44th

Annual Report
चौवालीसवां वार्षिक प्रतिवेदन
2022-23

ELLAQUAI DEHATI BANK
इलाकाई देहाती बैंक

Head Office : 3rd Floor, Nirmaan Complex, Barzulla, Srinagar
प्र०का० : तीसरी मंजिल, निर्माण भवन, बरजूला, श्रीनगर

ELLAQUAI DEHATI BANK

(Sponsors : State Bank of India)

Contents

VISION

To be the most preferred rural institutional financial services provider in the UT of J&K.

MISSION

- To be socially responsible organization.
- To work for improving the standard of life of all our customers.
- To dedicate ourselves for overall development of rural Jammu and Kashmir.
- To achieve sustained growth of business and profitability and excellence in customer care through continuous skill up gradation of staff and use of state of the art technology.

VALUES

Respect to Systems and Procedures/ Good Governance/ Transparency/ Service with Compassion/ Ethics/ Team Work and Focus on Rural Development.

Letter of Transmittal

Ellaquai Dehati Bank
Head Office: Srinagar, Kashmir

Date: 17.04.2023

The Secretary,
Ministry of Finance, Dept. of Financial Services
Banking Division, Government of India
Jeevan Deep Buildings, Parliament Street,
New Delhi-110001

Dear Sir,

In pursuance of the provisions of section 20 of the Regional Rural Banks Act, 1976, I forward herewith the following documents:

a) Director's report on Ellaquai Dehati Bank's working and its activities during the accounting year ended March 2023.

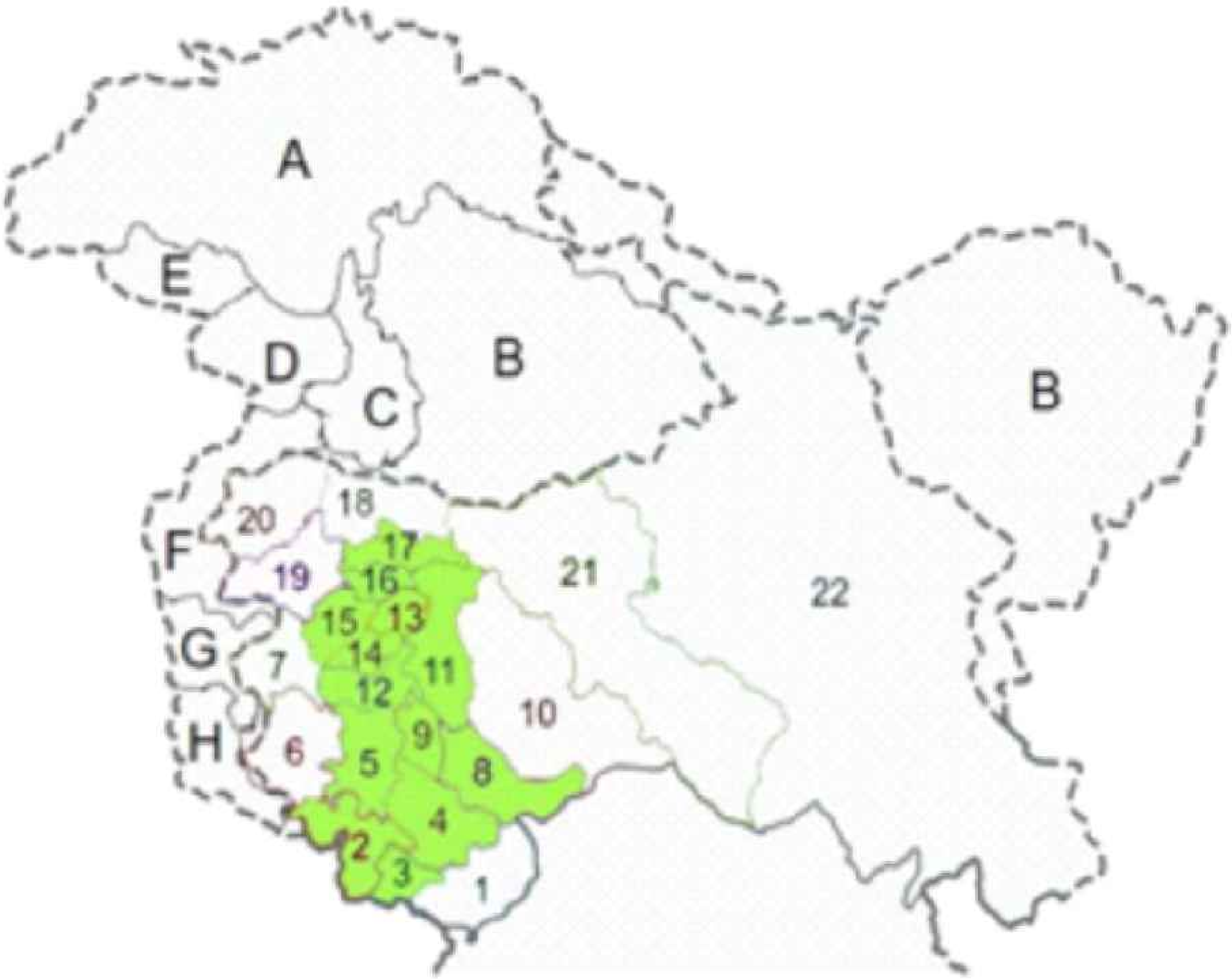
b) A copy of Bank's Balance Sheet and Profit & Loss Account.

c) A copy of Auditor's Report in relation to the Bank's accounts for the year 2022-23.

Yours faithfully,

(Arshadul Islam)
Chairman

Geographical Area & Regional Offices



1. Kathua
2. Jammu
3. Samba
4. Udhampur
5. Reasi
6. Rajouri
7. Poonch
8. Doda
9. Ramban
10. Kishtwar
11. Anantnag
12. Kulgam
13. Pulwama
14. Shopian
15. Budgam
16. Srinagar
17. Ganderbal
18. Bandipora
19. Baramulla
20. Kupwara
21. Kargil
22. Leh

Regions in Jammu and Kashmir

Srinagar
Ellaquai Dehati Bank Regional Office,
Opposite Chacha Ganie Complex,
Nowgam, Srinagar - 190015
Contact No. +91-97977 97205
rm1@edb.org.in

Anantnag
Ellaquai Dehati Bank Regional Office,
Lal Chowk, Anantnag-192101
Contact No. +91-97977 97206
rm2@edb.org.in

Board of Directors

Shri Arshad ul Islam
Chairman
Ellaquai Dehati Bank
(Deputy General Manager on deputation from State Bank of India

Vacant

Nominees of Central Government under
Section 9 (1) (a) of the Regional Rural Bank's Act, 1976

Vacant

Nominee of Reserve Bank of India under
Section 9 (1) (b) of the Regional Rural Bank's Act, 1976

Shri Meetesh Sharma
Assistant General Manager
Reserve Bank of India, Jammu

Nominee of NABARD under
Section 9 (1) (c) of the Regional Rural Bank's Act, 1976

Shri Surinder Singh
Deputy General Manager
NABARD, Srinagar

Nominees of State Bank of India under
Section 9 (1) (d) of the Regional Rural Bank's Act, 1976

Shri Anil Dewani
Deputy General Manager
State Bank of India, LHO,
Chandigarh (Sponsor Bank)

Shri S. C. Kandpal
Assistant General Manager
State Bank of India,
Corporate Centre, Mumbai

Nominees of State Govt. under
Section 9 (1) (e) of the Regional Rural Bank's Act, 1976

Shri Raman Kumar Gupta
Director, Animal & Sheep Husbandry
UT of J&K

Shri Imtiyaz Ahmad Wani
Director, Budget
UT of J&K

Executive Team

Shri Arshad ul Islam
Chairman

Shri Abdul Rashid Bhat
General Manager
(General Banking & Information Technology)

Shri Baljeet Singh
General Manager
(Vigilance & Risk)

Shri Mushtaq Ahmad Malik
General Manager
(Credit)

Regional/Area Managers

Sh. Gulzar Ahmed Dar
Region-I, Srinagar

Sh. Muzaffar Dar
Region-II, Anantnag

Sh. Kuldeep Koul
Area Office, Jammu

Head of Departments

Sh. Mubasir Gulzar Khan
(Board Affairs/CM Sectt./
Cross Selling Deptt./FI)

Sh. Sheikh Musbith Rasool
(Loans & NPA Department)

Sh. Ramnik Singh
(Personnel & HRD)

Sh. Irfan Muneer
(P&D / Pension Cell)

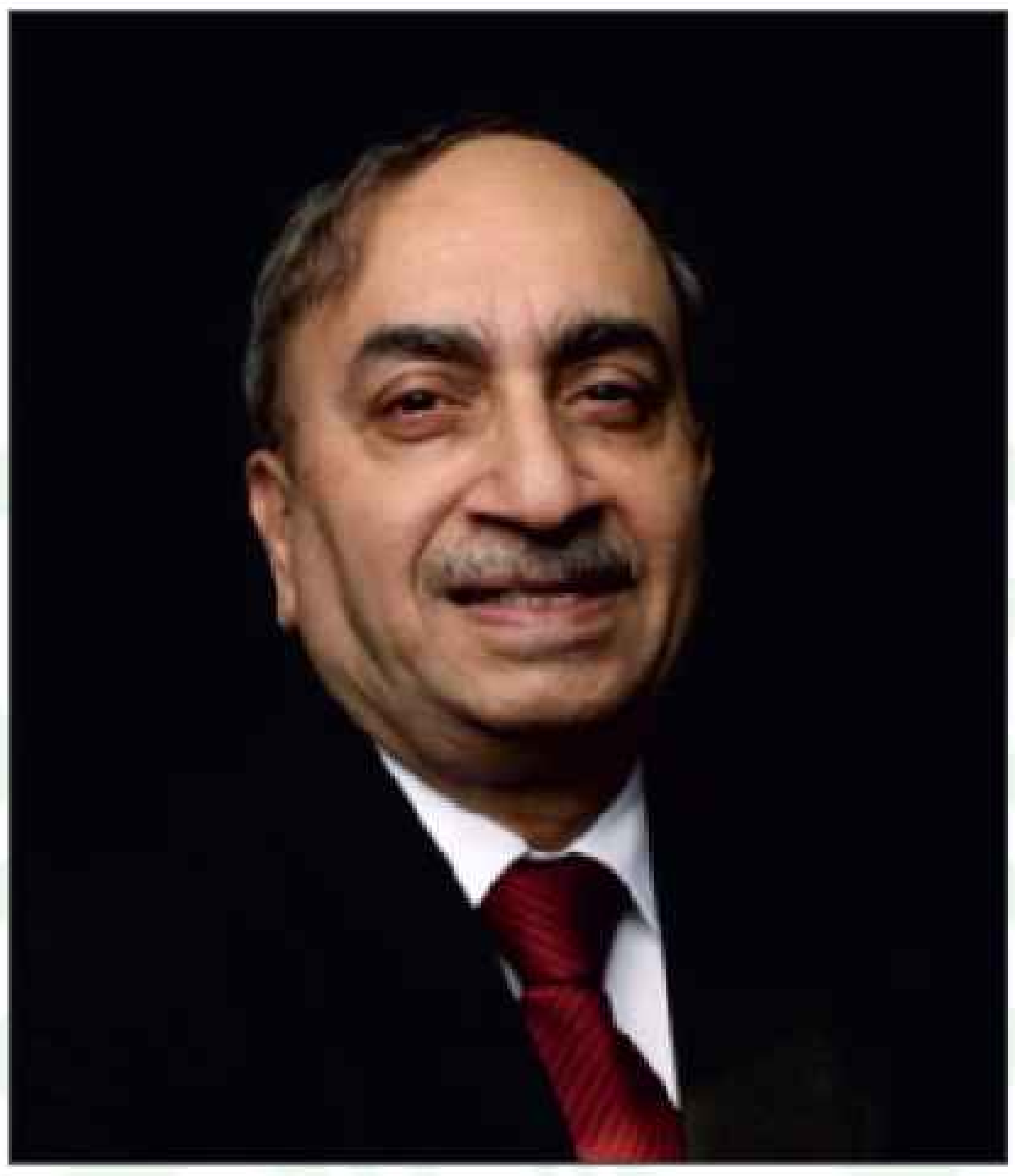
Sh. Puneet Bansal
(IT)

Sh. Ajay Gupta
(Treasury / MIS Deptt.)

Smt. Renuka Rasotra
(Audit)

Sh. Amit Verma
(Accounts)

OUR INSPIRATION



Sh. Dinesh Kumar Khara
(Chairman, State Bank of India)

Sh. Swaminathan Janakiranan
(MD, International Banking, Technology & Subsidiaries, SBI)

Sh. Mihir Mishra
(CGM, Associates & Subsidiaries Deptt., SBI)

Our Regulators and Supervisors

Sh. Kamal P. Patnaik
Regional Director
RBI, Jammu and Kashmir

Sh. Ajay Kumar Sood
Chief General Manager
NABARD, Jammu and Kashmir

Highlights – 2022-23

- Total Business of the Bank has reached a level of Rs. 2038.39 Cr with a growth of Rs. 179.50 Cr @9.66%.
- Deposits at Rs. 1377.83 Cr increased by Rs. 84.69 Cr @6.55% from Rs. 1293.14 Cr.
- The share of CASA has increased by Rs. 18.65 Cr @3.01% from Rs. 619.40 Cr to Rs. 638.05 Cr.
- Advances at Rs. 660.56 Cr increased by Rs. 94.81 Cr @16.76% from Rs. 565.75 Cr.
- Net Loss increased by Rs. 7.56Cr @22.27% i.e. Rs.-41.51Cr in FY 2022-23 (Rs.-33.95Cr in FY 2021-22).
- Gross NPAs decreased by Rs. 0.93Cr @1.13% to Rs 81.28Cr i.e. 12.30% as on 31.03.2023 (Rs 82.21Cr i.e. 14.53% in FY 2021-22).
- Net NPAs decreased to Rs. 36.13Cr (5.87%) from previous year of Rs. 39.71Cr (7.59%).
- Provision Coverage Ratio excluding AUCA increased to 55.55% from 51.71%.
- Cost of deposits decreased to 4.10% as on 31.03.2023 from 4.18%.
- Business per Branch increased by Rs. 1.63 Cr as on 31.03.2023 (from Rs. 16.90Cr to Rs. 18.53Cr).
- Business per Employee increased by Rs.0.71 Cr as on 31.03.2023 (from Rs. 6.04Cr to Rs. 6.75Cr).
- Net Profit per Employee Rs. -13.75 Lakh as on 31.03.2023.
- Net worth decreased to Rs. -18.32 Cr as on 31.03.2023 from Rs. -6.74 Cr as on 31.03.2022.
- Return on Assets degraded to -3.84% as on 31.03.2023 from -2.13%.
- Return on Equity upgraded to -13.66% as on 31.03.2023 from -14.02%.
- Yield on advances increased to 9.71% as on 31.03.2023 from 7.76%.
- Cost to Income Ratio (Expenses Ratio) has decreased to 84.61% from 96.17%.
- NII was up by 46.57%. It increased to Rs. 49.79Cr in 2022-23 from Rs. 33.97Cr.
- NIM upgraded to 2.92% as on 31.03.2023 from 2.13%.
- Capital Adequacy Ratio at -2.83% as on 31.03.2023 decreased by 1.62% from March 2022(-1.21%).
- Other Income decreased by 72.03% to reach a level of Rs. 5.11Cr from Rs. 18.30Cr in previous year.
- Credit to Agriculture of Rs . 246.36 Cr at a degrowth rate of 0.65% (Rs. 247.98 Cr).
- Disbursed Rs. 169.09 Cr during the year to agriculture at a degrowth rate of 39.65% (Rs. 280.19 Cr).
- No. of Agriculture borrowers increased to 23682 from previous FY's level of 21717.
- SHGs increased to 284 from previous FY's number of 279.
- SHG Loan outstanding increased by 18.16% from Rs. 4.56Cr to Rs. 5.35Cr.
- PM Kisan subsidy of Rs. 64490 thousands to 10749 farmers has been received through PFMS during the year 2022-23.
- In renewal business of SBI Life, bank has achieved number one position in PAN India by achieving 100% in renewal budget allocated by Corporate Centre, Sponsor Bank.
- Implemented:
  - Internet Banking (viewing rights) has been launched
  - Mobile application has been launched for non financial transactions and Green Pin Facility
  - Positive Pay System has been introduced.
- Pension Scheme has been implemented as per the guidelines of GOI and NPS has been adopted.

Note: (Figures in brackets pertain to previous FY)

Chairman's Message

Arshadul Islam
Chairman

It gives me immense pleasure to present the Annual Report 2022-23. The year gone by has, more than anything, tested our mental resilience to the hilt. To bounce back from an absolutely horrific incident in June 2022 when the bank lost one of its officers was not only difficult but was a test of our patience and ability to withstand a loss that had the potential to cause a disastrous effect on the bank. Thanks to the dedicated and committed workforce of the bank, we didn't let the loss subdue our spirits .If anything , it strengthened our resolve to defeat the forces that wanted to destabilize our organization and pushed us into channeling our energies towards achievement of the targets and bringing about a positive change in the life of people associated with us.

Performance highlights

The total deposits of the bank as on 31.03.2023 stood at Rs 1377.83 Cr, posting a growth of 6.55%. The Advances portfolio increased to Rs. 660.56 Cr, thereby achieving a growth of 16.76%. With our focused efforts, we have been able to reduce Gross NPAs to Rs. 81.28 Cr while Net NPAs have reduced to Rs. 36.13 cr. The Yield on Advances, owing to the diversification in our Advances portfolio, has increased substantially to 9.71%. However, this diversification in advances hasn't affected our Priority Sector Advances which stood at 86.60% as on 31.03.2023. The total interest income has increased to Rs. 104.12 cr while the total income stood at Rs. 109.24 Cr. In fact, we have for the first time achieved a gross income of Rs. 95.27 lakh through our cross selling channel which is only bound to increase further in the years to come. There has been a marked decrease in expenses ratio from 96.17% as on 31.03.2022 to 84.61% as on 31.03.2023.

The bank has been a torch bearer in various Social Security Schemes as well, having enrolled a total of 32462 customers under PMSBY, 8906 customers under PMJJBY and 1024 customers under APY. This is a testament to our commitment towards ensuring that the benefits of all the Government Schemes reach the common man on the ground.

The way forward

The year ahead is going to be full of opportunities for us as a bank to build on the momentum gained so far. With an exciting bouquet of products to offer to the public, we are hopeful of a gaining a deeper foothold in the market. Our Express Credit Scheme has seen a phenomenal response from the public with Rs. 39 cr having been disbursed within a few months of its launch. Similarly, there has been a YoY growth of 36.81% in our Gold Loans, while Housing Loans have increased by almost 36.14%. However, we have to be wary of any increase in the NPAs and need to make all efforts to reduce the Gross NPAs below 10% while Net NPAs will have to be reduced below 5%. This is slightly challenging for us considering the various dynamics at play but we are committed to achieving our targets despite the seeming odds. The bank is also working overtime to fulfill the commitments made to our stakeholders with respect to the Sustainable Viability Plan of the bank and we are confident of achieving 100% targets assigned to us under the plan. I have never felt as excited about the prospects of this organization as now. With an improvement in the financials, improvement in the quality of credit and overall change in the working of the bank, I am hopeful of a growing trajectory of the bank in the years ahead. The past few years might have been challenging but the hard work and the toil have been worth the effort. The green shoots of growth have already started sprouting and the day is not far when a mighty tree of growth, prosperity and success shall take their place.

I am thankful to the entire staff for having braved the worst so far and for standing upto umpteen challenges & am hopeful that their dedication and hard work will push this bank towards being recognized as one of the best Regional Rural Banks in the Country. I would also like to put on record my heartfelt gratitude to the customers of our bank, who have reposed their trust in us and to our stakeholders for having guided us through some very turbulent times.

I would like to assure all our customers, on behalf of the entire Team EDB, that we will continue to provide them the best of services & also assure our stakeholders of our unwavering commitment towards the growth & prosperity of our beloved institution.

