

	Rs.	
SCHEDULES TO PROFIT AND LOSS ACCOUNT	31-Mar-2021	31-Mar-2020
SCHEDULE 13: INTEREST EARNED		
I. Interest/discount on advances/bills	38,92,88,658	32,15,54,776
II. Income on Investments	3,68,59,079	3,23,52,945
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,83,90,938	1,91,20,459
IV. Others	-	-
Total	44,45,38,675	37,30,28,180
SCHEDULE 14: OTHER INCOME		
I. Profit on sale of Asset / Investments	1,07,39,987	43,76,732
II. Miscellaneous Income	9,68,80,356	8,60,42,135
Total	10,76,20,343	9,04,18,867
SCHEDULE 15: INTEREST EXPENDED		
I. Interest on Deposits	19,68,62,748	16,79,78,990
II. Interest on Reserve Bank of India/Inter-bank borrowings	-	-
III. Others	-	-
Total	19,68,62,748	16,79,78,990
SCHEDULE 16: OPERATING EXPENSES		
I. Payments to and provision for employees	11,67,11,726	11,47,32,189
II. Rent, taxes and lighting	1,99,89,183	1,91,14,643
III. Printing and Stationery	19,83,987	29,77,843
IV. Advertisement and publicity	1,69,403	2,48,778
V. Depreciation on bank's property	1,24,41,316	1,38,60,662
VI. Directors' fees, allowances and expenses	17,77,361	16,09,372
VII. Auditors' Fees and Expenses	9,01,735	9,33,432
VIII. Law Charges	42,000	-
IX. Postage, Telephones. Etc.	21,33,130	25,64,472
X. Repairs and maintenance	44,34,153	31,23,617
XI. Insurance	73,00,190	61,30,209
XII. Other expenditure	5,17,58,627	5,65,09,295
Total	21,96,42,810	22,18,04,512
PROVISIONS AND CONTINGENCIES		
I. Provision for Non Performing Assets	2,19,34,977	1,04,14,260
II. Provision on Standard Assets	29,00,000	6,30,611
III. Provision for Current Tax	2,85,38,889	1,67,10,679
IV. Prov for Income Tax Prior Years	67,36,434	1,50,00,000
V. Provision for Deferred Tax	-	-
VI. Provision for Depreciation on Investments	-	8,39,231
VII. Other Provisions	-	-
VIII. General Provision	40,00,000	34,12,700
Total	6,41,60,300	4,70,07,481

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. 0035105

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M.No. 202352

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Managing Director

J Murali Krishna
General Manager &
Chief Financial Officer

P A Pattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021



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:

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

2.2 Expenditure:

- a) Revenue Expenditure is accounted on accrual basis.

3) Investments:

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

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

3.2 Valuation :

- a) 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.
- b) 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. However there are no treasury bills as on the date of Balance sheet



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

- 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 depreciation 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.
 - 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, 2021 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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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

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

- d) 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.
- 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.



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

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.

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.

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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

SCHEDULE 18 – NOTES ON ACCOUNTS

i. CAPITAL:

S No	Particulars	31-Mar-21	31-Mar-20
i)	Common Equity Tier 1 capital ratio (%)	20.42	21.50
ii)	Tier 1 capital ratio (%)	20.42	21.50
iii)	Tier 2 capital ratio (%)	0.42	0.37
iv)	Total capital Ratio (CRAR) (%)	20.84	21.87
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of Equity capital raised	-	-
vii)	Amount of additional Tier 1 capital raised; of which PNCPS:	-	-
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)	-	-

ii. a. INVESTMENTS

(Rs in Lakhs)

Particulars	31-Mar-21	31-Mar-20
1. Value of Investments		
a) Gross Value of Investments		
i) In India	6009.41	4751.32
ii) Outside India	-	-
b) Provision for Depreciation		
i) In India	-	-
ii) Outside India	-	-
c) Net Value of Investments		
i) In India	6009.41	4751.32
ii) Outside India	-	-
2. Movement of provisions held towards Depreciation on investments:		
i) Opening Balance	-	14.91
ii) Add: Provision made during the year	-	8.39
iii) Less: Provision reversed during the year	-	23.30
iv) Closing Balance	-	-

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

c. Non SLR Investment Portfolio:

The Bank has no outstanding balances under Non SLR category as on March 31, 2021.

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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

d. Sale and transfers to/from HTM category

During the Financial year, the Bank has shifted securities having aggregate book value of Rs.1998.59 Lakhs (FV 2000 lacs) from HTM category to AFS category with due approval from the Board, as allowed by RBI. These securities after shifting to AFS category were sold during the FY -2020-21.