Yours Sincerely

(Arshad ul Islam)
Chairman

Key Performance Indicators

(Amt. in 000's)

	Indicators	2020-21	2021-22	2022-23
A.	**KEY PERFORMANCE INDICATORS**			
1	No. of Districts Covered	13	13	13
2	No. of Branches	116	110	110
	a) Rural Branches	95	90	90
	b) Semi Urban Branches	12	11	11
	c) Urban Branches	09	09	09
	d) Metropolitan Branches	00	00	00
3	Total staff (excluding sponsor bank staff)	293	308	302
	Supervising	134	149	175
	Award Staff	125	129	101
	Subordinate	34	30	26
4	Deposits	12116803	12931367	13778341
	%age of Growth	10.15	6.72	6.55
	a) Demand Deposit	5731879	6194026	6380476
	%age of Demand Deposits to Total Deposits	47.31	47.90	46.31
	b) Term Deposits	6384924	6737341	7397865
5	Borrowings (Total Outstanding)	41093	91093	541093
	a) From NABARD (ARF+SAO)	0	50000	500000
	b) Sponsor Bank(Perpetual Bonds)	41093	41093	41093
6	Gross Loans & Advances outstanding	4997411	5657489	6605609
	Growth %	14.13	13.21	16.76
	of 6 above, loans to Priority Sector	4640992	5238911	5720447
	of 6 above, loans to Non Target Groups	356419	418578	885162
	of 6 above, loans to SC/ST	23245	27352	32412
	of 6 above, loans to Small Farmers/MF/AL	2323150	2360398	2463568
7	CD-Ratio (%)	41.24	43.75	47.94
8	Investment Outstanding	7236264	7334605	7620887
	a) SLR Investment Outstanding	5849332	6131103	6066829
	b) Non SLR Investment Outstanding	1386931	1203502	1554058
B	**AVERAGE**			
9	Average Deposits	11492103	12377459	13218646
	Growth %	6.64	7.70	6.80
10	Average Borrowings	13374	10000	110000
	Growth %	-79.92	-25.23	1000
11	Average Gross Loans and Advances	4584756	5282872	6064792
	Growth %	8.10	15.23	14.80
12	Average Investments	7214263	6939751	6962267
	Growth %	7.03	-3.81	0.32
	Average SLR Investments	4954979	6028779	6125128
	Growth %	3.83	21.67	1.60
	Average Non-SLR Investments	2259284	910972	837139
	Growth %	14.80	-59.68	-8.10
13	Average Working Funds	12717000	12912700	13632500

Key Performance Indicators

(Amt. in 000's)

	Indicators	2020-21	2021-22	2022-23
C.	**LOANS ISSUED DURING THE YEAR**			
14	Loans issued during the year	3459922	5946787	5556864
	Growth %	-3.93	71.88	-6.56
	of 14 above, loans to Priority Sector	3321406	5523049	4612912
	of 14 above, loans to Non-target Groups	138516	342437	943952
	of 14 above, loans to SC/ST	20607	31267	32412
D	**PRODUCTIVITY (based on total business)**			
15	Per Branch	147536	168990	185309
	Per Staff	58410	60354	67497
E	**RECOVERY PERFORMANCE**			
16	Total			
	Demand	2470094	3702128	5439119
	Recovery	2071874	2913806	5014804
	Over Dues	398440	778322	424315
	Recovery %	83.87%	78.70%	92.20%
17	FARM SECTOR			
	Demand	1275020	1962127	2831183
	Recovery	1085556	1526543	2734833
	Over Dues	189464	435584	96350
	Recovery %	85.14%	77.80%	96.60%
18	NON - FARM SECTOR			
	Demand	1195074	1740001	2607937
	Recovery	986318	1387263	2279971
	Over Dues	208976	352738	327966
	Recovery %	82.53%	79.73%	87.42%
F	**ASSETS CLASSIFICATION**			
19	a) Standard Assets	4106121	4835363	5792781
	b) Sub-Standard Assets	159052	203920	139516
	c) Doubtful Assets	724894	612825	667579
	d) Loss Assets	7344	5381	5733
	Total	**4997411**	**5657489**	**6605609**
	Standard Assets as % to Gross Loans % Advances Outstanding	82.16	85.47	87.69
G	**PROFITABILITY ANALYSIS**			
20	Interest Paid on			
	a) Deposits	534257	517447	541411
	b) Borrowings	1023	0	1984
21	Salary (including leave encashment)	259045	360240	318406
22	Other Operating Expenses	108072	142496	146069

Key Performance Indicators

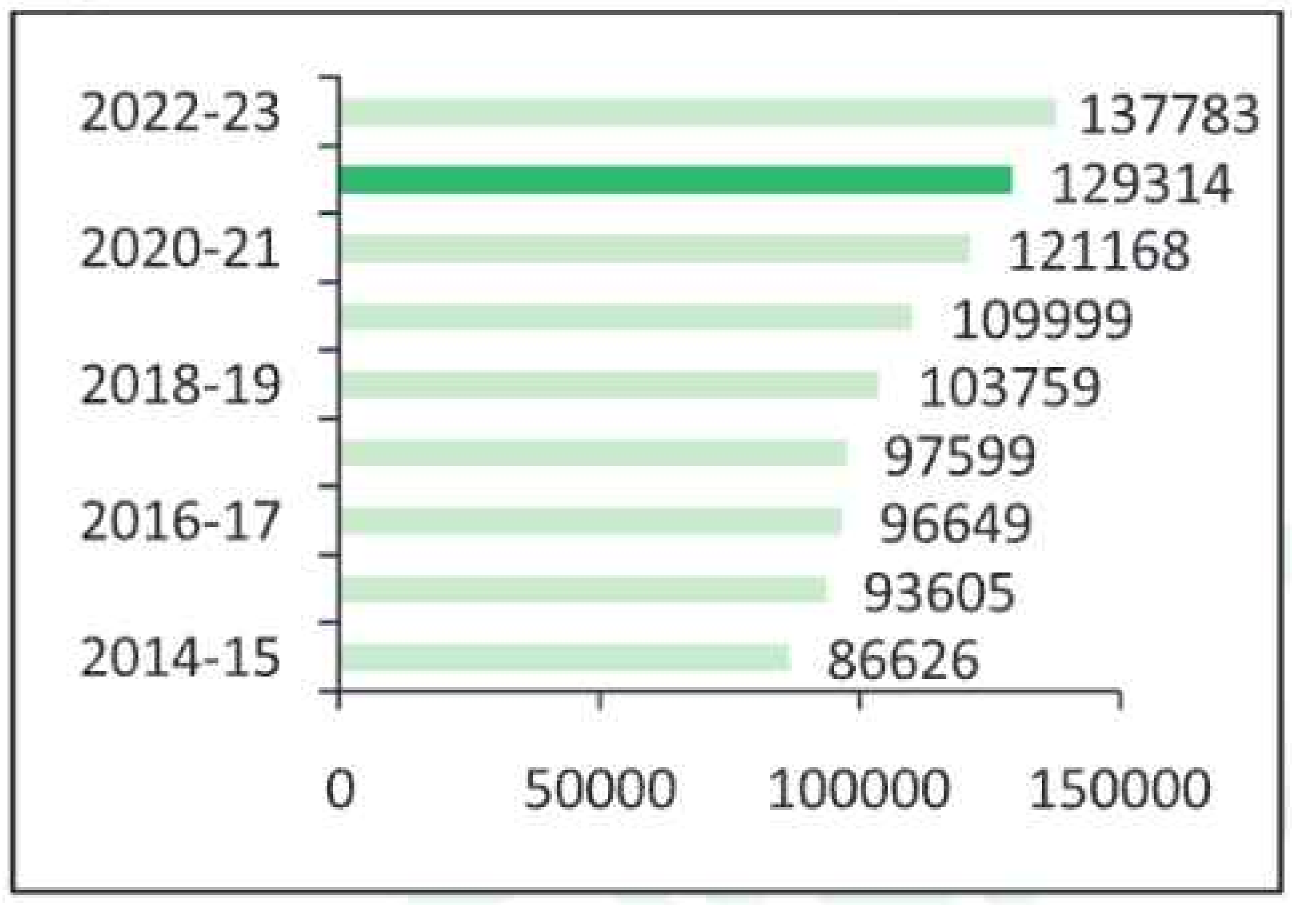
(Amt. in 000's)

	Indicators	2020-21	2021-22	2022-23
23	Provisions made during the year			
	a) Against Loans and Advances	98012	106915	52445
	b) Other Provisions	626102	289797	176249
	c) Amortization of Securities	-1522	1131	-657
24	Interest received on			
	a) Loans and Advances	419679	410227	588564
	b) Investments	533285	446904	452720
	c) Others	0	0	0
25	Other Income	162322	182973	51144
26	Loss / Profit	-308768	-339453	-415137
H	**OTHER INFORMATION**			
27	Share Capital Deposit Received	Nil	698430	299383
28	DI & CGC			
	a) Claims settled cumulative	-	-	-
	b) Claims received but pending adjustment	-	-	-
	c) Claims pending with Corporation	-	-	-
29	Cumulative Provision			
	a) Against NPAs	394036	425062	451479
	b) Against Standard Assets	10949	13043	15311
	c) Against Intangible Assets & Frauds	882640	482209	684369
30	Interest Derecognized			
	a)During the year	NIL	NIL	NIL
	b)Cumulative	NIL	NIL	NIL
31	Loan Written off during the year			
	a) No. of Accounts	0	0	138
	b) Amount	0	0	12690
32	Accumulated Loss	2666227	3005680	3420817
33	Reserves	0	0	0
34	Gross NPA	891290	822125	812828
	Net NPAs	497254	397063	361349
	% Provision to gross NPAs	44.21	51.07	55.55
	% Gross NPAs to advances	17.84	14.53	12.31
	% Net NPAs to advances	10.80	7.59	5.87
35	CRAR	-8.22	-1.21	-2.83

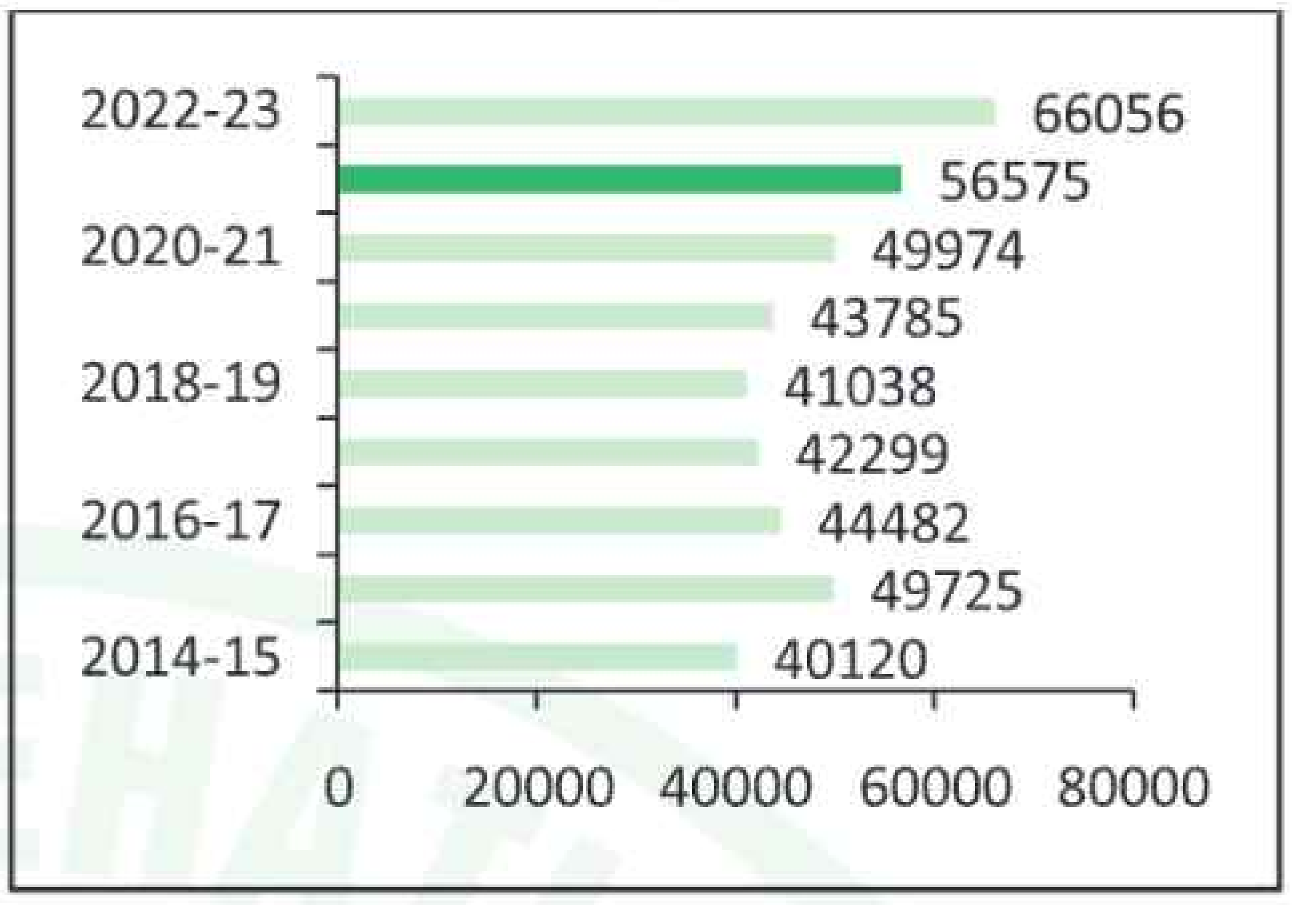
Ratio Analysis

S.No.	Ratios	2019-20	2020-21	2021-22	2022-23 Amt/Ratio	2022-23 Change (%)
1	Yield on advances	7.85	9.15	7.76	9.71	1.95
2	Yield on investments	7.99	9.15	8.43	6.50	-1.93
3	Cost of deposits	5.46	4.65	4.18	4.10	-0.08
4	Interest Spread	2.39	4.50	3.58	5.61	2.03
5	Avg. cost of funds	4.25	3.47	3.25	3.19	-0.06
6	Avg. return of funds	6.14	6.18	5.38	6.11	0.73
7	Net Interest Income	2847	4176	3397	4979	46.57
8	Net Interest Margin (in lakh)	1.97	2.71	2.13	2.92	0.79
9	Financial Margin	1.89	2.71	2.13	2.92	0.79
10	Risk Cost	2.17	-0.62	2.27	2.15	-0.12
11	Return on Assets (ROA)	-3.26	-2.03	-2.13	-3.84	-1.71
12	Return on Equity (ROE)	-21.37	-13.54	-14.02	-13.66	0.36
13	Expenses ratio	142.45	63.36	96.17	84.61	-11.56
14	Provision Coverage Ratio (without AUCA)	36.31	44.21	51.71	55.55	3.84
15	Profit Per Employee (in lakh)	-14.31	-10.54	-11.02	-13.75	-24.77

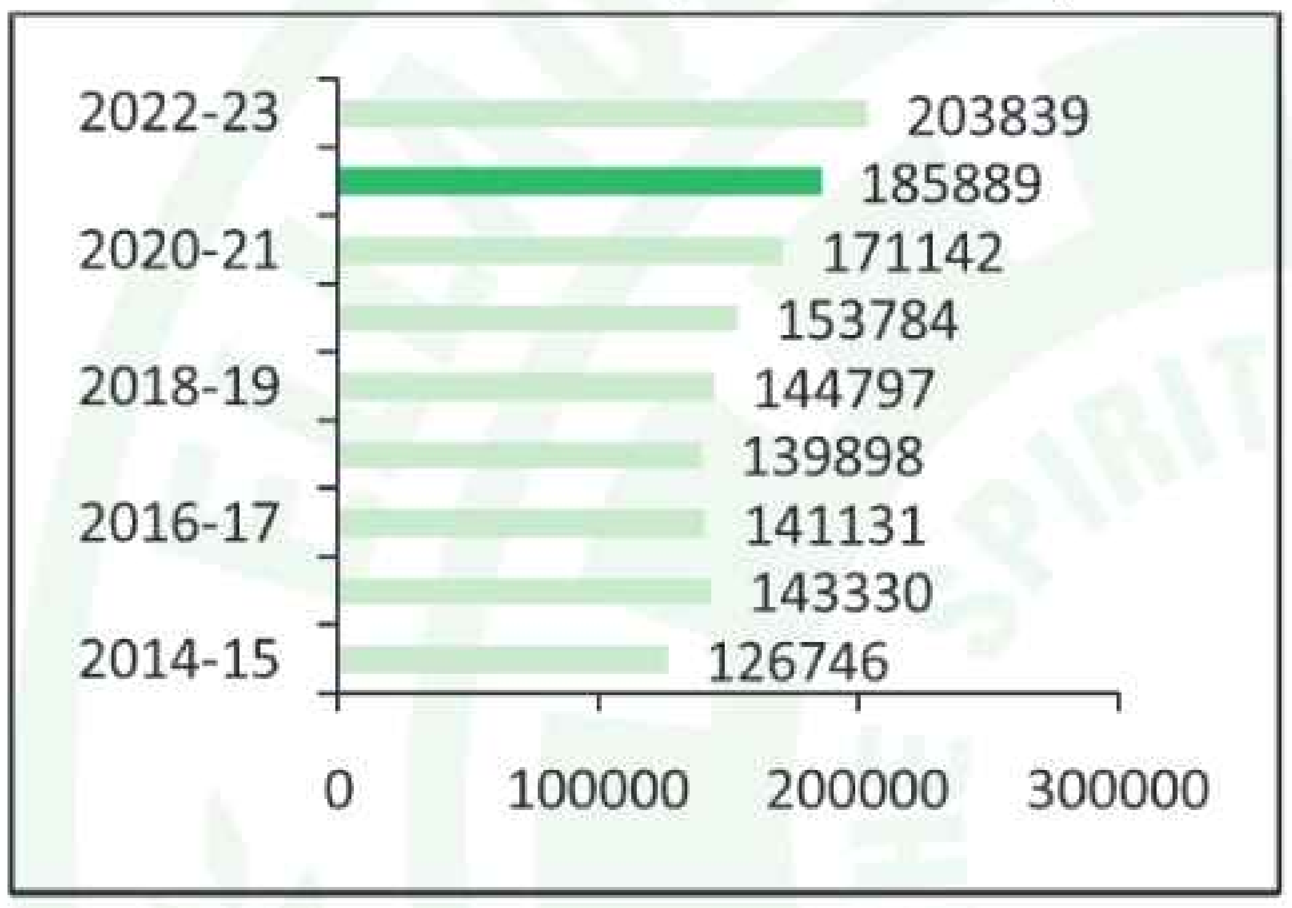
Deposits (Rs. in Lakhs)



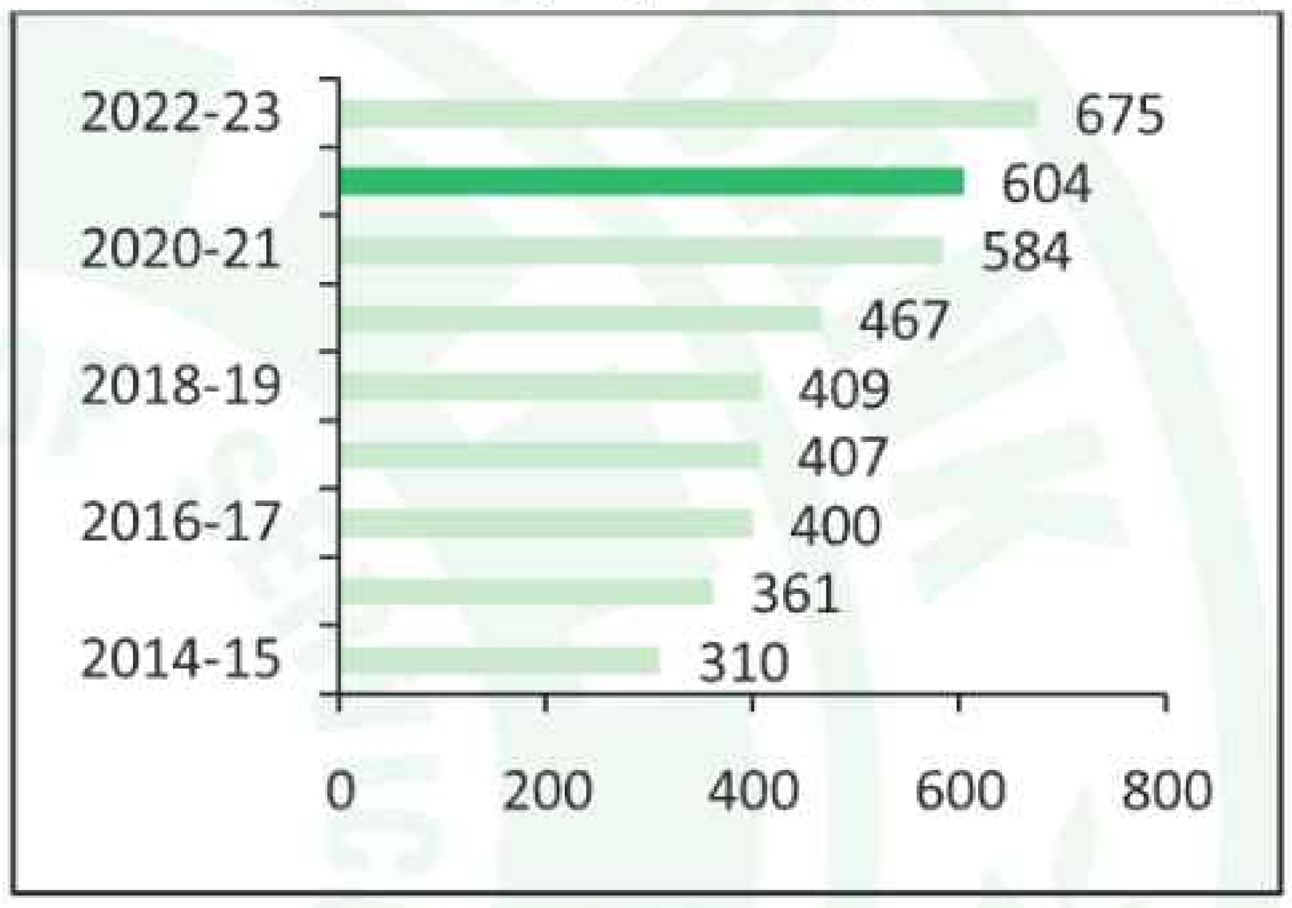
Advances (Rs. in Lakhs)