S.No	Date of purchase	Name of Security	Units	Purchase Price	Face Value in lakh	Purchase Value in lakh	Date of Maturity	Net Book Value as on 31-03-2020	Market rate as on 22-04-2020	Market Value lakh
1	06-Apr-17	6.97% GOI 2026	10,00,000	102.53	1000.00	1025.30	06-Sep-26	1017.28	105.25	1052.53
2	05-Oct-17	6.79% GOI 2027	5,00,000	100.66	500.00	503.30	15-May-27	479.64	103.18	515.82
3	06-Oct-17	6.79% GOI 2027	5,00,000	100.45	500.00	502.25	15-May-27	501.67	103.18	515.82
Total					2000.00	2030.85		1998.59		2084.30

Book Value of the above securities held in HTM category was Rs.1998.59 lacs and is more than 5% of the Book Value of total investments. These securities have been shifted to AFS category after obtaining due approval from the Board. Since the Market Value of these securities is Rs.2084.30 lacs, which is more than the Book Value, no provision has been made.

iii. DERIVATIVES:

The Bank does not deal in any derivatives products.

iv. ASSET QUALITY

i) Non-Performing Asset

		(Rs in Lakhs)	
Items		31-Mar-21	31-Mar-20
(i)	Net NPAs to Net Advances (%)	0.29	0.85
(ii)	Movement of NPAs (Gross)		
	(a) Opening Balance	563.18	740.75
	(b) Additions during the year	216.21	133.06
	(c) Reduction during the year	251.24	310.63
	(d) Closing Balance	528.15	563.18
(iii)	Movement of Net NPAs		
	(a) Opening Balance	166.32	332.79
	(b) Additions during the year	-55.29	-51.18
	(c) Reduction during the year	41.39	115.29
	(d) Closing Balance	69.63	166.32
(iv)	Movement of Provision For NPAs (excluding provisions on standard assets)		
	(a) Opening Balance	396.86	407.96
	(b) Provision made during the year	271.51	184.24
	(c) Write-off/Write -Back of excess provisions	209.85	195.34
	(d) Closing Balance	458.52	396.86

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-21	31-Mar-20
Provisions towards Standard Advances	99.84	70.84

v. Business Ratios :

Particulars	31-Mar-21	31-Mar-20
Interest income as a percentage to Working Funds	13.94	13.99
Non-Interest income as a percentage to Working Funds	3.38	3.39
Operating Profit as a percentage to Working Funds	4.25	2.76
Return on Assets (%)	2.06	0.91
Business (Deposits plus advances) per employee (Rs. in lakh)	166.40	127.80
Net Profit per Employee (Rs. in lakh)	2.10	0.76

vi. 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	226.28	961.62	-	-	-	-
2 to 7 Days	468.97	783.62	-	-	-	-
8 to 14 days	636.34	246.68	-	-	-	-
15 to 28 days	525.35	86.32	-	-	-	-
29 days to 3 months	1838.35	5790.43	30.08	-	-	-
Over 3 months & up to 6	2694.30	2661.79	-	-	-	-
Over 6 months & up to 1 year	5507.61	4596.69	-	-	-	-
Over 1 year & up to 3 years	17286.37	8524.58	587.64	-	-	-
Over 3 years & up to 5 years	1567.03	324.90	849.33	-	-	-
Over 5 years	1378.56	638.15	4542.36	-	-	-
Total	32129.16	24614.78	6009.40	-	-	-

vii. 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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ii) Penalties imposed by RBI: NIL



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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

Income Tax Proceedings:

The amounts shown under contingent liabilities as on 31st March 2021 are as under:

(Rs in lakhs)

Assessment Year	Particulars	Contingent Liability			Contingent Liability	
		31-03-2021			31-03-2020	
		Disputed tax demand	Provision held	Amount as on 31.03.2021	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	-
2009-10	Interest on above demand	-	-	-	1.60	4.80
2009-10	Penalty on above TDS	-	-	-	2.91	8.73
	Total (A)	-	-	-	12.05	13.53
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	-
2013-14	Interest on above demand	-	-	-	7.66	22.98
	Total (B)	-	-	-	78.40	22.98
2014-15	Income Tax Demand on account of Share Premium of Rs.4.15 crore	-	-	-	76.37	70.65
2014-15	Interest on above demand	-	-	-	-	58.30
	Total (C)	-	-	-	76.37	128.95
	Total (D) = (A)+ (B)+(C)	-	-	-	166.82	165.46
	Un-Claimed deposits (E)	-	-	14.40	-	12.21
	Total =(D) + (E)	-	-	14.40	166.82	177.67