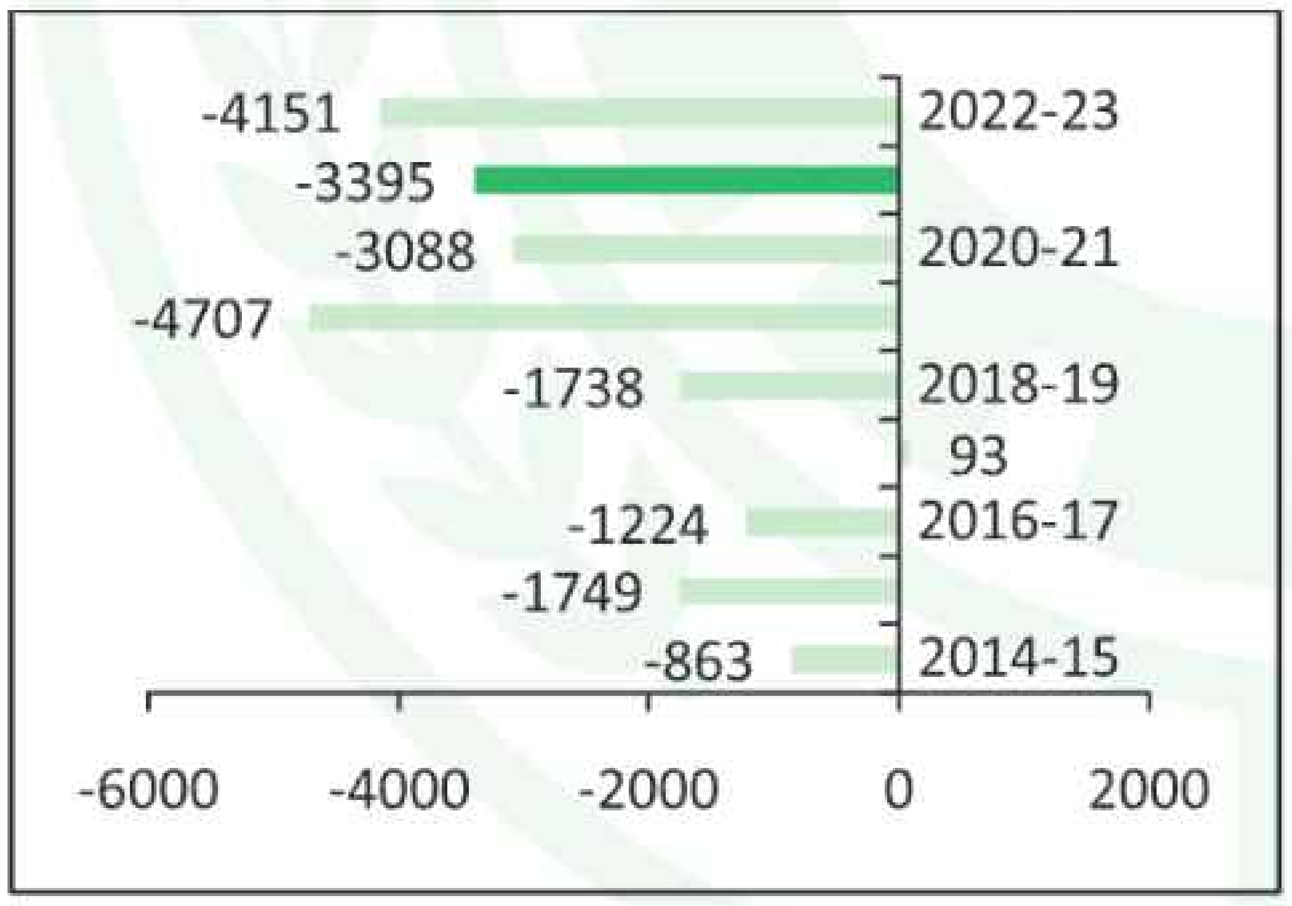
Business (Rs. in Lakhs)



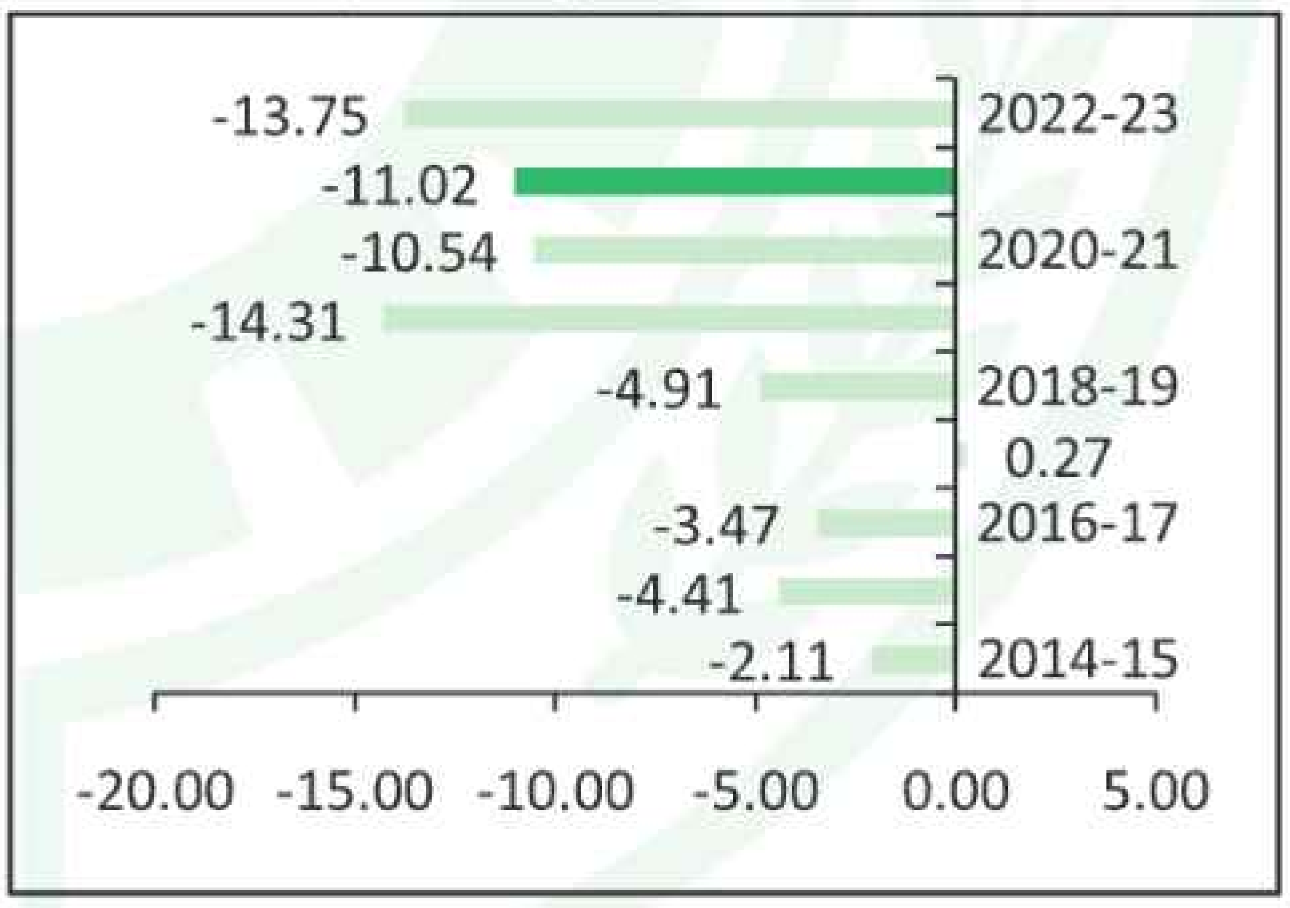
Business per Employee (Rs. in Lakhs)



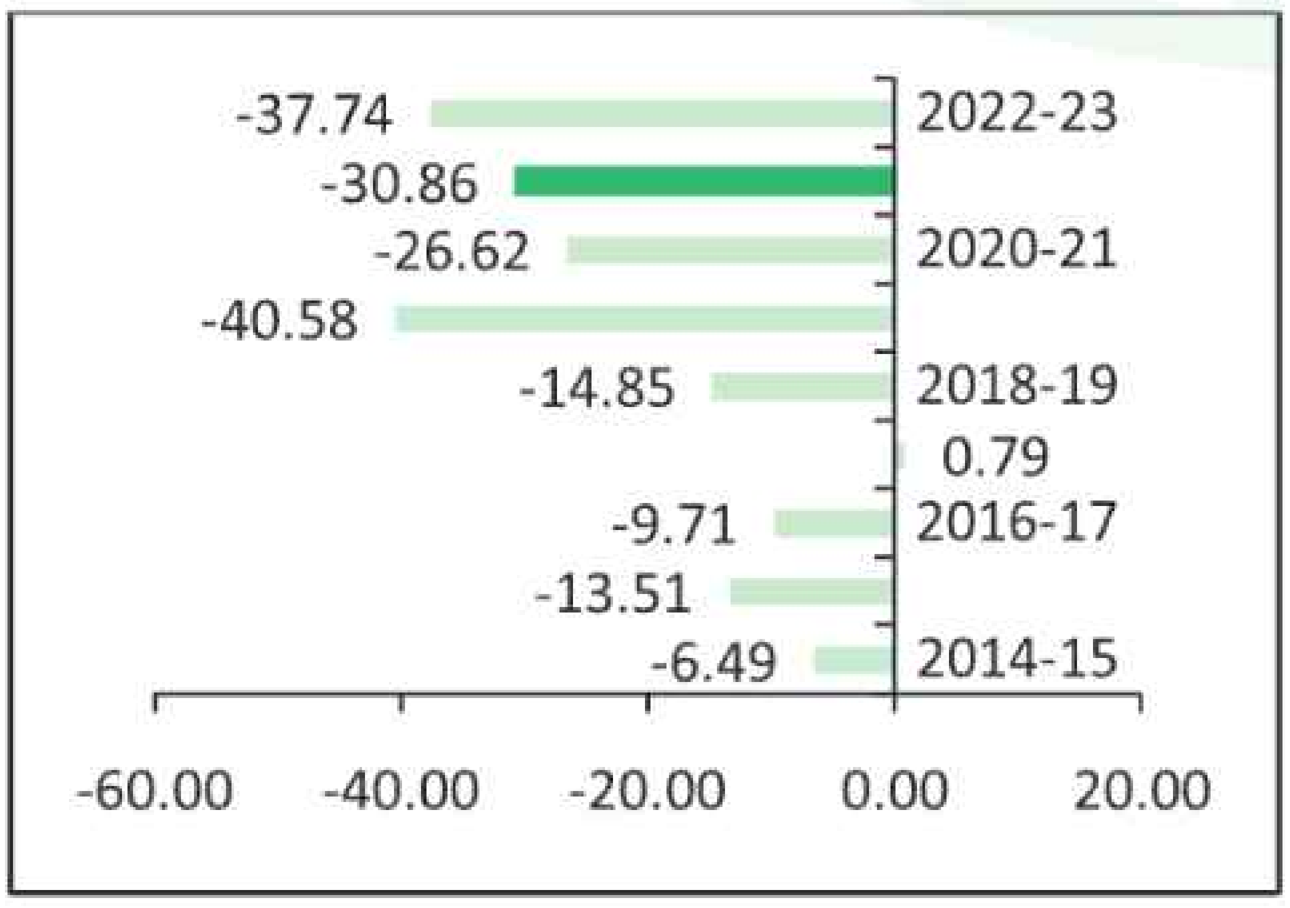
Net Profit (Rs. in Lakhs)



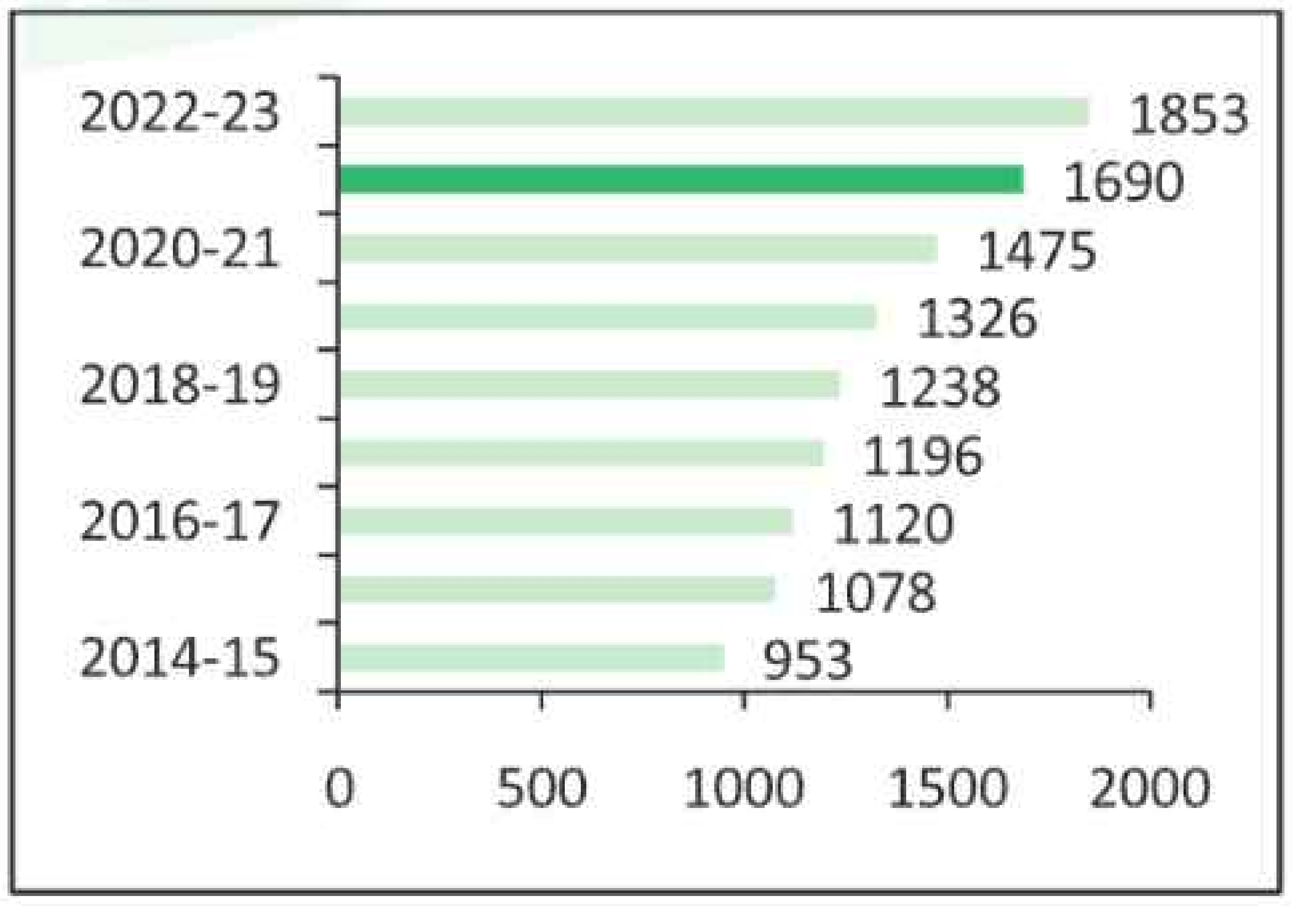
Net Profit per Employee (Rs. in Lakhs)



Net Profit per Branch (Rs. in Lakhs)



Business per Branch (Rs. in Lakhs)



BOARD OF DIRECTORS REPORT

2022-23

CONDOLENCE

(19-12-1993 to 02-06-2022)

Mr. Vijay Kumar, a valued member of our EDB Family, who lost his life due to unfortunate terrorist attack while performing his duty at our Areah Branch, District- Kulgam, J&K.

Agreement with Corporate BC, Zeromass Pvt. Ltd. signed by worthy General Manager (GB & IT)

Memorandum of Understanding (MoU) with J&K Bank for providing cash management services to the latter in the UT of Jammu and Kashmir.

Lamp lighting ceremony on the occasion of NABARD Foundation day.

Address by worthy Chairman Sh. Arshadul Islam on the occasion of NABARD 41st Foundation day.

Review of branches by worthy chairman at Area Office, Jammu

Training Program organized for staff at Area Office, Jammu

DIRECTORS REPORT FOR THE YEAR 2022-23

The Board of Directors of **Ellaquai Dehati Bank** presents with pleasure its 44th Annual Report together with the audited Balance Sheet for accounting year ended on 31.03.2023, Profit & Loss account for the period 01.04.2022 to 31.03.2023 in terms of Section 20(1) of the Regional Rural Bank's Act, 1976.

1. Brief Introduction:

Ellaquai Dehati Bank, sponsored by State Bank of India, India's largest bank, is jointly owned by the Govt. of India, State Bank of India and Govt. of Jammu & Kashmir.

- The Bank has been established on the 16th of July 1979 under the RRBs Act 1976.
- The area of operation of the Bank was initially limited to 4 districts of Kashmir valley only but after the turmoil in the valley in 1989/1990 and the migration of staff outside valley, the area of operation was extended to the districts of Udhampur and Doda in the year 1992 and district Jammu in the year 1994. Later on with the reorganization of districts, Ramban, Reasi, Kulgam, Ganderbal and Shopian districts were also included in the area of operation of the Bank.
- Our bank has its presence in both the divisions of J&K and has at present an operational network of 110 Branches and three extension counters, with two Regional Offices spread across thirteen districts of the UT.
- Over the years, the role of Regional Rural Banks has assumed greater significance in view of the increased focus on the development of the agriculture sector in particular and rural economy as a whole.
- Our Bank has fine-tuned its strategies to fulfill the role of a rural financial institution, is quite evident from the Bank's performance in previous years.

2. Union territories of Jammu & Kashmir & Ladakh

The UTs of Jammu and Kashmir and Ladakh are border union territories which share international border with Pakistan &China. The Line of Control on Pakistan side divides the UT which turns one part as 'J&K' and other part as 'PoK'. Both the Union Territories are located mostly in the Himalayan mountain range. They share borders with states of Himachal Pradesh and Punjab. The UTs have mostly a rugged terrain due to which several parts of them remain partly connected. The UTs have three distinct parts namely 1) Jammu and (2) Kashmir & (3) Ladakh. The temperature in the two parts differs drastically. Kashmir is connected by road and air with Jammu. The road passes through Pir Panchal mountainous range & work is already in progress for connecting Kashmir and Jammu through Railway network. Lack of all-weather permanent connectivity has put the valley to a disadvantageous position as remoteness from railhead in Jammu, makes cost of road and air transportation dearer which is the main bottleneck in the spread of industrialization in most of the districts of the UT. The drastic drop in the temperature during winter in the areas of Ladakh and Kashmir valley almost halts economic activities in these parts. Jammu has a sub-tropical climate zone and its climate coincides with the climate of Delhi. Both the UTs have a cultivable area of 8.58 lakh hectares. The economy of the UT of J&K is predominantly agricultural. The UT of J&K offers a challenge to planners as well as administrators in tackling the manifold problems associated with the economic backwardness of the UT. Inclusivity and equity of the growth process along with its sustainability has to be the most defining paradigm of the developmental efforts. While imperatives of high level of growth are well understood, distributive aspect of the growth is also important. In the context of the obtaining circumstances in the UT, the challenge of ensuring participatory and balanced regional development becomes extremely critical.

The population of Jammu and Kashmir & Ladakh according to the 2011 census stands at about 12 million, making it the 19th most populated state in India. The UTs are located in the northern part of the country and form the northern boundary of the country. The UTs are spread over an area of about 220000 sq. km. making them largest UTs in the country in terms of area. The density of population per sq. Km. is about 56 and fairly below the national average, this is mainly due to the presence of snow covered hills and mountain ranges in the majority part of the Union territories.

Both the Union Territories jointly occupy 6.76% of the country's geographical area as per 2011 Census. J&K has abundant water resources in view of its blessed river line geography. The UT is surrounded by mountains except in the South-West side. A major portion of the UT's terrain is hilly and its height from sea level varies from 3000 feet to 22740 feet. The UT has road, and air links with rest of the country through South making it accessible from the South only. The rail link is up to Udhampur only.

Population: The state ranks 19th in terms of population, with 125.41 lakh souls as per 2011 census. The state has three distinct regions, viz. the Kashmir, Jammu and Ladakh comprising of 22 districts. Each region has a specific resource base. The state is further divided among 82 Tehsils, 86 towns and 6551 villages as per census, 2011.

a) Population Density

As per 2011 census, the population density in the state is 124 persons per sq. km of area as against density of 382 persons per sq. Km in India. The state ranks 8th among states/ UTs of the country in thin density of population. In fact the most marked characteristic feature of the State is low density of population. The low densities in many districts of the State are attributable to the nature of their terrain. Sex Ratio of

889 females per thousand males, places J&K at 29th rank in the country. Sex ratio of the country is 943 females per thousand males as per 2011 census. The low sex ratio of females to males is alarming & requires attention of all the sections of the society to give heed to" Beti Bachao" slogan pioneered by Hon'ble Prime Minister. The sex ratio in Jammu and Kashmir leaves a lot to be desired as it lags behind the national average by a huge gap. The sex ratio will improve only if the government in the state makes efforts to elevate the way of life of women in the Kashmir valley. The capital city which is also the largest city in the state of Jammu and Kashmir is **Srinagar.** The languages spoken in the UT of Jammu and Kashmir include Kashmiri, Dogri, Punjabi, Gojri, Pahari, Dardi, Shina, Shirazi, Balti, Baderwahi, Kishtwari, Bhoti and Paddri. In total UT of Jammu and Kashmir comprises of 20 districts.

The UT is an important tourist hub both for national and international travelers with several holy pilgrim centers, rivers, and hills.

b) Agriculture

Agriculture plays a very prominent role for development of economy of J&K UT. Around 70% of the population in the UT gets livelihood directly or indirectly from the Agriculture and allied Sectors.

The UTs comprise of two regions namely Jammu and Kashmir having distinct geographical outlook and agro climatic zones. Each zone has its own characteristics that largely determine the cropping pattern and productivity of crops. Paddy is the main crop of Kashmir, followed by maize, oilseeds, pulses, vegetables, fodder and wheat. In Jammu region, wheat is the prominent crop followed by maize, paddy, pulses, oilseeds, fodder, vegetables and other crops. The UT also has the honour of being amongst the world's few places where quality saffron is cultivated. Pampore tehsil of district Pulwama, which is situated at a distance of 15 kilometers from Srinagar, is famous for its high grade saffron in the world. Saffron is also grown, though on a limited scale in Kishtwar district of Jammu region.

The production of three major crops paddy, maize and wheat in J&K UT is more than 90% of the total food grain production of all crops and rest is shared by other cereals and pulses.

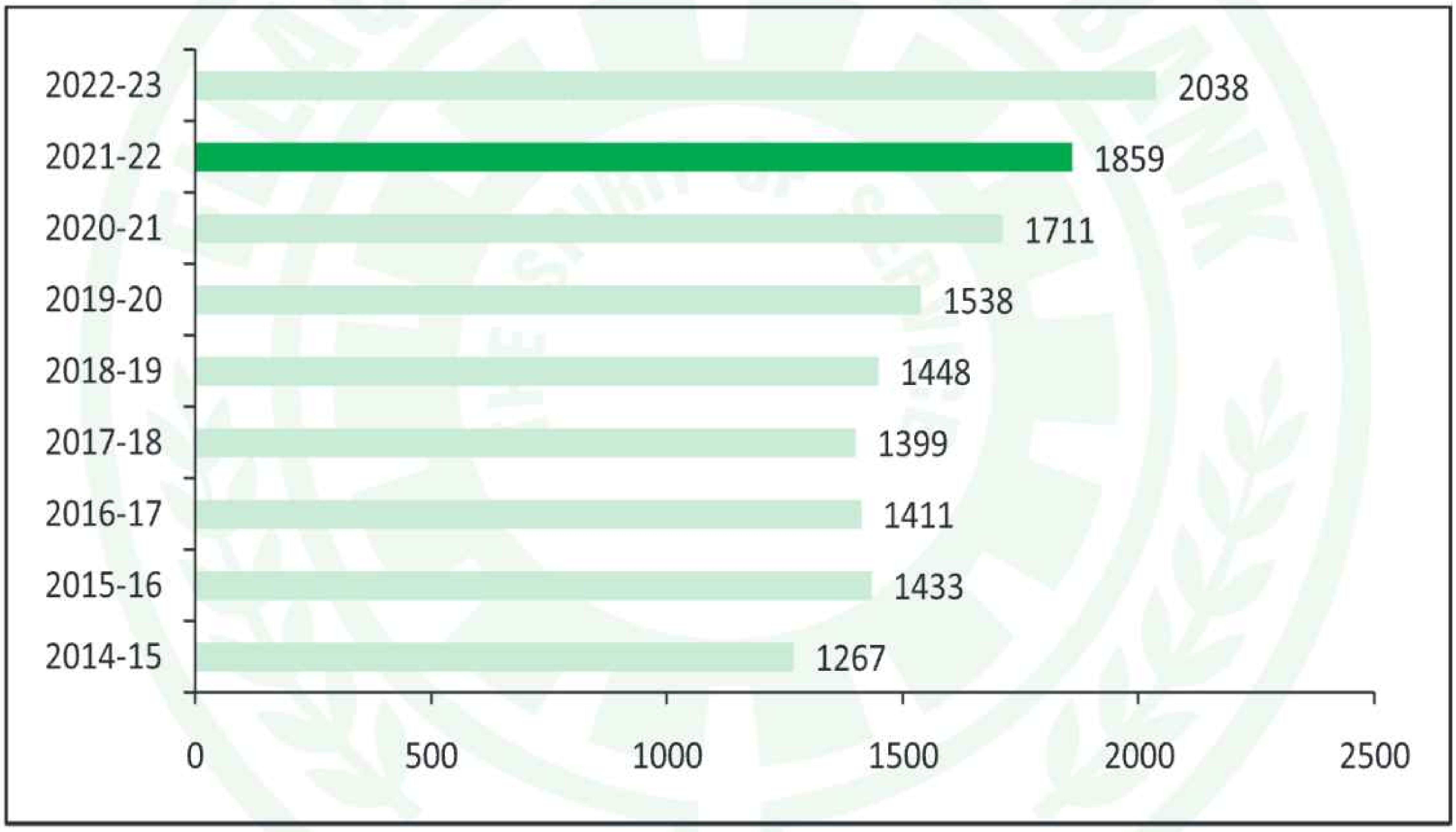
a) Horticulture

The UT of J&K is well known for its horticultural produce both in India and abroad. The UT offers good scope for cultivation of horticultural crops, covering a variety of temperate fruits like apple, pear, peach, plum, apricot, almond, cherry and sub tropical fruits like mango, guava, litchi & citrus fruits. Besides, medicinal and aromatic plants, floriculture, mushroom, plantation crops and vegetables are cultivated in the state. Apart from this, well known spices like saffron and black Zeera are also cultivated in some pockets of the state. As a result, there is a perceptible change in the concept of horticulture development in the state. There are around 7 lakh families comprising of about 33 lakh people which are directly or indirectly associated with horticulture. Horticulture development is one of the thrust areas in agriculture and a number of programmes have been implemented in the past, resulting in the generation of higher incomes in the rural areas, thereby improving the quality of life in villages.

3. Financial Parameters

- Total business (Deposit + Gross Advances) reached Rs. 2038 Cr recording an increase of Rs. 179 Cr (@ 9.63%).

Business (Rs. In Cr)



- Gross NPA ratio at **12.31%.**
- Net NPA ratio at **5.87 %.**
- Net Worth at Rs. (-)18.32 Crores as at March 2023.
- Capital Adequacy Ratio at (-)2.83%.

4. Branch Network:

The Bank is operating with a network of 110 branches and 3 extension counters.

District-wise break-up is given below:

S.No	Districts Covered	No of Branches	Rural	Semi urban	Urban	Ex-Counter
1	Srinagar	12	4	4	4	0
2	Ganderbal	8	8	0	0	0
3	Budgam	12	11	1	0	0
4	Anantnag	20	19	1	0	0
5	Kulgam	13	13	0	0	0
6	Pulwama	13	13	0	0	0
7	Shopian	4	4	0	0	0
8	Jammu	10	4	1	5	1
9	Samba	1	1	0	0	0
10	Udhampur	8	7	1	0	1
11	Reasi	3	2	1	0	0
12	Doda	3	1	2	0	1
13	Ramban	3	3	0	0	0
	Total	**110**	**90**	**11**	**9**	**3**

5. Share Capital

Our Bank is jointly owned by the Govt. of India, State Bank of India and the J&K Government. Issued Capital of the bank is Rupees one crore, which is fully paid up, as per the under-noted details: -

(Amt. in 000s)

1.	Govt. of India	1618782
2.	State Bank of India	1133194
3.	J & K State Govt.	485680
	Total	**3237656**

Bank has submitted a plan of Rs. 113.84 Cr for maintenance of CRAR at 9% and Rs. 124.84 Cr for maintenance of CRAR at 10% (including pension liability) to Govt. of India through NABARD/ Sponsor Bank for the 5 Years capital planning FY 2023-2027. However, Govt. of India approved recapitalization assistance of Rs. 99.78 Cr vide its DO No.3/9/2020-RRB dated 21st February, 2022 for the FY 2021-22 and an amount of Rs. 34.92 Cr (35% share) received from sponsor bank on 10.03.2022 and Rs. 34.92 Cr (equal to sponsor bank-35%) from Govt. of India on 31.03.2022 but remaining share portion of State Govt. and Govt. of India of Rs. 14.97 Cr(15%) are received on 31.03.2023.

Capital Adequacy

Capital

1. Tier-I	**(Amt in lakhs)**
a) Paid up Capital	32377.56
b) Share Capital Deposit	0.00
c) Statutory Reserves & Surplus	0.00
d) Capital Reserves	0.00
e) Other Reserves	0.00
f) Surplus in P&L (LOSS)	-34208.17
Total Tier-I Capital	**-1831.61**
2. Tier-II	
a) Undisclosed reserves	0.00
b) Revaluation reserves	0.00
c) General Provisions & Reserves	153.11
d) Investment Fluctuation Reserve Fund	0.00
e) Perpetual bonds	410.93
Total Tier-II CapitaL	**564.04**
Grand Total (Tier-I+ Tier-II)*	**-1831.61**
a) Adjusted value of funded risk assets i.e., balance sheet items	63304.23
b) Adjusted value of non-funded risk assets i.e., off balance sheet items	1443.83
c) a + b	**64748.06**
d) Percentage of Capital (Tier-I+ Tier-II) to Risk Weighted Assets	(-) 2.83%

Note : *Tier-II cannot be included on account of Tier-I being already negative.

6. Performance at a glance:-

The aggregate business of the bank has increased by Rs. 179 Crores and stood at Rs. 2038 Cr. at the end of the financial year 2022-23.

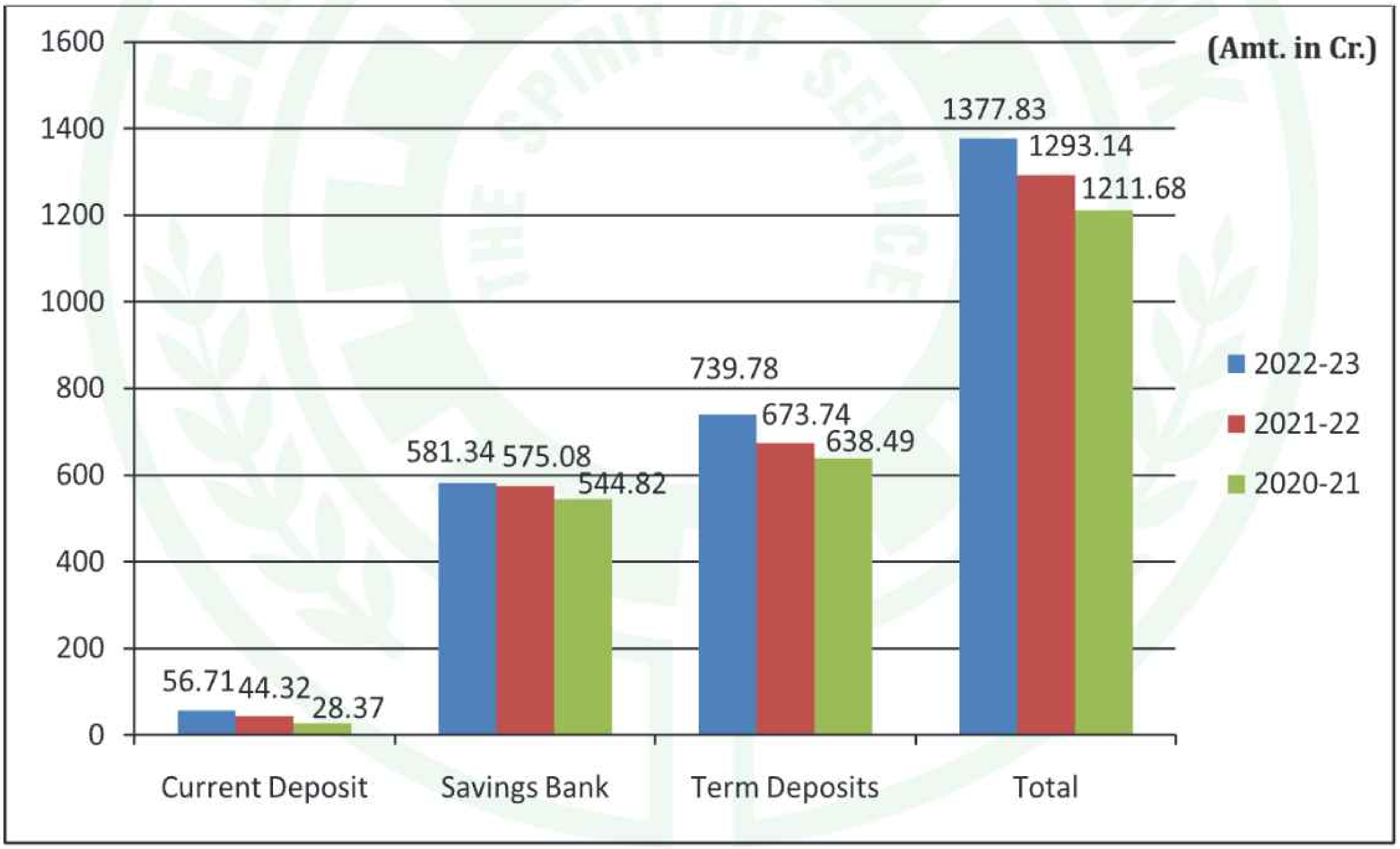
6.1. Deposits:

The total deposits of the bank have grown by Rs. 84.69 Cr. from Rs.1293 Cr. from Rs.1377.83 Cr. as on 31st March 2023 registering growth of 6.55%.

Our deposit portfolio has the under mentioned segmental mix:

(Amt. in 000's)

	2022-23	2021-22	2020-21
	Amount	Amount	Amount
Current Deposit	567063	443244	283714
Savings Bank	5813413	5750782	5448165
Term Deposits	7397865	6737341	6384924
Total	**13778341**	**12931367**	**12116803**
CASA Deposits	6380476	6194026	5731879
%age of CASA to total deposits	**46.31%**	**47.90%**	**47.31%**



Segment wise Position of deposits:

(Amt. in 000's)

	31.03.2023	31.03.2022	31.03.2021
1) Agri. Market Segment	4832064	4510446	4239669
2) SME Segment	1802207	1682371	1569126
3) Per Market Segment	7144070	6738550	6308008
Total	**13778341**	**12931367**	**12116803**

With increase in deposit volumes of our productivity has improved as under:-

(Amt. in 000's)

	As on 31.03.2023	As on 31.03.2022	As on 31.03.2021
1 Avg. Deposits per branch:	125258	117558	104455
2 Avg. Deposits per employee:	45624	41985	41354

∝No of branches -110 (+3 Extension Counters), No. of employees -302

Our average cost of deposits has remained as under :

	As on 31.03.2023	As on 31.03.2022	As on 31.03.2021
Average cost of deposits.	4.10	4.18	4.65

6.2. Borrowings:

The total liability on account of NABARD & Sponsor bank borrowings as on 31.03.2023 works out as under:

(Amt. in 000's)

	As on 31.03.2023	As on 31.03.2022	As on 31.03.2021
NABARD			
IRDP	0.00	0.00	0.00
ARF	0.00	0.00	0.00
SAO	0.00	500.00	0.00
OSAO	5000.00	0.00	0.00
LTRC	0.00	**0.00**	**0.00**
Total	**5000.00**	**500.00**	**0.00**
Sponsor Bank	**0.00**	**0.00**	**0.00**
NABARD	**5000.00**	**500.00**	**NIL**

6.3. Loans and Advances :-

Rural and Agricultural Lending

More than 80% of our Bank branches are located in rural areas of the Union Territory of Jammu & Kashmir. Since establishment in the year 1979, the Bank has been providing untiring services to uplift the rural population of the UT involved mainly in Agricultural and Allied Agricultural activities. The Bank has an outstanding of Rs. 246.36 Crores in Agriculture especially in financing apple crop mostly concentrated in Districts Kulgam, Shopian, Pulwama & Anantnag falling under our area of operation.

The Bank has predominantly supported 'Priority Sector' lending which remained at Rs. 572.04 Crores i.e. 86.60% of total advances.

Performance of Priority Sector Lending

Priority Sector Advances of our Bank increased from Rs. 523.89 Crores as at the end of March 2022 to Rs. 572.04 Crores as at the end of March 2023 and constituting 86.60% of the Gross Advances against minimum benchmark of 75.00%.

Under the flagship crop loan scheme "Kisan Credit Card" launched by Government of India in the year 1998, our Bank has covered 28723 beneficiaries since inception, having 21711 beneficiaries live on CBS as at the end of March 2023 including 4161 farmers under Animal Husbandry and Fisheries.

As a part of its micro finance initiatives, we have credit linked 138 Self Help Groups dispensing an amount of Rs. 4.05 Crores during FY2022-23 thereby taking the total number of SHGs credit linked to 284 amounting to Rs. 5.35 Cr. We have financed 2180 borrowers under Joint Liability Groups encompassing farm & non-farm activities with total sanction of Rs. 11.90 Crores as on 31.03.2023.

We have supported the Govt's initiative to generate employment avenues for educated unemployed youth through its flagship programs like Prime Minister's Employment Generation Programme (PMEGP), Deendayal Upadhyay Antayodaya-National Urban Livelihood Mission (DAY-NULM), etc. Under PMEGP 1115 number of fresh/ new units were financed by the Bank during the financial year 2022-23.

(Amt. in 000's)

	2022-23		**2021-22**		**2020-21**	
	No.	**Amount Outstanding**	**No.**	**Amount Outstanding**	**No.**	**Amount Outstanding**
SHG	284	53548	279	45584	202	32810
KCC	21711	2407344	21244	2360398	18097	2109918
Agri. Term Loan	172	17364	351	28277	426	38195
Micro Transport	1703	721407	738	99841	1675	258863
Housing Loan	340	370259	309	271993	213	58410

Position of gross loans and advances is as under: -

(Amt. in 000's)

	31.03.2023	**31.03.2022**	**31.03.2021**
Gross Loans/Advances	**6605609**	**5657489**	**4997411**
Priority Sector Advances	5720447	5238911	4640992
Non-Priority Sector Advances	885162	418578	356419
Share of priority sector advances to total advances	86.60%	92.60%	92.87%
SC/ST	32412	27352	23245
Small Farmers/MF/AL	2463568	2360398	2323150
Segment wise position of advances is as under:-			
Agriculture Segment	2463568	2479769	2460644
MSME Segment	2894218	2454676	2017549
Personal Segment	1247823	723044	519218
Total	**6605609**	**5657489**	**4997411**
C.D. Ratio	47.94	43.75	41.24

6.4 Asset Classification

Our advances portfolio, which stood at Rs. 6605609 thousands, is classified on the basis of performance (income recognition) as under:

(Amt. in 000's)

	31.03.2023	31.03.2022	31.03.2021
Standard Assets	5792781	4835363	4106121
Sub-Standard Assets	139516	203920	159052
Doubtful Assets	667579	61285	724894
Loss Assets	5733	5381	7344
Total	**6605609**	**5657489**	**4997411**

In compliance of RBI instructions, provision of Rs. 466790 thousands has been made against these advances. On account of this the position as on 31.03.2023 is as under:

(Amt. in 000's)

	31.03.2023		
	Gross	Provisions	Net of Provision*
Standard Assets	5792781	15311	5777471
Sub-Standard Assets	139516	14208	125308
Doubtful Assets	667579	431538	236040
Loss Assets	5733	5733	5733
Total	**6605609**	**466790**	**6154130**

Comparative position obtaining as on 31.03.2022 & 31.03.2021 is as under:-

(Amt. in 000's)

	31.03.2022		
	Gross	Provisions	Net of Provision*
Standard Assets	4835363	13043	4835363
Sub-Standard Assets	203920	20936	182983
Doubtful Assets	612825	398744	214081
Loss Assets	5381	5381	0
Total	**5657489**	**438104**	**5232427**

(Amt. in 000's)

	31.03.2021		
	Gross	Provisions	Net of Provision*
Standard Assets	4106121	10949	4106121
Sub-Standard Assets	159052	16429	142622
Doubtful Assets	724894	370263	354632
Loss Assets	7344	4344	0
Total	**4997411**	**404985**	**4603375**

***Total net of provision is exclusive provision on standard assets**

6.5 Income Recognition

Our bank has been recognizing income on advances strictly as per the RBI instructions in the matter. We have earned an interest income of Rs. 588564 thousands on Loans & Advances during the year 2022-23 registering increase of Rs. 178337 thousands (@43.47%) over previous year.