During the year, Bank has settled all the long pending IT dues under 'Vivad Se Vishwas' scheme where an overall provision of Rs.166.82 lacs was made as on 31.03.2020. After the existing provisions are adjusted towards Income Tax dues under the Vivad Se Vishwas Scheme, the remaining contingent liabilities are Rs.14.40 lacs representing the Un-claimed deposits.

x. Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits:

Particulars	31-Mar-21	31-Mar-20
Total Deposits of twenty largest depositors (Rs in Lakhs)	2384.17	1937.73
Percentage of Deposits of twenty largest depositors to Total Deposits	7.42%	7.83%

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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

b) Concentration of Advances:

Particulars	31-Mar-21	31-Mar-20
Total Advances of twenty largest borrowers (Rs in Lakhs)	639.19	606.00
Percentage of Advances of twenty largest borrowers to Total Advances	2.60%	3.03%

c) Concentration of exposures:

Particulars	31-Mar-21	31-Mar-20
Total Exposure of twenty largest borrowers/customers (Rs in Lakhs)	770.57	664.26
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure on borrowers/customers	3.07%	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.



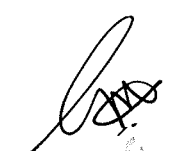



d) Concentration of NPAs:

Particulars	31-Mar-21	31-Mar-20
Total Exposure of Top four NPA accounts	158.81	135.10

e) Sector-wise Advances:

SL.N O	SECTOR	2020-21			2019-20		
		O/S Total Advance	Gross NPA	% of Gross NPA to Total Advances in that sector	O/S Total Advance	Gross NPA	% of Gross NPA to Total Advances in that sector
A	Priority Sector						
1	Agriculture & allied activities	5,300.52	257.23	4.85	4,633.81	166.42	3.59
2	Industry (Micro & small, Medium and Large)	4,372.76	145.40	3.33	9,493.72	259.98	2.74
3	Services	1,281.76	-	-	529.17	8.47	1.60
4	Personal Loans	-	-	-	-	-	-
	Sub Total -(A)	10,955.04	402.63	3.68	14,656.70	434.87	2.97
B	Non Priority Sector						
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry (Micro & small, Medium and Large)	7,250.00	-	-	-	-	-
3	Services	5,509.32	125.16	2.27	5,246.09	127.94	2.44
4	Personal Loans	900.42	0.36	0.04	68.75	0.37	0.55
	Sub Total -(B)	13,659.74	125.52	0.92	5,314.83	128.31	2.41
	Total (A) + (B)	24,614.78	528.15	2.15	19,971.53	563.18	2.82

During the year, Bank sold Priority Sector Lending Certificates (PSLCs) for a value of Rs.72.50 cr and earned a commission of Rs.96.38 lacs




11






KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

f) Movement of NPAs:

(Rs in Lakhs)

Particulars	Amount
Gross NPAs as on April 1, 2020	563.18
Additions (Fresh NPAs) during the year	216.21
Sub-total (A)	779.39
Less: (i) Upgradations	-
(ii) Recoveries (excluding recovery made from upgraded accounts)	-
(iii) Write-offs (including compromises approved)	49.26
Sub-total (B)	201.98
Gross NPAs as on March 31, 2021 (A-B)	251.24
	528.15

g) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas operations.

xi. Off-balance Sheet Sponsored

The Bank has not sponsored any off balance sheet item.

xii. Un-amortized Pension and Gratuity Liabilities - NIL

xiii. Intra-Group Exposures – NIL

xiv. Transfers to Depositor Education and Awareness Fund (DEAF) :

(Rs in Lakhs)

Particulars	2020-21	2019-20
Opening balance of amounts transferred to DEAF	12.21	10.20
Add: Amount transferred to DEAF during the year	2.19	2.01
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	14.40	12.21