(Amt. in 000's)

Particulars	2022-23	2021-22	2020-21
1. Interest earned on Loans & Advances	588564	410227	419679
Total	**588564**	**410227**	**419679**

6.6. Provisions:-

With the change in the RBI policy, provisioning of NPAs, we have made total/statutory Provision of Rs. 1151159 thousands with the under-noted break-up.

(Amt. in 000's)

Particulars	Cumulative 2022-23	Cumulative 2021-22	Cumulative 2020-21
1. Provision against Standard Assets	15311	13043	10949
2. Provision against Sub Standard Assets	14208	20936	16429
3. Provision against Doubtful Assets	431538	398744	370263
4. Provision against Loss Assets.	5733	5381	7344
Total Provisions on advances	**466790**	**438104**	**404985**
Other Provisions			
5. Provision against Gratuity to Staff	141632	142935	135712
6. Provision for Leave encashment	80835	85685	73230
7. Provision against dacoities/frauds	0	0	4016
8. Provision for Arrears of Salary	11000	0	60180
9. Amortization of Securities	3653	1131	10721
10. Provision on Pension/Commutation	271000	252458	598667
11.Provision on NPS	0	0	114
12. 5% Provision of COVID-19	0	0	0
13. Provision for MTM Investment	176249	0	0
Total Other Provisions	**684369**	**482209**	**882640**
Total Provision	**1151159**	**920313**	**1287625**

Provisions made during the FY 2022-23 **(Amt. in 000's)**

Particulars	Amount
1. Provision against Standard Assets	2268
2. Provision against Sub Standard Assets	-6728
3. Provision against Doubtful Assets	32794
4. Provision against Loss Assets.	352
5.Provision against Write-off/Write-back	23759
Total Provisions on advances	**52445**
Other Provisions	
6. Provision against Gratuity to Staff	6546
7. Provision for Leave encashment	5006
8. Provision against dacoities /frauds	0
9. Provision for Arrears of Salary	11000
10. Provision Amortization of Securities	-657
11. Provision on Pension	271000
12. Provision on NPS	0
13. 5% Provision of COVID-19 package accounts	0
14. Provision for MTM Investment	**176249**
Total Other Provisions	**469144**
Total Provision during the Year	**521589**

7. NPA Movement

NPA movement has been of the following order: - **(Amt. in 000's)**

S.No.	Particulars	Financial Year 2022-23	Financial Year 2021-22	Financial Year 2020-21
I	**Net NPAs to Net Advances (%)**	**5.87%**	**7.59%**	**10.80%**
II	**Movement of NPAs (Gross)**			
(a)	Opening balance	822125	891290	969735
(b)	Additions (Fresh NPAs) during the year	330011	943968	146732
(c)	Reductions (Up gradations) during the year	339309	1013133	225177
(d)	**Closing balance**	**812827**	**822125**	**891290**
III	**Movement for Provisions of NPA excluding provision on Standard Assets**			
(a)	Opening Balance	**425062**	**394036**	**351313**
(b)	Provisions made during the year	39107	104821	98123
(c)	Less Write-off/write-back of excess provisions	12690	73795	55400
(d)	**Closing Balance**	**451479**	**425062**	**394036**

8. Loans Disbursed during the year

Bank has over achieved the MoU target vis-à-vis Advances during the current financial year, the Bank has taken a leap in 'Personal Loan' segment by introducing new market oriented products like EDB Express Credit, Home Loan Top-Up with a total disbursement of Rs. 42.08 Crores. As a whole, we have disbursed **Rs. 555.68 Crores** to 29039 borrowers.

(Amt. in 000's)

	31.03.2023	31.03.2022	31.03.2021
Agriculture Cash Credit/KCC	2464382	2724499	1930580
Agriculture Term Loan	570	47782	70624
Cash Credit	1650632	2067307	1351225
Term Loan	1123619	840526	681303
Demand Loan/others	317661	266673	302921
Total	**5556864**	**5946787**	**4336653**

Out of the above specified disbursements, the position of priority sector is as under: -

(Amt. in 000's)

	31.03.2023	31.03.2022	31.03.2021
Target Group	4612912	5523049	4033732
Non-Target Group	943952	423738	302921
Total	**5556864**	**5946787**	**4336653**

Review of the disbursement made in favour of preferred section of population during the current year vis-à-vis previous year:

(Amt. in 000's)

	31.03.2023	31.03.2022	31.03.2021
SC/ST	32412	24617	20607
SF/MF/AL	2464382	2724499	1913394

9. C D Ratio

Our CD Ratio has increased from 43.75% as on 31.03.2022 to 47.94% as on 31.03.2023, which is mainly attributed to advances of the bank with NPA position Rs. 81.28 Cr of advances Rs. 660.56 Cr as on 31.03.2023, as a result of which Bank came under PCA. We were strictly advised by the regulators to go for selective secured financing especially backed by the collateral security.

10. Cash & Bank Balance with Banks

The comparative position in this regard is under:- **(Amt. in 000's)**

	31.03.2023	31.03.2022	31.03.2021
Cash Balance	20487	15100	14724
Average Cash Balance	27617	22394	35145
Average Deposits	13218646	12377459	11492103
Average Cash as % to average deposits	0.21%	0.18%	0.31%
Balance with RBI in Current Account	635668	538818	460502
Balance in Current Account with SBI and other Commercial Bank	76614	92738	117344
Balance in other accounts with SBI and other Commercial Bank	1553558	1203502	1356932

Every effort has been made to keep a minimum possible level of idle cash. For safe and efficient cash management, we have identified branches, which are allowed to receive cash from the nearby branches to take care of the risk of retaining excess cash at vulnerable centers. Excess cash is being regularly deposited at J&K Bank currency chests.

11. Investments

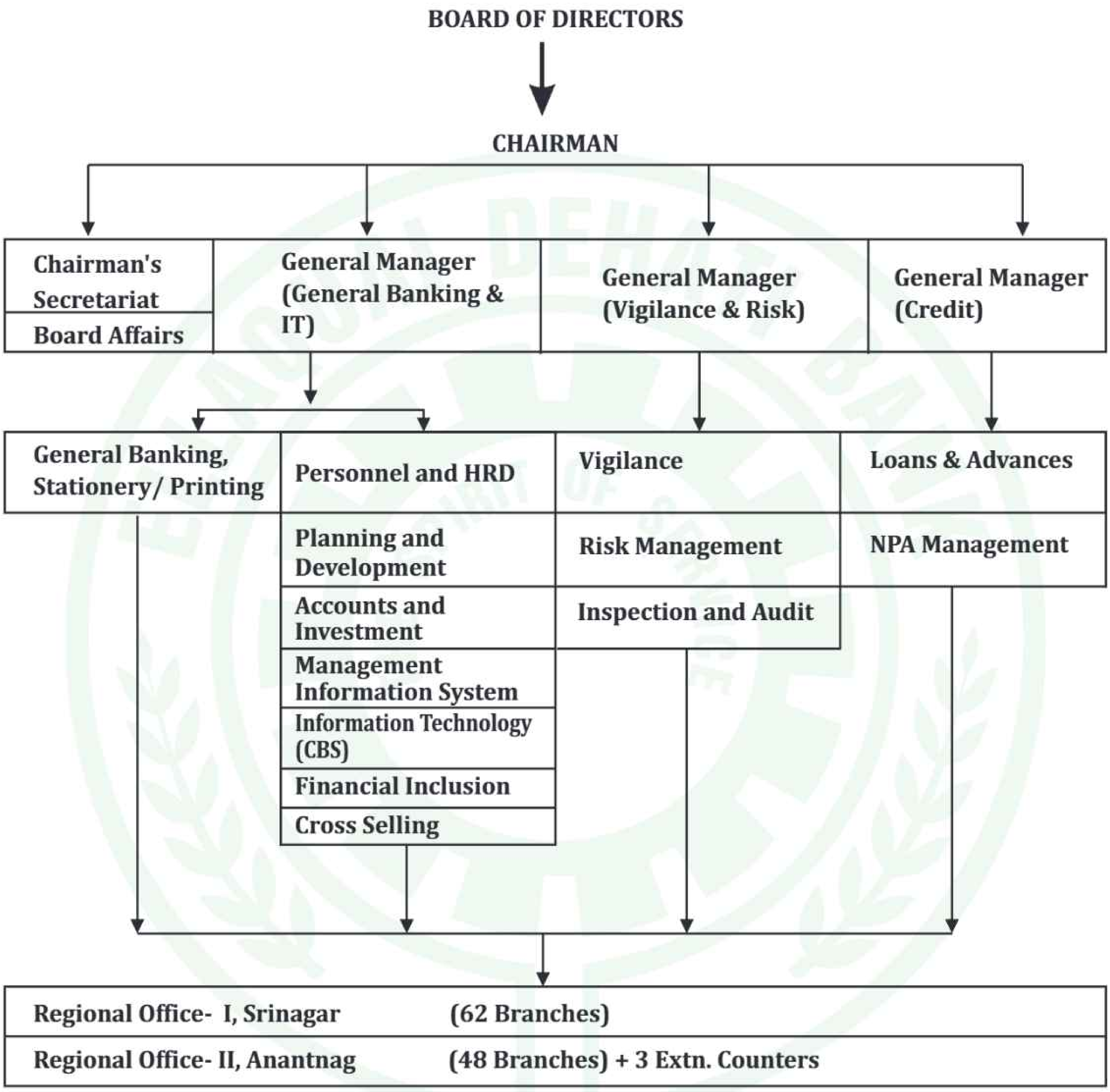
Investment portfolio of the bank has increased by Rs. 286283 thousand (3.90%) as on 31.03.2023. The increase is a result of maturity of securities under SLR & Non SLR portfolio. Total investment portfolio comprises of 79.61% SLR and 20.39% Non SLR Investments.

Undernoted are the details of investments as on 31.03.2023. **(Amt. in 000's)**

	31.03.2023		31.03.2022		31.03.2021	
	Amount	Intt. Yield %	Amount	Intt. Yield %	Amount	Intt. Yield %
SLR (G-Secs. HTM & AFS)	6066829	6.72	6131102	9.13	5849332	10.45
Non-SLR	1554058	4.89	1203502	3.80	1386932	5.62

SLR is being adequately maintained and we have not defaulted on any occasion on this account during the year under report.

Organizational Structure:



13. Credit Monitoring

Maintaining "Asset Quality" in Credit portfolio is prime responsibility of any lending institution, the base for maintaining asset quality begins with sourcing of quality loan proposals, and subsequent processing & monitoring on continuous basis. For ensuring checks & balances are at place, the Bank has a system of monthly monitoring the advance accounts at various levels to prevent deterioration of asset quality and to take corrective measures timely to improve the asset quality in credit portfolio. A separate department for Credit Monitoring functions at the Head Office level, headed by a General Manager (Credit), and at the Regional level, headed by the Regional Managers. Based on Bank's loan policy "a recovery team" of indigenous award staff of the Bank was formed at both the Regional offices and an asset reconstruction cell was formed in Jammu district in this regard besides Bank hired services of a 'Indian Institute of Banking & Finance (IIBF)' certified 'Resolution Agent (RA)' for the purpose. This "recovery team" was activated for the purpose of arresting slippages and for initiating necessary restructuring in potentially sick accounts. The Bank has placed a special focus on sharpening the credit monitoring process for improving the asset quality, identifying areas of concern and branches requiring special attention, working out strategies and ensuring their implementation in a time bound manner.

The primary objectives of the Bank's Credit Monitoring Department are fixed as under:

- Identification of weaknesses/ potential default/initial sickness in the account at an early stage;
- Initiation of suitable and timely corrective actions for preventing impairment in credit quality, whenever signals are noticed in any account, e.g. delays in servicing of interest/ installments etc.;
- Prevention of slippage in the "Asset Classification" through a rigorous follow up;
- Identification of suitable cases for restructuring/ rescheduling/re-phasement to explore the possibility of rehabilitation in deserving and genuine cases;
- Taking necessary steps/regular follow up, for review of accounts and compliance of terms and conditions, thereby improving the quality of Bank's credit portfolio;
- Due to effective control under 'Credit Monitoring' the GNPA %age of the Bank was reduced to 12.31% as on 31.03.2023 against 14.53% as at the end of March 2022.

The NPA tracking is system driven. The Bank has introduced software in respect of advances accounts in December 2014. This software enables speedy and effective monitoring of advances and ensures timely action in respect of stressed accounts.

DCB: We have achieved an overall recovery of 92.20% as on 31.03.2023. Year-wise DCB position is as under:

(Amt. in 000's)

DCB as on 31.03.2023	**D**	**C**	**B**	**%**
Farm Sector	2831183	2734833	96350	96.60%
NF Sector	2607937	2279971	327966	87.42%
Total	**5439119**	**5014804**	**424315**	**92.20%**
DCB as on 31.03.2022				
Farm Sector	1962127	1526543	435584	77.80%
NF Sector	1740001	1387263	352738	79.73%
Total	**3702128**	**2913806**	**778322**	**78.70%**
DCB as on 31.03.2021				
Farm Sector	1275020	1085556	189464	85.14%
NF Sector	1195074	986318	208976	82.53%
Total	**2470094**	**2071874**	**398440**	**83.87%**

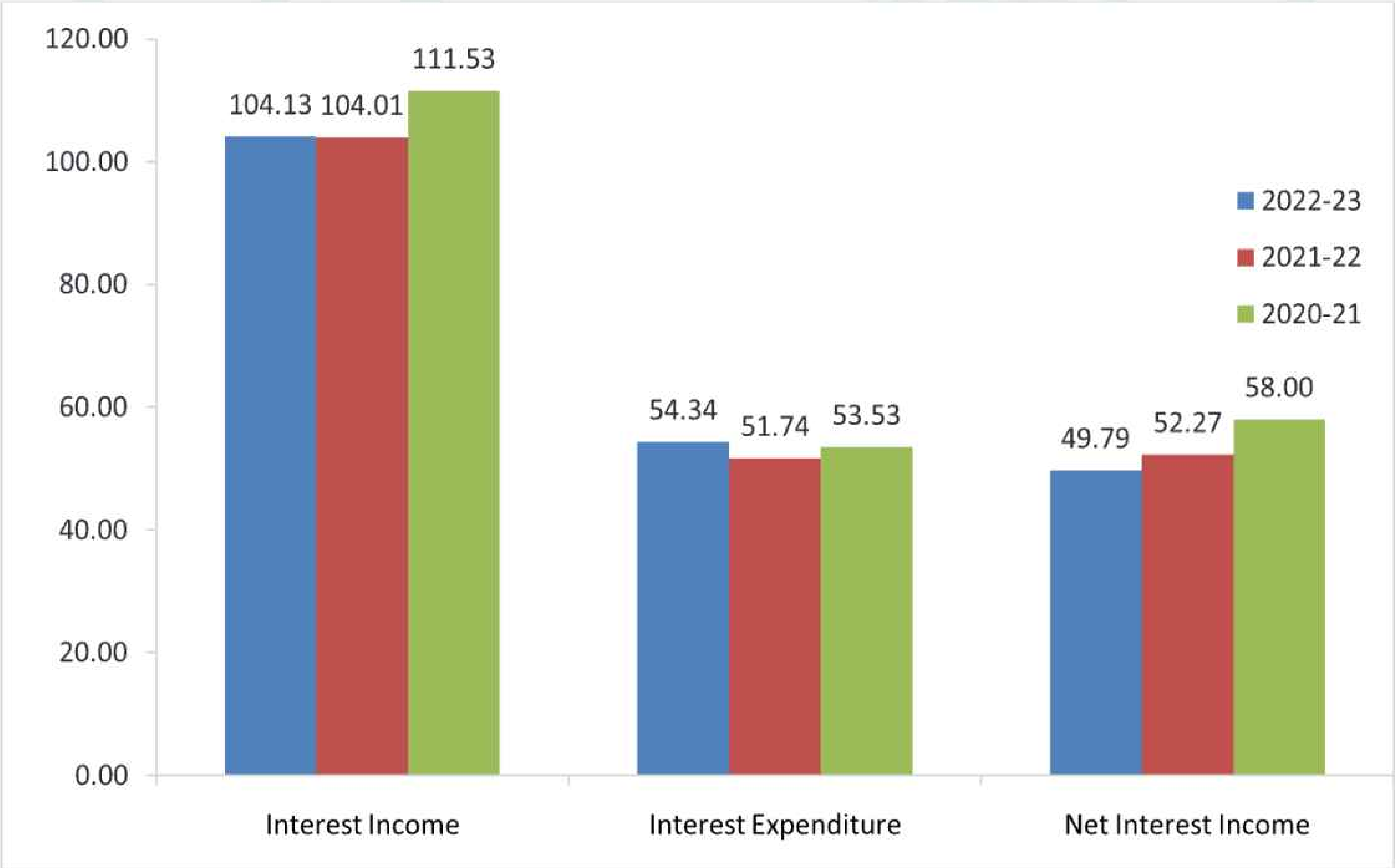
14. Income earned/Interest Expenditure

Our income has been on account of interest earned on loans/advances and investments. The year under review has shown an increase of 43.47% in interest income on advances and a decrease of 1.30% in interest received from investments.

A comparative statement on this score is as under :- **(Amt. in 000's)**

Interest Income	2022-23	2021-22	2020-21
Interest received from advances	588563	410227	419679
Interest received from investment	452721	446904	533285
Total Interest Income	**1041284**	**857131**	**952964**
Income due to reversal of provision on Bad & Doubtful Debts	0	0	0
Income from Non-fund business	51144	182973	162322
Total Income (A)	**1092428**	**1040104**	**1115286**
Interest Paid			
Interest paid on deposits	541411	517447	534257
Interest paid on borrowings	1984	0	1023
Total Interest Paid (B)	**543395**	**517447**	**535280**
Net Interest Income (A-B)	**549033**	**522657**	**580006**

(Amt. in Cr.)



The expenditure on account of interest paid on deposits has increased by 4.63% due to increasing of interest rate on term deposit.

15. SHG

During the year 138 SHGs were formed and credit linked during the financial year under report.

16. Financial Ratios **(Amt. in 000's)**

	2022-23	2021-22	2020-21
Average working fund	136325	129127	127170
i) Financial Return %	6.11	5.38	6.18
ii) Financial Cost	3.19	3.25	3.47
iii) Financial Margin (i-ii)	**2.92**	**2.13**	**2.71**
iv) Transaction Cost	3.41	3.89	2.89
v) Misc. Income %	0.37	1.42	1.28
vi) Operating Margin (iii-iv)	**-0.49**	**-1.76**	**-0.18**
vii) Risk Cost	2.15	2.27	-0.62
viii) Net Margin (v+vi-vii)	**-2.03**	**-2.61**	**1.72**

17. Achievement under MOU

Given here is a statement showing our achievements vis-a-vis MOU growth targets for 2022-23.

(Amt. in lakhs)

	MOU	Achievement
1. Deposits	15517	8469
2. (i) Advances disbursement (SLBC targets)	148457	53215
(ii) Advances accretion	8486	9481
3. C. D. Ratio (%)	45	47.94
4. Business Per Branch	-	675
5. Business per Employee	-	1853
6. Yield on investment (%)	-	6.50
7. ROA (%)	0.10	(-)3.84
8. ROE (%)	-	(-)13.66
9. CRAR (%)	9.00	(-)2.83

18. Human Resources

Trainings and refresher courses have been arranged for the staff at various institutions viz; BIRD, SBI SLBC Jammu, and through in-house training system. A number of seminars/workshops and e-lessons covering various areas of business were conducted to sensitize Officers/ employees especially new recruits about present as well as emerging issues confronting banking industry in general and our bank in particular.

19. Inter Office Reconciliation (IOR)

Inter branch reconciliation is our priority and has been completed upto 31.03.2023.

20. Inspection & Internal Audit

The Bank has a well-established Inspection & Audit Department (IAD) headed by General Manager (Inspection & Audit). The guidelines received on various issues of internal control from RBI, Government of India, NABARD, Sponsor Bank, Bank's Board and the Audit Committee of the Board have become part of the Internal Control System for better risk management. The Inspection and Audit Department is constantly aiming for curbing the inherent risks through effective control mechanism so as to safeguard the Banks' interest. The IAD carries out the inspection of branches/offices as per the periodicity decided by the Audit Committee of the Board and examines adherence to such systems of internal control and risk management. The Audit Committee of the Board oversees the Internal Audit function of the Bank. The committee guides in developing effective internal audit and all other inspection & audit functions for improving the efficiency of systemic controls. The committee monitors the functioning of the inspection/audit department in the Bank.

Inspection and Audit is being conducted on revised system of RFIA (Risk Focused Internal Audit) prevalent in the sponsor bank. Bank has also introduced the Self Audit System. Periodicity of conduct of RFIA for "Well Controlled" and "Adequately Controlled" branches is 24 months, 18 months for "Moderately Controlled" branches and for "unsatisfactory branches" it is 12 months. The bank has implemented the revised audit system w.e.f. Jan 2018 in line with the sponsor bank.

All the branches of the Bank are audited as per the periodicity fixed by the Audit Committee. A total of 54 branches were inspected during FY 2022-23. Out of these, 10 branches scored "A+" rating and rest of the 44 branches scored "A" rating and none of the branch score rating "B" or below.

The Bank's Internal Audit performs an independent and objective evaluation for the effectiveness of internal controls. This ensures that the operating and business units adhere to systems and procedures as also regulatory and legal requirements.

The Bank's Internal Audit function undertakes a comprehensive risk based audit of all branches.

Controlling Offices/ departments of the Bank are also subjected to inspection and audit.

To ensure independence, the Internal Audit Department has a reporting line to the Board's Audit Committee, which reviews its performance and the effectiveness of controls, laid down by the Bank and compliance with regulatory guidelines.

Audit department at Head Office compiled a book on Risk Focused Internal Audit (RFIA) aimed at identification and assessment of risk involved in CRM, ORM and external compliance areas at the branch. The bank has adopted a Concurrent Audit Policy and has engaged the contractual concurrent auditors for conducting audit of the branches. To summarize, the Bank's Inspection & Audit Department has been effectively monitoring the compliance of systems & procedures laid down by its own Board, the Regulator and the Government of India.

Vigilance

Apart from Internal Audit & Inspection, we have Vigilance Cell headed by General Manager (Vigilance & Risk) in our RRB EDB that examines the adherence to systems, policies and procedures of the Bank to ensure implementation of System & Procedures with Preventive Vigilance in the bank as per CVC guidelines. Vigilance Department also ensures timely submission of all compliances, rectification of Inspection Irregularities and examine the purity of Compliances. It has been the endeavor of the Vigilance department of our Bank to encourage and enable the staff at controlling offices & operational level to exercise due care and caution to take preventive and detective measures. This helps in increasing efficiency and creating an environment of security for the honest workforce. The bank has adopted the policy of Preventive Vigilance and all branches are conducting the quarterly meetings.

Careful distinction is made by the Bank's Vigilance department between the cases of gross negligence and the cases where business decisions have gone awry. Endeavour is made towards ensuring that penalties, where necessary, are timely and just.

Vigilance machinery in our Bank is effectively performing its proactive role in new risk prone areas emerging in computerized environment, in addition to sensitizing all categories of staff members with the various preventive measures.

To bring about greater transparency in procurement and tendering processes in the Bank, CVC guidelines are followed in inviting tenders through Bank's website besides print media for widest possible publicity.

We have introduced a system of Risk Control and Self Assessment in our RRB EDB in which about 50 branches were covered under the exercise in the last financial year 2022-23 and are confident to ensure 100% of our branches under RCSA in the current financial year 2023-24.

Vigilance department identify business units with significant growth in Credit portfolio conducts Spot Audit to ensure rectification of irregularities besides Superannuation/ Resignation of Officers and also ensure Compliance Audit for rectification and purity of Compliances.

21. Operations and Services

Customer-Centric Initiatives

As always, efficient customer service and customer satisfaction are the primary objectives of our Bank in its day to day operations. Our Bank is highly responsive to the needs and satisfaction of its customers, and is committed to the belief that all technology, processes, products and skills of its people must be leveraged for delivering superior banking experience to its customers.

Our Bank has taken several measures to improve the customer service at its branches and at the same time, strengthened the customer complaint redressal mechanism for fast disposal of customer complaints.

Some of the major initiatives in improving the customer services are as under.

Information Technology: All 110 branches, 3 Extension Counters, Head Office and Regional Offices are on CBS Platform.

Intra-Bank Deposit Account Portability: The facility is available in the Bank which means savings, current and time deposits accounts in our bank may be transferred from one branch to another branch without changing the account number.

Activation of Inoperative/Zero balance based Accounts: A time to time campaign was launched during the year under report for activation of Inoperative Accounts and zero balance based accounts.

EMV chip based Rupay ATM and KCC Cards: Magnetic Stripe Cards have been made inactive as per RBI

Guidelines w.e.f. 31st December 2018 & replaced by EMV chip bases cards. As at the end of FY 2022-23, total number of RuPay Card issued is **200263.**

NEFT & RTGS facility: The NEFT and RTGS facility operational in our bank from 10th June 2013 has become immensely popular and is a widely used remittance facility by our customers and other organizations.

POS / E-commerce Transactions: The bank has Rupay Debit, PMJDY and KCC cards which are now chip-based cards only. In addition to performing the function of withdrawing cash from the ATMs, these can also be used to make purchases at Point of Sale i.e. at merchant establishment or over the internet for e-commerce transactions.

PFMS: Public finance management system (PFMS) is used by GOI to make payment for any relief or scholarship directly into Recipient's Bank Account. The bank has been already on boarded the facility from 10 January 2012. PM Kisan subsidy received of Rs. 64490 thousand of farmers through DBTL during the year 2022-23.

NACH: Our customers have been extended ECS debit clearing services as our bank has on boarded NACH through Sponsor Bank on NPCI platform.

SMS Alerts Services: SMS alert services have been introduced for all customers to ensure secure and responsive banking services. The service has been utilized to engage proactively with borrowers.

Customer Complaints: To minimize customer complaints and to ensure hassle free customer service and to handle and redress the grievances of our esteemed customers, the bank has created an email id-complaints@edb.org.in. It provides a better medium for handling and redressing customer grievances. It also serves as a feedback channel.

Immediate Payment System (IMPS): As sub-member of our sponsor bank SBI, our bank is permitted on IMPS platform of NPCI as Beneficiary bank only. At present bank's IMPS services are limited to inward remittances only.

Point of Sale (POS): In order to deepen the reach of Merchant Acquiring Business in rural areas of the state and to provide payment acceptance solutions to the retail merchants in unbanked or under-banked areas, we are bringing on board our retail customers through the POS facility of our Sponsor Bank. We have deployed more than 45 POS machines through different branches in the Union Territory of Jammu and Kashmir.

Online VVR: The Online VVR module has been implemented in CBS for our Bank in the month of January 2018.

Online Locker Module: The module has been implemented w.e.f 1st March 2018.All the lockers issued to customers at various branches of the Bank have been updated in the CBS system and the recovery of rent has been automated to avoid any income leakage.

Biometric user Authentication: Biometric user authentication devices have been installed at branches for eliminating the possibility of unauthorized access to computer system.

Implementation of BαNC-EDGE: BαNC-EDGE has been implemented on the directions of Corporate Centre, State Bank of India for all the sponsored RRBs. At present, 110 branches of our bank on-boarded on Java based Server less Environment.

AML KYC Tool: Bank has procured AML KYC tool during the current Financial Year for generating CTR and

STR online and implemented the same in branches to comply with statutory requirement of regulators.

Tokenisation: UIDAI vide circular no. K-11020/217/2018-UIDAI dated 10th January 2018 has issued directions to implement UID Token that strengthens privacy and security of Aadhaar holders. Bank has implemented the UID Token that complies with instructions of regulator.

AEPS 2.5 Offus and Onus: To comply with the instructions of UIDAI, vide circular no.10 of 2019 dated 1st October 2019, the bank has implemented API 2.5 version for Demographic Authentication, AEPS ONUS and OFFUS.

Central KYC: Bank has successfully on boarded the CKYC India platform. Besides this bank has started sharing data with CERSAI India. As on 31st March 2023, bank has successfully shared 50 percent of eligible CKYC record with CERSAI and get their CKYC numbers

Dual Connectivity: Almost 95% branches of the bank have been put on dual connectivity system to deal with the connectivity issues and ensure better services to their esteemed customers.

Implementation of ADS: ADS has been implemented on the directions of Corporate Centre, State Bank of India for all the 14 sponsored RRBs. At present 114 branches of our bank on-boarded on Java based Server less Environment.

Cheque Truncation System (CTS): CTS is a cheque clearing system undertaken by the Reserve Bank of India (RBI) for faster clearing of cheques. Our 10 CTS clearing Centers are functional.

Dynamic Key Exchange: Bank has migrated from Static Key to Dynamic Key Exchange (DKE) for NFS ATM transaction in order comply with the instructions of NPCI vide their Operating Circular (OC) No.379 dated 16th October, 2020.

OTMS and WEBCAS: Bank has started OTMS and WEBCAS, for support to concurrent audit process.

Aadhar Enabled Payment System (AEPS): Aadhar Enabled Payment System was implemented by our Bank during 2016-17. Now all the customers holding Aadhar seeded accounts can avail banking services at any CSP/Branch of the bank. Bank has onboarded on latest API 2.5 for AEPS OFFUS and ONUS transactions

Direct Benefit Transfer – Aadhar Payment Bridge System (APBS): We have successfully on boarded the Aadhar Payment Bridge System (APBS) to implement Direct Benefit Transfer (DBT) for LPG subsidy & other benefits.

Positive Pay System: As per Reserve Bank of India directives, Bank has implemented Positive Pay System (PPS) for all modes of cheque payments (Cash/Transfer/Clearing). This is a measure for prevention of frauds perpetrated through cheque tampering/alteration. Positive Pay System involves re-confirming of key details of the cheque by drawer to the Bank, which would be cross-checked with the presented cheque at the time of payment processing.

Mobile Application (viewing rights) : Bank has launched Mobile Application named as "EDB Sahal" for allowing a customer to conduct a variety of non financial banking transactions. A Smartphone and a stable internet connection are required for the mobile banking application. It gives customers the ability to conduct non financial banking transactions at any time and from any location. It offers Account Statement, Balance Enquiry, TDS Certificate, ATM Card services and Green pin facility.

Internet Banking (viewing rights): In current digital era of banking, bank has step forward towards digital initiatives by launching of Internet Banking. It gives customers the ability to conduct non financial banking transactions at any time and from any location. It offers Account Statement, Balance Enquiry, TDS Certificate, ATM Card services and Green pin facility.

Domain Based Email Solution: Bank has procured Domain based email solution to expedite the communication process between different parties and regulators.

New Initiatives during Financial Year 2022-23

AePS - ISO to XML migration and FMR to FIR Implementation

As per regulatory guidelines, we have migrated to the message format from ISO to XML in AEPS platform, which is a widely accepted standard for exchanging data between different systems, platforms. By migrating from ISO to XML messaging format, customer experience will be improved while performing the transaction. With the above conversion, we have also migrated the AePS authentication process from FMR (Finger minutia Record) to FIR (Finger Image Record) which is a upgraded version of authentication mechanism which possess secure authentication like liveliness check of the biometrics there by averting the frauds of cloned biometrics.

IMPS - ISO to XML migration

As per regulatory guidelines, we have migrated to the message format from ISO to XML in IMPS platform, which is a widely accepted standard for exchanging data between different systems, platforms.

Common Version of FI KIOSK

To streamline the FI Kiosk module, bank has migrated to common version of FI Kiosk Module which is widely used among 10 RRB of SBI Sponsored RRBs. Besides this, bank has introduced Social Security Schemes in FI Kiosk to enable the CSP to get the customers enrolled under these schemes

Bank's Official Website

Bank has launched new bank's official website https://www.edb.org.in with an aim to enhance the overall Banking experience of our valued customers.

Alternate Digital Channel Transactions in the Financial Year 2022-23

The rising trend in transactions through Alternate Digital Channel compared to previous year is tabulated below for your reference:

(No. in lakh)

Channels	Txns during FY 2021-22	Txns during FY 2022-23	Change in %
ATM	2.29	2.48	8.30
POS	1.92	1.98	3.13
IMPS	0.53	1.27	139.62
APB CR	1.36	2.26	66.18
ACH CR	0.30	0.41	36.67
ACH DR	0.10	0.15	50
RTGS	0.02	0.02	0.00
NEFT	1.58	1.76	11.39
	8.10	**10.33**	**27.53**

Certificate of Appreciation by NPCI

Our IT Department head (Sh. Puneet Bansal) has been recognized by NPCI (National Payments Corporation of India) for their unwavering support, outstanding service and proactive initiates.

Initiatives under Advanced Stage of Development

Apart from the developments mentioned above, we have taken up several other implementations aimed at enhancing the customer experience and streamlining operations for our staff

a) Account Aggregator
b) Whatsapp Banking
c) Bharat e-Commerce Payment Gateway
d) Fingate 2.0

Credit Information Companies

Our bank has been a member of 4 Credit rating agencies viz-a-viz CIBIL, CRIF, EQUIFAX and EXPERIAN. Our bank has been sharing the data regularly with these credit rating agencies. Besides this all our branches are accessing the credit history of the loan applicants while taking the credit decisions.

Migration Audit

The migration audit of our bank is conducted by M/s R.K. Deepak & Co., Ludhiana on 22nd March 2023 which was pending since 2011 and a compliance of NABARD Inspection under section 35(6) of Banking Regulation Act 1949.

Bancassurance

SBI Life Insurance: The Bank is a corporate agent of SBI Life Insurance Corporation Limited, to meet the life insurance needs of the Bank's customers, as part of Financial Inclusion, apart from earning non-interest income. This year we have booked fresh business of Rs. 266 Lacs. Bank has booked commission of Rs. 63 Lacs in sourcing SBI Life business during the FY 2022-2023.

SBI General Insurance: The Bank is a corporate agent of SBI General Insurance since 2015-16. We are marketing three Insurance products viz., Group Health Insurance Scheme, Group Personal Accidental Insurance Scheme and SBI Smart Home, apart from insurance of the assets financed by the Bank. This year we have sourced a business of around Rs. 360 Lacs under SBI General Insurance and earned Rs. 26 Lacs as commission during the Financial Year 2022-23.

Financial Inclusion

Financial Inclusion (FI) is being viewed in our bank not just a social commitment, but also as an instrument to bring about overall economic development of rural India so as to tap opportunities at the bottom of the pyramid of economy through alternative delivery channels particularly Business Correspondent Agents (Bank Mitras). As of March 31,2023, our bank has established a network of 39 Business Correpondents (BCs) strategically positioned in unbanked areas. Through this network, we have successfully extended access to comprehensive banking products and sevices, which helps the customers to have access to banking facilities without visiting the branch themselves. Significant efforts were made to strengthen the Bank Mitra in terms of increasing outreach, Technology up-gradation, Building trust on BC model banking among public to formalize their activities in the rural areas and more importantly increasing Bank Mitra transactions so as to enhance the commission for Bank Mitras. Various products/transactions viz., Savings,

FLCC Camps organized at our branches

Connect with us to avail benefits: Ellaquai Dehati Bank to people

Srinagar, March 15: Ellaquai Dehati Bank on Wednesday organized a financial awareness camp at Hangal Phoo, Block Koverpur in south Kashmir's Anantnag district in which people from villages Hapatnard, Salia, Khayar, Seer and Braran participated. The people representing all sections of society including sarpanchs, senior citizens, civil society members, farmers, and representatives from the weaker sections were present on the occasion.

Chairman Ellaquai Dehati Bank Arshadul Islam while speaking on the occasion highlighted the role of Regional Rural Banks (RRBs) in meeting the requirements of the farmers, business community and others in rural areas. He apprised them of the availability of the latest facilities and technology products in banks.

The Chairman advised the people to connect with banks to avail of the benefits of different financial products and services. "Farmers, especially fruit growers, can benefit from Kisan Credit Card (KCC) scheme which is a farmer-friendly loan scheme – a landmark product," he said.

Awareness was also imparted on education and housing loan schemes, social security schemes, credit rating agencies like CIBIL, etc, and debit and credit card facilities. In view of world consumer rights day, awareness was also imparted on how the ombudsman, a public watchdog, looks after complaints against banks with speedy resolution.

Worthy General Manager addressing FLCC Camps

Remittance and Social Security schemes have been rolled out through Business Correspondent Agents / Bank Mitras to provide access to Banking and Financial Services to the people living in the backward / unbanked villages. The entire Financial Inclusion (FI) operations at BC channel work on the principle of Biometric verification of the beneficiaries by using micro ATMs and are online, hitting our CBS server instantly through Third Party Integration, which facilitates updation of transactions carried out by BC channel on real time basis, in CBS Server. All these devices have the features stipulated by UIDAI. For more transparent Bio Metric payment system, the Bank has started the process of seeding Aadhaar numbers for both the old and new accounts to initiate the Aadhaar Enabled Payment System (AEPS).

Pradhan Manthri Jan Dhan Yojana (PMJDY): PMJDY is a financial inclusion programme of the Government of India for residents of India launched on 15th August 2014 on the eve of Independence Day that aims to expand affordable access to financial services such as bank accounts, remittances, credit, insurance and pension. The Bank holds 138693 active PMJDY Deposit Accounts with a balance amount of Rs. 47 Crore in these accounts as on 31.03.2023.

Aadhar Enabled Payment System (AEPS): Aadhar Enabled Payment System was implemented by our Bank during 2016-17. Now all the customers holding Aadhar seeded accounts can avail banking services at any CSP/Branch of the bank. Bank has onboarded on latest API 2.5 for AEPS OFFUS and ONUS transactions

Direct Benefit Transfer – Aadhar Payment Bridge System (APBS): We have successfully on boarded the Aadhar Payment Bridge System (APBS) to implement Direct Benefit Transfer (DBT) for LPG subsidy & other benefits.

Social Security Schemes

Social Security Schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) schemes & Atal Pension Yojna are available at all our Branches. All our Bank's account holders especially in rural areas are being made aware of the benefits of these schemes.

Financial Literacy Awareness Camps (FLACs): The Bank has conducted 1129 Financial Literacy Camps through rural branches by the FIF Support from NABARD to educate the rural people to avail the Banking and Financial Services. The Financial Education Material such as FAME booklet, RBI Financial Booklets for Specific groups and banners has been used to spread the message of financial awareness among the rural people.

Mobile Demonstration VAN: Bank has procured three new Mobile ATM Demonstration vans with the support from NABARD for different districts of Jammu and Kashmir taking the total count of Mobile Demonstration Van to 6. The vehicle move across far flung areas of Service Area of bank. Banks FLC Counselor and Regional Managers have been given charge of handling the mobile vans during the Financial Literacy Camp or road side show. Vans are equipped with LED Display used for playing videos on Financial Literacy, Social Security Schemes, audio system. Pamphlets and hard media are also used during the camps.

22. Systems for KYC-AML-CFT

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT) measures and Obligation of Bank under PMLA, 2002

Bank has a Board-approved KYC-AML-CFT Policy. The said Policy is the foundation on which the Bank's implementation of KYC norms, AML standards, CFT measures and obligation of the Bank under Prevention of Money Laundering Act (PMLA) 2002 is based. Bank has procured AML KYC tool during the current

Financial Year for generating CTR and STR online and implemented the same in branches to comply with statutory requirement of regulators.

23. Profile of Board 2022-23

Against nine Directors, there are presently seven on the Board of the Bank. Besides the Chairman, two directors from sponsor bank, two directors from State Govt., one each from Reserve Bank of India and NABARD appointed under Section 9 of RRBs Act 1976. Govt. of India hasn't nominated any Director on the Board & these positions are vacant as on 31.03.2023.

Shri Anil Dewani, Deputy General Manager, State Bank of India, Local Head Office, Chandigarh has been nominated as Director on the Bank's Board. **Sh. Surinder Singh,** Deputy General Manager is the Nominee Director represents NABARD. **Sh. Meetesh Sharma,** Assistant General Manager, is the Nominee Director represents Reserve Bank of India, replacing Sh. Ruchir Sonkar. **Sh. Shekhar Chandra Kandpal,** Assistant General Manager, from Corporate Centre as the other Sponsor Bank, **Sh. Raman Kumar Gupta,** Director-Fisheries, Animal Husbandry, J&K & **Sh. Imtiyaz Ahmad Wani,** Director- Budget, J&K are the State Govt. nominee director on the Board of the Bank as on 31.03.2023.