- xv. **COVID-19 Package:** Due to the pandemic, RBI has announced series of relief measures to all the borrowers vide circs. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20, dated April 17, 2020, VV.BP/8124/21.04.048/ 2019-20, dated May 6, 2020, RBI/2019-20/244, dor.No.BP.BC.71/ 21.04.048/2019-20, dated May 23, 2020, DOR.No. BP.BC/04/21.04.048/2020-21, dated August 6, 2020, RBI/2020-21/16, DOR.No.BP.BC/3/21.04.048/2020-21, August 6, 2020, by extending six months moratorium on repayment of instalments on term loans, deferment of interest on working capital limits, restructuring of term loans, sanctioning of FITL etc., Further, RBI has directed Banks to make a general provision of not less than 10% on SMA accounts as on 29th February, 2020, if the accounts are likely to deteriorate in credit quality due to non-servicing of debt. For this purpose, Bank has identified 359 such accounts with an outstanding liability of Rs.136.51 lacs and made a provision of Rs.34.13 lacs during FY 2019-20. Since the moratorium got extended beyond first quarter of FY 2020-21, Bank has further identified 90 more such accounts till June 2020 with an aggregate outstanding liability of Rs.167.98 lacs and made an additional provision of Rs.40 lacs during the first quarter of FY 2020-21.

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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

- xvi. RBI has further vide Cir. RBI/2020-21/61, DOR.No.BP.BC.26/21.04.048/2020-21, dated October 26, 2020 directed Banks not to levy compounding interest during loan moratorium period and to refund any such levy to the Borrowers as an Ex-gratia. Accordingly, Bank has refunded an ex-gratia amount of Rs.1.70 lacs to all the borrowers who are levied compounding interest during the moratorium period.

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
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	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue	659.05	557.49			3,892.89	3,215.55	969.65	861.43	5,521.59	4,634.47
Result										
Unallocated Expenses									4,165.06	3,897.84
Operating Profit									1,356.53	736.63
Provisions and Contingencies (excluding tax)		8.39			288.85	144.58			288.85	152.97
Income Tax									352.75	317.1
Deferred Tax liability /Asset									-	-
Net Profit									714.93	266.56
Other Information										
Segment Assets	6,009.41	4,854.10			24,614.78	19,971.53			30,624.19	24,825.63
Unallocated Assets									8,926.13	6,266.91
Total Assets									39,550.33	31,092.54
Segment Liabilities					32,129.16	24,757.51			32,129.16	24,757.51
Un allocated Liabilities									7,421.16	6,335.03
Total Liabilities									39,550.33	31,092.54

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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	5,521.59	4,634.47			5,521.59	4,634.47
Assets	39,550.33	31,092.54			39,550.33	31,092.54

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 @	Relatives of Key Management Personnel	Total
Rendering of Services				54.69		54.69

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 paid	
				FY 2020-21	FY 2019-20
1	Mr. Donepudi Durga Prasad	06-07-2017	Managing Director	30.31	23.80
2	Mr. J. Murali Krishna	06-06-2019	General Manager & Chief Financial Officer	12.00	8.19
3	Mr.P A Patnaik	01-01-2011	Company Secretary	12.38	11.90
			Total	54.69	43.89

Sr. No.	Name(s) of the Related party	Nature of Relationship Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year	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	For the period 01.10.2020 to 31.03.2021

(*) The related Director, Mr Ravi Shankar Kolathur retired from the Board with effect from 31st July, 2020



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

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 31.03.2021.

(Rs. In Lakhs)

Particulars		Deference in Exp.	Deferred Tax as at 31.03.2021
Deferred Tax Liability			
Depreciation as per Books	124.41		
Deferred Tax Asset			
Depreciation as per Income Tax Act	79.42	44.99	11.32
Deferred Tax Asset at the beginning of the year			14.33
Net Deferred Tax Asset as on March 31, 2021			25.65

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 statements 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 – NIL

2. Other items – An Amount of Rs.14.40 Lacs is transferred to Depositor Education and Awareness Fund (DEAF) of which Rs.2.19 lacs pertains to the financial year 2020-21

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.

[Signatures of Bank Officials]



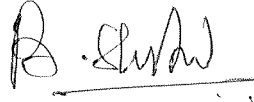
KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

In terms of our report of even date

for SAGAR AND ASSOCIATES

Chartered Accountants

Firm Regn. No. 0035105

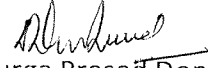

B. Srinivasa Rao
Partner
M.No. 202352

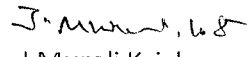

Mahpara Ali
Director

For and on behalf of Board of Directors


Narsi Reddy Vangala
Director


Geetha Mikkilineni
Director


Durga Prasad Donepudi
Managing Director


J Murali Krishna
General Manager &
Chief Financial Officer


P A Pattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

Other Disclosures

A. Capital

(a) CRAR

Particulars	31-03-2021	31-03-2020
CRAR	20.84%	21.87%
Core CRAR	20.42%	21.50%
Supplementary CRAR	0.42%	0.37%

(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	39091.81	23579.48

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, 2021.