Board Meetings

Six Board meetings have been convened during the calendar year 2022. In order to ensure compliance of Board of Directors decisions, Action Taken Report (ATR) on all action points is being put up before the Board of Directors, as a matter of follow up and compliance.

24. Productivity

Every effort has been made to improve the productivity at all levels. For this, structured monitoring at periodical intervals has been introduced which could help us to record an improvement as detailed hereunder:

(Amt. in 000s)

	2022-23	2021-22	2020-21
C D Ratio	47.94	43.75	41.24
Business per employee	67496	60353	58410
Business per branch	185308	168990	147536

25. Profitability:-

The operating expenses have decreased from Rs. 502736 thousands to Rs. 464475 thousands (by 7.61%) and staff cost also decreased from Rs. 360240 thousands to Rs. 318406 thousands by 11.61% on account of decrease in staff from previous year.

Following statement indicates the comparative position in this regard.

(Amt. in 000's)

S. No	Particulars	Financial year 2022-23	Financial year 2021-22	Financial year 2020-21
I	Payments to and Provisions for employees	318406	360240	259045
II	Rent, Taxes and Lighting	31983	31423	26855
III	Printing and Stationery consumed	2965	1450	2008
IV	Advertisement and Publicity	206	39	60
V	Depreciation on bank's property	6158	10802	11968
VI	Directors fees, allowances and expenses	0	0	0
VII	Auditors fees and expenses (including) branch Auditors fees and expenses	1148	921	637
VIII	Law charges	1025	271	62
IX	Postage, Telegrams. Telephone etc.	593	629	561
X	Repairs & Maintenance	517	299	287
XI	Insurance	22580	22086	18975
XII	Other Expenses	78894	74576	46659
	Total	**464475**	**502736**	**367117**

26. Mechanization/ Information Technology

Information Technology has been the cornerstone of recent financial sector reforms, aimed at increasing the speed and reliability of financial operations and of initiatives to strengthen the banking sector.

The Bank continued its endeavor of bringing in technologies as per requirement and at the same time upgrading the existing IT infrastructure to keep pace with the IT revolution. Use of latest technology for the banking transactions & for better customer service & satisfaction is the need of the hour. Our Bank was the 1st Regional Rural Bank in the Jammu & Kashmir State to migrate to the CBS platform through service provider C-edge Technologies Mumbai. For the benefit of customers Bank has since commenced NEFT/ RTGS services for the remittances. Bank is issuing ATM Cards to its customers. SMS alert services introduced in the bank. The Bank is also live on Kiosk banking platform.

27. Customer Service

The adage that "Customer is the King" is our bank's services mantra. This cutting edge superiority in services provided by the Bank is bank's hallmark. The Bank has always kept customer service upper-most in all its operations and continued relentless attempts to improve customer services. To meet customer expectations, multiple initiatives have been taken to introduce customer friendly products and services. Our service credo **"The Spirit of Service"** keeps us reminding to keep customer care as the epicenter of our relationship with the customers.

28. Staff Strength

Bank has total staff strength of 302 as on 31.03.2023, out of this 175 are officers (57.94%), 101 are Office

Assistants i.e. (33.44%) and 26 are Office Attendants i.e. (8.60%). Besides this 02 officers are presently on deputation, till superannuation with the Sponsor Bank/ other RRBs.

29. Industrial Relation

Both the Officers Association and Staff Union have extended their co-operation and support in achievement of business targets. In general, the industrial relation remained cordial and peaceful during the year.

30. Participation in IBPC/ PSLC

Since introduction of e-Kuber portal for sale of **'Priority Sector Lending Certificates (PSLC)'** the Bank has discontinued to participate in Inter Bank Participation Certificate (IBPC). However, transaction of Rs. 90 Cr has been done under PSLC during the current financial year 2022-23 through E-Kuber Portal of Reserve Bank of India.

31. Statutory Audit

The Statutory Central Audit of the Bank was conducted by **M/s R K Deepak & Co.**; in addition following Auditors were appointed as Branch Auditors.

1) M/s V A K & Associates
2) M/s Gupta Sharma & Associates
3) M/s Gupta Sushil & Co.
4) M/s Upendra & Associates
5) M/s Vijaya Gupta & Co.
6) M/S A Gupta & Associates

The Board of Directors of the Bank expresses its gratitude to **M/s R K Deepak & Co.**, the Statutory Central Auditor and all the Branch Auditors for their cooperation for smooth, hassle free and timely conduct of audit exercise.

32. New Initiatives.

I. Human Resource Development

We recognize human resources as an area of core competence, and seek to pursue, nurture and retain the best talent. The ultimate aim of the Human Resources function is to build and manage a motivated pool of professionals by grooming internal resources and recruiting the right skills from the market, develop a high performance work-ethic and create a culture of continuous learning and skill development. One of the major platforms on which the success of the Bank's corporate strategy rests is bringing on board the requisite skills within the overall ceiling of the manpower budget. Besides recruitment, attrition management, learning & skill development and management of performance represent the other key areas of the Human Resources function.

We have revamped our training processes and emphasis is being laid on hard as well as soft skills. The aim of the training process is to create a knowledgeable pool of talent for delivering optimum value to customers.

i) Trainings are provided at Head Office/ Regional Offices to improve the skills of staff in various fields.

Seminars/Training on various topics such as Credit appraisal, AML/KYC, Risk Management /Preventive Vigilance, Audit/Inspection etc. to improve the quality of working. Also necessary trainings (hand on) for CBS have been provided to new recruits.

ii) Officers are also deputed to Training Institutes of reputed organizations such as SBIRD Hyderabad, BIRD Lucknow and State Bank of India Staff Learning Centre Jammu. The excellent work done by branches is recognized by the Bank and Branch Managers and other staffs are felicitated in Review Meetings.

iii) Letters of appreciation have been issued to Branch Managers/Staff for meritorious performance under deposit mobilization, disbursement of loans, NPA recovery and recovery of write off loan accounts. Financing to SHGs and customer mobilization.

iv) Branches securing excellent rating in inspection are allowed to display board in branch premises showing "Excellent" Branch to further motivate staff.

v) Recruitments are being made on regular basis to augment the staff availability at the branches. Despite this, staff shortages continue to be there attributable to non-joining of the allotted candidates & attrition. 11 Officers and 15 Office Assistants have been recruited in the FY 2022-23.

vi) Promotions have been effected, involving 23 staff members under various categories (13 Office Assistants to OJMGS-I, 09 OJMGS-I to MMGS-II And 01 MMGS II to MMGS III), to infuse enthusiasm among the staff with prospects of career progression, resulting in increased zeal for achievement of targeted objectives.

vii) Pension Scheme has already been implemented as per the guidelines of GOI and NPS has been adopted.

II. Credit Deployment:

a) General Decisions/Initiatives:

i) The newly introduced 'Personal Loan' scheme (EDB Express Credit) has created hysteria among general public, the scheme has been devised for 'permanent' Central & State/ UT government employees. The scheme contributed nearly 40% of the total advance growth during the financial year. The scheme has been a game changer for the Bank as the Bank has been able to over achieve the MoU targets for the financial year vis-à-vis Advances.

ii) Short term credit being provided to farmers at the simple interest rate of 7% per annum upto a limit of Rs. 3 lakhs.

iii) Large Borrower / accounts and potential NPA accounts closely and intensely monitored for redressal. Suitable steps for the recovery have been initiated.

iv) Head office level meetings for Recovery of NPAs have been conducted and all the staff members are involved in the process to ensure recovery and reduction in NPA.

v) All branches have been divided among Head Office staff for effective control and improvement in business parameters including cross selling, monitoring of NPAs.

33. Acknowledgments & Confirmation

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2023 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

The accounting policies, framed in accordance with the guidelines of the Reserve Bank of India, were consistently applied;

Reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year.

Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing banks in India, and

The accounts have been prepared on a going concern basis.

The Board expresses its gratitude to the Government of India, Reserve Bank of India. NABARD and State Bank of India for the valuable guidance and support received from them.

The Board acknowledges the unstinted support of its customers, shareholders and also wishes to place on record its appreciation of staff members for their dedicated services and contribution for the overall development of the Bank during the year and look forward to their continued co-operation in realization of the goals in the years ahead.

For and on behalf of
Board of Directors

(Arshad-ul-Islam)
Chairman

INDEPENDENT AUDITOR'S REPORT

To

The Members
Ellaqui Dehati Bank,
Nirmaan Complex, 3rd Floor
I.G. Road, Barzulla
Srinagar (J &K)

Report on Audit of the Standalone Financial Statements

OPINION

1. We have audited the standalone financial statements of Ellaquai Dehati Bank except Statements of Cash Flows, which comprise the Balance Sheet as at 31 March 2023, the statement of Profit and Loss and the Statements of Cash Flows (not provided) for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included returns for the year ended on that date of **20 branches** audited by us and 59 branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by Reserve Bank of India. Also included in the Balance Sheet, the Statement of Profit and loss and statement of Cash Flows (not provided) are the returns from 34 branches which have not been subjected to audit. These unaudited branches account for **16.11** percent of advances, **13.22** percent of deposits, **8.42** percent of interest income and **26.50** percent of interest expenses.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements except **Statement of Cash Flows** give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and :

   a. The Balance sheet, read with the notes thereon is a full Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March 2023;

   b. The Profit and Loss Account, read with the notes thereon shows a true balance of profit/loss (as applicable): and

   c. The Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date. **(Not provided)**

Basis for Opinion

3. We conducted our audit in accordance with the standards on auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other

ethical responsibilities in accordance with these requirements and the code of ethics, We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

4. The Bank need to improve the automation system to downgraded the accounts automatically if it not fulfills the requirement of standard assets.

Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements

5. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provision of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India(RBI) from time to time. The responsibility also includes maintenance of adequate accounting records in accordance with the provision of the act for safeguarding the assets of the bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies: making judgments and estimates that are reasonable and prudent: and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ∝ Identify and assess the risk of material misstatements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk is not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ∝ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ∝ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ∝ Conclude on the appropriateness of management's use of the going concerns basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- ∝ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify our audit.

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

7. We did not audit the financial statements /information of **34** branches included in the standalone financial statements of the bank whose financial statements/ financial information reflect total assets of **Rs. 10644 lakhs** as at 31st March 2023 and total revenue of **Rs. 920 lakhs** for the year ended on that date, as considered in the standalone financial statements. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, are based solely on the report of such branch auditors.
8. The audit procedures as prescribed under ICAI issued Standards on auditing, including but not limited to:
   - ∝ Inspection, observation, examination and verification of the original document /files.
   - ∝ Physical verification of cash/gold/stationery items adequate internal control thereof

- ∝ Examination of the various documents with regard to primary and collateral security.
- ∝ Verification of the valuation and legal reports of the immovable properties charged to the bank branch.
- ∝ Scrutiny of the cash credit facility documents files/Stock statements and other QIS submitted by borrowers.
- ∝ Scrutiny of the Sanction/Renewals/review/appraisal/disbursement/compliance and detailed documentation as per laid down procedures including execution of requisite documentation.
- ∝ Examination of the Inspection/visit reports of the branch officials.
- ∝ Observation with regard to dual custody of cash in hand/ATM.
- ∝ Examination of the FA registers physical verification process/Stationery movement records.
- ∝ Verification of various bank records in relation to Bank guarantees/Letter of credit/Letter of comforts etc.
- ∝ Adequate audit procedures for various assertions specified in Ghosh & Jilani Committee Reports.
- ∝ Observation with regard to access controls and data security.
- ∝ Verification of timely receipt of the stock/book statements/FSs/QIR from borrowers and scrutiny thereof.
- ∝ Physical verification of investments (If applicable)

9. The following observation required immediate attention:
   - KCC loans granted by the bank needs to be monitored closely and periodically for their repayment and recovery. These loans amounts to major exposure of the bank thus require urgent attention.
   - Demand loans against FDRs & Gold, should be regulated through a uniform circular, also the interest recovery on the same shall be done either quarterly, half yearly or annually.
   - Observed major operational inefficiency in bank. CKYC of numerous accounts still pending to be updated this number accounts for approx. 48%. Risk categorization Updation in CIF is still pending for approx. 67% of the customer.
   - Operational inefficiency in cases where one facility by the user is defaulted all other facilities used by him still stands as standard assets. The system should automatically NPA all other facilities if one facility is defaulted.
   - Cash Management at branch level should be closely monitored.
   - Closing Cash in hand, as on 31st March, 2023 is as certified by the Management.
   - Interest on various Investments (SLR, TDR and Mutual Fund) as certified by the Management have been relied upon.
   - NPA management and provision should be properly monitored.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss account have been drawn up in accordance with section 29 of the Banking Regulation Act, 1949.

11. Subject to the limitations of the audit indicates in paragraphs 5 to 9 above and as required by the banking Companies (Acquisition and Transfer of Undertaking) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

    a) We have obtained all the information and explanations which, to the best of our knowledge and belief, we necessary for the purpose of our audit and have found them to be satisfactory

    b) The transaction of the Bank, which have come to our notice, have been within the powers of the Bank; and

    c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

12. As required by the RBI's letter no. DOS.ARG.No.6270 /08.91.001/2019-20 dated March 17, 2020, as amended ("RBI Directives"), we report that:

    a) The observation or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank / Branch, if any.

    b) The qualification, reservation or adverse remarks relating to the maintenance of accounts and other matters connected therewith, if any.

13. **We further report except for the statement of Cash Flows that:**

    a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination and those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us].

    b) The Balance Sheet, The Profit and Loss Account and the Statement of Cash Flows (not provided) dealt with by this report and in agreement with the books of account [and with the returns received from the branches not visited by us;

    c) The reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;

    And

    d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows (not provided) comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

Place: Srinagar
Date: 19.04.2023

For R K Deepak & Co.
Chartered Accountants
FRN: 003145N

(CA Ketan Khanna)
Partner
Membership Number: 548347
UDIN : 23548347BGWKWA2742

ELLAQUAI DEHATI BANK, SRINAGAR

Balance Sheet as on 31.03.2023 (Audited)

FORM A

(Amt. in ₹)

	CAPITAL & LIABILITIES	SCHEDULE	Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1.	**Capital**			
	Share Capital	1	3,23,76,56,470.00	2,23,98,43,000.00
	Share Capital Deposit	1-A	0.00	69,84,30,000.00
	Perpetual Bonds		4,10,93,000.00	4,10,93,000.00
2.	Reserve & Surplus	2	0.00	0.00
3.	Deposits	3	13,77,83,41,130.41	12,93,13,67,004.25
4.	Borrowings	4	50,00,00,000.00	5,00,00,000.00
5.	Other Liabilities & Provisions	5	68,63,61,463.23	56,81,77,069.64
	TOTAL		**18,24,34,52,063.64**	**16,52,89,10,073.89**
	Assets			
1.	Cash & Balances with Reserve Bank of India	6	65,61,54,854.11	55,39,17,770.11
2.	Balance with Banks & Money at Call & Short Notice	7	1,63,01,72,394.15	1,29,62,40,696.95
3.	Investments	8	6,06,73,29,314.62	6,13,11,02,703.08
4.	Advances	9	6,15,41,29,606.44	5,23,24,26,520.68
5.	Fixed Assets	10	3,05,67,656.00	3,15,11,507.83
6.	Other Assets	11	3,70,50,98,238.32	3,28,37,10,875.24
	TOTAL		**18,24,34,52,063.64**	**16,52,89,10,073.89**
	Contingent Liabilities Bills for Collection	12	14,43,83,351.10	14,51,67,583.00
	Significant Accounting Policies	17	0.00	0.00
	Other Assets	11	0.00	0.00
	Total		**0.00**	**0.00**

In terms of our report of even date annexed

For R K Deepak & Co.
Chartered Accountants

sd/-
(CA Ketan Khanna)
(Partner)
Membership No.548347
Firm Registration No. 003145N

Place: Srinagar
Date: 17.04.2023

sd/-
(Abdul Rashid Bhat)
General Manager (GB & IT)

sd/-
(Mushtaq Ahmad Malik)
General Manager(Credit)

sd/-
(Arshadul Islam)
Chairman

sd/- Director	sd/- Director	sd/- Director
sd/- Director	sd/- Director	sd/- Director
Director	Director	Director

ELLAQUAI DEHATI BANK, SRINAGAR

Profit & Loss for the March 2023 (Audited)

FORM B

(Amt. in ₹)

		SCHEDULE	Current Year As at 31.03.2023	Previous Year As at 31.03.2022
I	**INCOME**			
1.	Interest Earned	13	1,04,12,84,143.91	85,71,31,197.63
2.	Other Income	14	5,11,43,539.44	18,29,72,658.87
	TOTAL		**1,09,24,27,683.35**	**1,04,01,03,856.50**
II	**EXPENDITURE**			
1.	Interest Expended	15	54,33,94,997.24	51,74,47,176.50
2.	Operating Expenses	16	46,44,75,123.81	50,27,36,168.26
3.	Provisions & Contingencies		49,96,94,134.76	35,93,73,455.59
	TOTAL		**1,50,75,64,255.81**	**1,37,95,56,800.35**
III.	**Profit/ Loss**		**-41,51,36,572.46**	**-33,94,52,943.85**
1.	Extraordinary Item: Loss on account of non- reimbursement of CBS share by SBI		0.00	0.00
2.	Net Profit/ Loss for the year		-41,51,36,572.46	-33,94,52,943.85
	SUB TOTAL		**-41,51,36,572.46**	**-33,94,52,943.85**
	Provisions for fringe benefit tax		0.00	0.00
	Provision for income tax		0.00	0.00
	Profit brought forward		0.00	0.00
	Loss brought forward		-3,00,56,80,004.49	-2,66,62,27,060.64
	SUB TOTAL		**-3,00,56,80,004.49**	**-2,66,62,27,060.64**
	TOTAL		**-3,42,08,16,576.95**	**-3,00,56,80,004.49**
IV.	**Appropriations**			
	Transfer to Statutory Reserves		0.00	0.00
	Transfer to Capital Reserves		0.00	0.00
	Transfer to Other Reserves		0.00	0.00
	Transfer to Govt./ Proposed Dividend		0.00	0.00
	Balance Carried Over to Balance Sheet		-3,42,08,16,576.95	-3,00,56,80,004.49
	TOTAL		**-3,42,08,16,576.95**	**-3,00,56,80,004.49**
	Significant Accounting Policies	17		
	Notes to Accounts	18		

For R K Deepak & Co. **Chartered Accountants**	sd/- **(Abdul Rashid Bhat)** General Manager (GB & IT)	sd/- **(Mushtaq Ahmad Malik)** General Manager (Credit)	sd/- **(Arshadul Islam)** Chairman
sd/- **(CA R K Deepak & Co.)** (Partner) Membership No.548347 Firm Registration No. 003145N	sd/- Director sd/- Director	sd/- Director sd/- Director	sd/- Director sd/- Director
Place: Srinagar Date: 17.04.2023	Director	Director	Director

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 1 CAPITAL

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1	**SHARE CAPITAL**		
a.	AUTHORISED CAPITAL		
	2000000000 shares of Rs10/- each (Previous Year 2000000000 shares of Rs. 10/- each)	**20,00,00,00,000.00**	**20,00,00,00,000.00**
b.	ISSUED CAPITAL		
	223984300 shares of Rs.10/- each (Previous Year 216154300 shares of Rs. 10/- each)	**3,23,76,56,470.00**	**2,23,98,43,000.00**
	By Govt. of India - 111989900 shares of Rs. 10/- each (Previous Year 104159900 shares of Rs. 10/- each)	1,61,87,82,470.00	1,11,98,99,000.00
	By Govt. of Jammu & Kashmir - 33598000 shares of Rs. 10/- each (Previous Year 33598000 share of Rs. 10/- each)	48,56,80,000.00	33,59,80,000.00
	By State Bank of India - 78396400 shares of Rs. 10/- each (Previous Year 78396400 share of Rs. 10/- each)	1,13,31,94,000.00	78,39,64,000.00
	TOTAL	**3,23,76,56,470.00**	**2,23,98,43,000.00**
	SCHEDULE 1-A		
	SHARE CAPITAL DEPOSIT		
	1. By Govt. of India	0.00	34,92,00,000.00
	2. By Govt. of Jammu & Kashmir	0.00	0.00
	3. By State Bank of India	0.00	34,92,30,000.00
	Total	**0.00**	**69,84,30,000.00**
	PERPETUAL BONDS	0.00	0.00
	By Govt. of India	0.00	0.00
	By Govt. of Jammu & Kashmir	0.00	0.00
	By State Bank of India	4,10,93,000.00	4,10,93,000.00
	TOTAL	**4,10,93,000.00**	**4,10,93,000.00**