(d) Shareholding pattern as on March 31, 2021

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-2021	31-Mar-2020
Net NPAs to net loans and advances	0.29%	0.85%

b) Net NPAs under the prescribed asset classification categories as on March 31, 2021.

(Rs in Lakhs)

Category	Gross NPA	Provision	Net NPA	Provision as a percentage of Gross NPA
Sub-standard	205.73	136.10	69.63	25.77
Doubtful - 1	149.37	149.37	-	28.28
Doubtful - 2	152.45	152.46	-	28.87
Doubtful - 3	20.60	20.60	-	3.90
Grand Total	528.15	458.52	69.63	86.82



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

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

(Rs in Lakhs)

Particulars	31-Mar-2021	31-Mar-2020
Provision for depreciation on investments	-	8.39
Provision for Non-Performing Assets	219.85	104.14
Provision towards standard assets	29.00	6.31
Provision for taxation	285.39	167.11
Provision for Tax – Earlier years	67.36	150.00
General Provision on SMA as per RBI directions	40.00	34.12
Total	641.60	470.07

d) Movement in net NPAs

(Rs in Lakhs)

Particulars	March -2021	March -2020
(a) Opening Balance	166.32	332.79
(b) Additions during the year	-55.29	-51.18
(c) Reduction during the year	41.39	115.29
(d) Closing Balance	69.63	116.32

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	2.10%	0.23%
The largest borrower group		
The 10 largest single borrowers	10.78%	1.07%
The 10 largest borrower groups		
Total Capital funds & Assets (Rs In lakhs)	4914.48	39550.32

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.

D. Business Correspondent Operations

The Bank appointed M/s. Gram Tarang Inclusive Development Services Pvt Ltd as Business Correspondent with effect from 01-12-2019 with the approval of Board in the meeting held on 12-11-2018 and continuing as Business Correspondent for the FY 2020-21. The details of the business are as follows

18

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KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

Particulars	31-Mar-2021	31-Mar-2020
Deposits (Rs in lacs)	5,326	4887
Advances (Rs in lacs)	193	187
Percentage to total Deposits	16.57%	19.74%
Percentage to total Advances	0.78%	0.94%
No of Locations	14	14

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 Bank has Human Resource Development committee and Nomination and Remuneration Committee of the Directors. The HRD Committee consists of five directors and the Nomination and Remuneration committee consists of four directors.</p> <p>Scope of the HRD committee</p> <p>To oversee the framing, review and implementation of compensation policy of the bank on behalf of the board. The Human Resources and Development Committee reviews all aspects of the compensation structure such as proportion of fixed component & variable component of pay etc.</p> <p>Scope of the Nomination and Remuneration Committee</p> <p>In addition to other scopes the scope of NRC also includes Identifying persons who may be appointed in the senior management; Recommend to the Board for the appointment of Managing Director and the remuneration payable; laying down the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board policy relating to the remuneration for the directors, key managerial personnel and other employees etc.</p>		
2	Quantitative disclosures.	Number of meetings held by the Human Resource Development Committee and Nomination and Remuneration Committee during the financial year.	Name of committee	Current year	previous year
			HRD Committee	4	2
			Nomination and Remuneration Committee	4	3

B. Subho
Madhane

[Signature]

[Signature] *J. Anurag* *[Signature]*



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

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.

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

Sr.No	Particulars	Amount Rs. In '000'
1.	Gross NPAs as on March 31, 2021 as reported by the Bank	528.15
2.	Gross NPAs as on March 31, 2021 as assessed by RBI	-
3.	Divergence in Gross NPAs (2-1)	-
4.	Net NPAs as on March 31, 2021 as reported by the Bank	69.63
5.	Net NPAs as on March 31, 2021 as assessed by RBI	-
6.	Divergence in Net NPAs (5-4)	-
7.	Provisions for NPAs as on March 31, 2021 as reported by the Bank	458.52
8.	Provisions for NPAs as on March 31, 2021 as assessed by RBI	-
9.	Divergence in provisioning (8-7)	-
10.	Reported Net Profit after Tax (PAT) for the year ended 31, March 2021	714.93
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2021 after taking into account the divergence in provisioning	-

J) Reconciliation of ATM and POS Transactions:

ATM & POS reconciliation is completed till March 31, 2021;

ATM pending entries summary Transaction Type	31-03-2021	
	No of Tran	Amount (in lakh)
Acquirer	394	9.62
Issuer	717	13.20
On us	33	0.89
Total	1144	23.71

POS pending entries Summary

Particulars	No of transactions	Amount
Issuer	Nil	Nil



KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

CASH FLOWS STATEMENT:

(Amount In Rs.)

Sl.No	Particulars	31-Mar-21		31-Mar-20	
A	Cash Flow from Operating activities		35,84,27,574		12,99,30,720
B	Cash Flow from Investing activities		(10,76,82,287)		(2,91,83,822)
C	Cash Flow from Financial activities		(46,17,629)		(7,32,951)
	Net Change in Cash & Cash Equivalents		24,61,27,658		10,00,13,947
D	Cash & Cash Equivalents at the beginning of the year		53,57,71,377		43,57,57,430
E	Cash & Cash Equivalents at the end of the year		78,18,99,035		53,57,71,377
	Net Change in Cash & Cash Equivalents		24,61,27,658		10,00,13,947
A	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>				
I	Net Profit after Taxes	7,14,93,160		2,66,56,063	
	Add : Tax Provision	3,52,75,323		3,17,10,679	
	Sub Total		10,67,68,483		5,83,66,742
	Less : Amount Transferred to Provision for leave encashment	-	-	-	-
	Sub Total	-	10,67,68,483	-	5,83,66,742
	Adjustments :-				
i	Depreciation on Fixed Assets		1,24,41,316		1,38,60,662
ii	Provision for NPAs		2,19,84,977		1,04,14,260
iii	Provision for Standard Assets		29,00,000		6,30,611
iv	Depreciation on Investments		-		8,39,231
v	Interest paid on Subordinated Debts		-		-
vi	Other Provisions				
	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	-	-	-	-
	Sub Total		14,40,94,776		8,41,11,506
	Less : Direct Taxes (Actual advance Tax paid)		2,53,00,000		1,25,00,000
	Sub Total		11,87,94,776		7,16,11,506
I	Increase in Deposits	73,71,65,198		28,98,56,635	
II	Increase /Decrease in Borrowings	-		-	
III	Increase in Advances	(46,43,25,245)		(22,56,37,419)	
IV	Increase in Other Liabilities & Provisions	(3,08,63,315)		(2,12,15,821)	
V	Increase/ Decrease in Other Assets	(23,43,839)		1,53,15,819	
	Sub Total		23,96,32,799		5,83,19,214
	Net Cash Flow from Operating Activities		35,84,27,574		12,99,30,720
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>				
I	Investment in subsidiaries and /or Joint Ventures	-		-	
II	Income Earned on Such Investment	-		-	
III	Increase in Investments	(11,55,31,517)		(3,71,28,409)	

B. Shrinivas Reddy

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[Signature]

J. M. S. Reddy

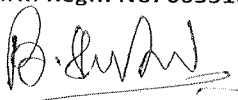


KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED


III	Fixed Assets				
	Additions during the year	65,03,515		32,46,091	
	Deductions during the year	13,45,715		46,98,496	
	Net Cash used in Investing Activities	-	(10,76,82,287)	-	(2,91,83,822)
C	CASH FLOW FROM FINANCING ACTIVITIES				
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	(46,17,629)		(7,32,951)	
	Net Cash Provided by (used in) Financing Activities		(46,17,629)		(7,32,951)
D	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR				
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	
	Total :		53,57,71,377		43,57,57,430
E	CASH & CASH EQUIVALENTS AT THE END OF THE YEAR				
I	Cash in Hand(including Foreign Currency Notes)	6,37,38,294		4,57,37,308	
II	Balance with Reserve Bank of India	2,94,29,532		1,97,92,032	
III	Balance with Banks and Money at call and short Notice	68,87,31,209		47,02,42,037	
	Total :		78,18,99,035		53,57,71,377


In terms of our report of even date
for SAGAR AND ASSOCIATES
Chartered Accountants

Firm Regn. No. 0035105

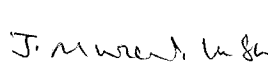

B. Srinivasa Rao
Partner
M.No. 202352


Mahpara Ali
Director


Narsi Reddy Vangala
Director


Geetha Mikkilineni
Director


Durga Prasad Donepudi
Managing Director


J. Murali Krishna
General Manager &
Chief Financial Officer


P. A. Pattnaik
Company Secretary

Place: Madhapur
Date: April 30, 2021

Audited Financial Statements as on March 31, 2021