For R K Deepak & Co.	**sd/-**	**sd/-**	**sd/-**
Chartered Accountants	**(Abdul Rashid Bhat)**	**(Mushtaq Ahmad Malik)**	**(Arshadul Islam)**
	General Manager (GB & IT)	General Manager (Credit)	Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 2 RESERVES AND SURPLUS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1	**STATUTORY RESERVES**		
	Opening Balance	0.00	0.00
	Additions during the year	0.00	0.00
	Deductions during the year	0.00	0.00
2	**CAPITAL RESERVERS**		
	Opening Balance	0.00	0.00
	Additions during the year	0.00	0.00
	Deductions during the year	0.00	0.00
3	**SHARE PREMIUM**		
	Opening Balance	0.00	0.00
	Additions during the year	0.00	0.00
	Deductions during the year	0.00	0.00
4	**REVENUE AND OTHER RESERVES**		
	Opening Balance	0.00	0.00
	Additions during the year	0.00	0.00
	Deductions during the year	0.00	0.00
	Balance in Profit and Loss A/c	0.00	0.00
	(TOTAL 1,2,3, & 4)	**0.00**	**0.00**

For R K Deepak & Co. Chartered Accountants	sd/- (Abdul Rashid Bhat) General Manager (GB & IT)	sd/- (Mushtaq Ahmad Malik) General Manager (Credit)	sd/- (Arshadul Islam) Chairman

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE - 3 DEPOSITS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1	**DEMAND DEPOSITS**		
	From Bank	0.00	0.00
	From Others	56,70,63,440.67	44,32,44, 221.64
2	**SAVING BANK DEPOSIT**	5,81,34,13,026.59	5,75,07,81,914.46
3	**TERM DEPOSITS**		
	From Bank	0.00	0.00
	From Others	7,39,78,64,663.15	6,73,73,40,868.15
	TOTAL (1+2+3)	**13,77,83,41,130.41**	**12,93,13,67,004.25**
	Deposit of Branches in India	13,77,83,41,130.41	12,93,13,67,004.25
	Deposit of Branches outside India	0.00	0.00
	TOTAL	**13,77,83,41,130.41**	**12,93,13,67,004.25**

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE - 4 BORROWINGS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1	**BORROWINGS IN INDIA**		
	Reserve Bank of India	0.00	0.00
	Other Banks (SBI)	0.00	0.00
	Other Institutions & Agencies	0.00	0.00
	NABARD	50,00,00,000.00	5,00,00,000.00
2	**BORROWING FROM OUTSIDE INDIA**	0.00	0.00
	TOTAL	**50,00,00,000.00**	**5,00,00,000.00**

For R K Deepak & Co.
Chartered Accountants

sd/-
(Abdul Rashid Bhat)
General Manager (GB & IT)

sd/-
(Mushtaq Ahmad Malik)
General Manager (Credit)

sd/-
(Arshadul Islam)
Chairman

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1.	Bills payable	1,30,12,908.54	1,58,80,045.46
2.	Inter Office Adjustments (Net)	0.00	0.00
3.	Interest Accrued	30,16,04,283.28	31,19,12,862.54
4.	Others (Including Provisions)	37,17,44,271.41	24,03,84,161.64
	TOTAL	**68,63,61,463.23**	**56,81,77,069.64**

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE - 6 CASH & BALANCES WITH RBI

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1.	Cash in Hand (Including Foreign Currency Notes)	2,04,87,163.00	1,51,00,079.00
2.	BALANCES WITH RESERVE BANK OF INDIA	0.00	0.00
	a. In Current Accounts	63,56,67,691.11	53,88,17,691.11
	b. In Other Accounts	0.00	0.00
	TOTAL	**65,61,54,854.11**	**55,39,17,770.11**

For R K Deepak & Co.
Chartered Accountants

sd/-
(Abdul Rashid Bhat)
General Manager (GB & IT)

sd/-
(Mushtaq Ahmad Malik)
General Manager (Credit)

sd/-
(Arshadul Islam)
Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 7 BALANCE WITH BANKS & MONEY AT CALL & SHORT NOTICE

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1	**IN INDIA**		
I	BALANCES WITH BANKS		
A	In Current Accounts	7,66,14,250.15	9,27,38,311.95
	In Remittance in Transit		
B	In Other Deposit Accounts	1,55,35,58,144.00	1,20,35,02,385.00
II	Money at Call & Short Notices	0.00	0.00
A	With Banks	0.00	0.00
B	With Other Institutions	0.00	0.00
	TOTAL (I&II)	**1,63,01,72,394.15**	**1,29,62,40,696.95**
2	**OUTSIDE INDIA**		
i	In Current Accounts	0.00	0.00
ii	In Other Deposit Accounts	0.00	0.00
iii	In Other Deposit Accounts	0.00	0.00
	TOTAL	**0.00**	0.00
	GRAND TOTAL (1&2)	**1,63,01,72,394.15**	**1,29,62,40,696.95**

For R K Deepak & Co.
Chartered Accountants

sd/-
(Abdul Rashid Bhat)
General Manager (GB & IT)

sd/-
(Mushtaq Ahmad Malik)
General Manager (Credit)

sd/-
(Arshadul Islam)
Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 8 INVESTMENTS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1.	**INVESTMENTS IN INDIA**		
i	Govt. Securities	6,06,68,29,314.62	6,13,11,02,703.08
ii	Other approved securities	0.00	0.00
iii	Shares	0.00	0.00
iv	DEBENTURES & BONDS		
v	Subsidiaries and/or joint ventures	0.00	0.00
vi	Others (to be specified)	0.00	0.00
	(a) With Post Office	0.00	0.00
	(b) With Other Banks	0.00	0.00
	Mutual Fund	5,00,000.00	0.00
	Gratuity Trust Fund	0.00	0.00
	TOTAL	**6,06,73,29,314.62**	**6,13,11,02,703.08**
2.	**INVESTMENTS OUTSIDE INDIA**		
i	Govt. Securities	0.00	0.00
	(Including local authorities)		
ii	Subsidiaries and/or joint ventures abroad	0.00	0.00
iii	Other Investment (to be specified)	0.00	0.00
	TOTAL	**0.00**	**0.00**
	GRAND TOTAL (1+2)	**6,06,73,29,314.62**	**6,13,11,02,703.08**
	(A) Held to Maturity	2,47,15,95,637.95	2,47,59,56,188.99
	(B) Held for Trading	0.00	0.00
	(C) Available for Sale	3,59,52,33,676.67	3,65,51,46,514.09
	(D) Others	0.00	0.00
	TOTAL	**6,06,68,29,314.62**	**6,13,11,02,703.08**

For R K Deepak & Co. Chartered Accountants	sd/- (Abdul Rashid Bhat) General Manager (GB & IT)	sd/- (Mushtaq Ahmad Malik) General Manager (Credit)	sd/- (Arshadul Islam) Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 9 ADVANCES

(Amt. in ₹)

	Current Year As at 31.03.2023	Previous Year As at 31.03.2022
A		
i. Bills Purchased & Discounted	0.00	0.00
ii. Cash Credit Over drafts & Loans repayable on demand	3,61,03,25,880.08	3,77,36,50,697.49
iii. Term Loans	2,54,38,03,726.36	1,45,87,75,823.19
TOTAL	**6,15,41,29,606.44**	**5,23,24,26,520.68**
B		
i. Standard	5,79,27,80,164.38	4,83,53,63,207.17
ii. Sub-Standard	12,53,09,590.43	18,29,83,446.80
iii. Doubtful	23,60,39,851.63	21,40,79,866.71
iv. Loss	0.00	0.00
TOTAL	**6,15,41,29,606.44**	**5,23,24,26,520.68**
C		
Advance in India		
i. Priority Sector	5,29,52,74,067.61	4,87,30,50,004.29
ii. Public Sector	0.00	0.00
iii. Banks	0.00	0.00
iv. Others	85,88,55,538.83	35,93,76,516.39
TOTAL	**6,15,41,29,606.44**	**5,23,24,26,520.68**
D		
Advance Outside India		
i. Due from Banks	0.00	0.00
ii. Due from Others	0.00	0.00
iii. Bills purchased & discounted	0.00	0.00
iv. Syndicated Loans	0.00	0.00
v. Others	0.00	0.00
TOTAL	**0.00**	**0.00**
Additional Information	0.00	0.00
i. Secured by tangible assets	5,59,95,04,364.48	5,05,27,70,643.69
ii. Covered by Bank/ Government	0.00	0.00
Guarantees	0.00	0.00
iii. Unsecured	55,46,25,241.96	17,96,55,876.99
GRAND TOTAL (C&D)	**6,15,41,29,606.44**	**5,23,24,26,520.68**

For R K Deepak & Co.	sd/-	sd/-	sd/-
Chartered Accountants	**(Abdul Rashid Bhat)**	**(Mushtaq Ahmad Malik)**	**(Arshadul Islam)**
	General Manager (GB & IT)	General Manager (Credit)	Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 10 FIXED ASSETS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
1	**PREMISES**		
i	At cost as on 31st March of the preceding year	0.00	0.00
ii	Additions during the year	0.00	0.00
iii	Deductions during the year	0.00	0.00
iv	Depreciation to date	0.00	0.00
2.	**OTHER FIXED ASSETS**		
	Including furniture & fixture		
i	At cost as on 31st March of the preceding year	11,68,37,729.96	10,51,49,523.96
ii	Additions during the year	52,13,697.30	1,16,88,206.00
iii	Deductions during the year	0.00	0.00
	TOTAL	**12,20,51,427.26**	**11,68,37,729.96**
iv	Depreciation to date	9,14,83,771.26	8,53,26,222.13
	TOTAL (1+2)	**3,05,67,656.00**	**3,15,11,507.83**

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 11 OTHER ASSETS

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
i	Inter Office Adjustment (Net)	0.00	0.00
ii	Interest Accrued	14,17,10,741.42	12,98,31,788.86
iii	Tax paid on Advance/ Tax deducted at source	0.00	0.00
iv	Stationery & Stamps	5,91,088.00	13,58,368.00
v	Non Banking Assets required in Claims	0.00	0.00
vi	Others		
	a) Accumulated losses	3,42,08,16,576.95	3,00,56,80,004.49
	b) Others	14,19,79,831.95	14,68,40,713.89
	TOTAL	**3,70,50,98,238.32**	**3,28,37,10,875.24**

For R K Deepak & Co. *Chartered Accountants*	sd/- **(Abdul Rashid Bhat)** General Manager (GB & IT)	sd/- **(Mushtaq Ahmad Malik)** General Manager (Credit)	sd/- **(Arshadul Islam)** Chairman

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE - 12 CONTINGENT LIABILIITES

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
i	Claims against the Banks not acknowledge as debts	0.00	0.00
ii	Liability for partly paid investments.	0.00	0.00
iii	Liability on account of outstanding forward exchange contracts.	0.00	0.00
iv	Guarantees given on behalf of constituents	0.00	0.00
v	a. In India	0.00	0.00
	b. Outside India	0.00	0.00
vi	Acceptances endorsements and other obligations	0.00	0.00
vii	Other items for which the bank is contingently liable	14,43,83,351.10	14,51,67,583.00
	TOTAL	**14,43,83,351.10**	**14,51,67,583.00**

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE - 13 INTEREST EARNED

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
i	Interest/ discount on advances/bills	56,83,13,529.65	38,74,10,798.74
ii	Income on Investments	41,18,18,636.42	41,23,48,375.04
iii	Interest on balances with Reserve Bank of India	0.00	0.00
iv	Other inter bank funds	4,09,01,977.84	3,45,56,023.85
v	Others	2,02,50,000.00	2,28,16,000.00
	TOTAL	**1,04,12,84,143.91**	**85,71,31,197.63**

For R K Deepak & Co. Chartered Accountants	sd/- (Abdul Rashid Bhat) General Manager (GB & IT)	sd/- (Mushtaq Ahmad Malik) General Manager (Credit)	sd/- (Arshadul Islam) Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 14 OTHER INCOME

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2023
i	Commission; exchange & brokerage	4,78,93,101.11	4,48,16,148.87
ii	Profit on Sale of Investments	0.00	13,81,56,510.00
	less: loss on sale of investments		
iii	Profit on revaluation of Investments	0.00	0.00
	less: loss on revaluation of investments		
iv	Profit on sale of land, building & other assets	0.00	0.00
	less: loss on sale of land, building & other assets		
v	Profit on exchange transactions	0.00	0.00
	less: loss on exchange transactions		
vi	Income earned by way of dividends etc from subsidiaries companies & joint ventures abroad/ in India	0.00	0.00
vii	Miscellaneous Income	0.00	0.00
	a. Locker Rent	32,50,438.33	0.00
	TOTAL	**5,11,43,539.44**	**18,29,72,658.87**

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 15 INTEREST EXPENDED

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
i	Interest on deposit	54,14,10,970.24	51,74,47,176.50
ii	Interest on Reserve Bank of India	0.00	0.00
iii	Inter Bank Borrowings	0.00	0.00
iv	Others (NABARD & SBI refinance)	19,84.027.00	0.00
	TOTAL	**54,33,94,997.24**	**51,74,47,176.50**

For R K Deepak & Co.	sd/-	sd/-	sd/-
Chartered Accountants	**(Abdul Rashid Bhat)**	**(Mushtaq Ahmad Malik)**	**(Arshadul Islam)**
	General Manager (GB & IT)	General Manager (Credit)	Chairman

ELLAQUAI DEHATI BANK, SRINAGAR

SCHEDULE - 16 OPERATING EXPENSES

(Amt. in ₹)

		Current Year As at 31.03.2023	Previous Year As at 31.03.2022
i	Payment to and provisions for employees	31,84,05,739.40	36,02,39,597.98
ii	Rent, Taxes & Lighting	3,19,83,454.30	3,14,23,016.51
iii	Printing & Stationery	29,65,385.00	14,49,880.60
iv	Advertisement & Publicity	2,06,918.00	39,084.00
v	Depreciation on Bank's Property	61,57,549.13	1,08,01,700.50
vi	Director's Fee allowances & Exp.	0.00	0.00
vii	Auditor's Fee & Expenses (Including Branch auditors)	11,47,600.00	9,21,268.00
viii	Law Charges	10,24,902.00	2,71,296.00
ix	Postage, Telegrams, Telephone, etc.	5,92,674.28	6,29,067.96
x	Repair & Maintenance	5,16,978.00	2,99,665.00
xi	Insurance	2,25,80,121.00	2,20,85,666.00
xii	Other Expenditure	7,88,93,802.70	7,45,75,925.71
	TOTAL	**46,44,75,123.81**	**50,27,36,168.26**
	ADDITIONAL INFORMATION		
	a) Loss on account of non-reimbursement of CBS share by SBI	0.00	0.00
	b) Provision for pension	27,10,00,119.00	25,24,58,196.19
	c) NPA Provisions during the year.	5,24,44,999.21	10,69,15,259.40
	d) NPA Loan Provisions	45,14,78,984.39	42,50,62,122.12
	e) Investment Provisions (MTM)	17,62,49,016.55	0.00
	f) Amortization on securities	36,53,516.50	39,61,514.84
	g) Other provisions	0.00	0.00

For R K Deepak & Co.
Chartered Accountants

sd/-
(Abdul Rashid Bhat)
General Manager (GB & IT)

sd/-
(Mushtaq Ahmad Malik)
General Manager (Credit)

sd/-
(Arshadul Islam)
Chairman

ELLAQUAI DEHATI BANK
Head Office: Barzulla Srinagar

SCHEDULE-17
Significant Accounting Policies

1.Basis of Preparation

The financial statements have been prepared under the historical cost convention conforming to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions of applicable laws including that of Banking Regulation Act and RRB Act 1976, regulatory / RBI & Sponsor Bank (SBI) guidelines, Accounting Standards/guidelines, notes issued by the Institute of Chartered Accountants of India (ICAI).

2. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period management believes that the estimates used in the preparation of the financial statements are prudent & reasonable.

3. Income Recognition

Income and expenditure are accounted for on accrual basis unless otherwise stated.

(a) Interest and other income on advances classified as non-performing assets are recognized to the extent realized in accordance with guidelines issued by Reserve Bank of India.

(b) Recovery in non-performing advances is appropriated first towards the interest including the derecognized interest & thereafter towards

  i) Arrear in installments of Term loan

  ii) Irregularities in other accounts.

(c) Deposits on maturity are auto renewed by the system and interest is paid at applicable rates less by penal interest at the time of premature encashment.

(d) Income from sale of Mutual Funds, fees, commission, locker rent and insurance claims are recognized on realization basis.

(e) Unforeseen expenses are accounted for in the year of payment.

(f) Stationery issued to branches has been considered as consumed.

(g) The expenses on account of Insurance on assets are not distinguished between pre-paid and paid, as per the consistent policy followed by the Bank. The effect of the same is not material on the financial statements as per the management.

4. Profit And Loss Account

The net profit/ loss disclosed in the profit and loss account is after providing for

a) Provision against advances

b) Amortization on Investments

c) Other usual and necessary provisions.

5. Advances and Provisions thereon

a) Loans and Advances are classified as performing and non-performing, based on the guidelines issued by RBI. Non Performing Assets (NPA) is classified into sub-standard, doubtful and loss assets, based on the criteria stipulated by RBI.

i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

b) Provisions are made for NPAs as per the guidelines prescribed by the regulatory supervisory authorities at rates as stipulated by NABARD.

c) NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

   i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

   ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

   iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

d) Advances are shown net of provisions and interest not collected (INC) provisions on Non-performing Assets (NPAs)

e) In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

f) A general provision of 0.40% is made on Standard Assets on Loan portfolio excluding SME and Direct Agricultural Advances, where provision of 0.25% is made.

g) Amounts recovered against debts written off in earlier years are recognised as revenue for the year.

h) In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

I) Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority:

   a. Charges,

   b. Unrealized Interest/ Interest,

   c. Principal.

6. Investments

a) Keeping in view the statutory obligations of the Bank, investments have been made as per the guidelines of Reserve Bank of India, NABARD and Sponsor Bank.

b) All Government securities are held in 'Held to Maturity' category & AFS category in conformity with the guidelines of the Reserve Bank of India for purpose of SLR. Also guidelines for classifications and valuation of investments complied by the Bank. The Income on these investments have been computed/ provided for on the basis of accrued interest, at the applicable rate of interest.

c) Transfer of securities from HFT / AFS category to HTM category is carried out at the lower of acquisition cost / book value / market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price / book value. After transfer, these securities are immediately re-valued and resultant depreciation, if any, is provided.

d) Investments under AFS and HFT category: Investments under AFS and HFT category are individually re-valued at market price or fair value determined as per regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and debentures, and (v) others) is provided for and net appreciation, is ignored.

e) Investments have been valued at their original cost less amortization wherever these are purchased at premium and where they have been purchased at a discount, the discount value is considered as income at the time of maturity.

f) Investments in Mutual Funds (SBI Magnum Ultra Short Duration Fund) have been valued at NAV declared at the close of the day.

7. Fixed Assets & Depreciation

a) Fixed assets are carried at cost less accumulated depreciation.

b) Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefits from such assets or their functioning capability.

c) Depreciation on assets and additions therein, is charged off after applying SLM rates and where the asset has been put to use for less than 182 days, depreciation at 50% of the applicable rate has been charged. The computer software, not forming an integral part of computers has been depreciated at the normal rate applicable to computers.

d) The depreciation rates are based on useful life of the assets on the SLM are as under:

Nature of Assets	Rate	Estimated Useful Life (years)
Vehicles	20%	5
Safe Deposits lockers , fire proof data safe, Strong room, strong room doors	5%	20
Furniture and Fixtures other than Electrical fittings and fixtures	10%	10
Electrical fittings and fixtures	20%	5
Computers	33.33%	3
Computer Software forming integral part of Hardware	33.33%	3
Other Computer Software	33.33%	3

e) Items costing less than 1,000/- each are charged off in the year of purchase.

8. Staff Benefits

a) Short term employee benefits are charged to revenue in the year in which the related service is rendered.

b) Long term employee benefits :

a. **Provident Fund**: Provident fund is a defined contribution scheme as the Bank pays fixed contribution at predetermined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to Profit and Loss account

b. **Gratuity:** The Bank is providing for gratuity liability in the books as per the Accounting Standard 15 - Employee Benefits, issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognized in its books of accounts the liability on the basis of actuarial valuation carried out by an independent external actuarial valuer.

c. **Leave Salary**: The Bank provides for this on the basis of an actuarial valuation carried out by an independent external actuarial valuer.

9. Disclosures as per Accounting Standard in terms of RBI Guidelines

a) Accounting Standard -1 Disclosure of Accounting Policies

The same are disclosed as per Schedule -17

b) Accounting Standard-5, Prior Period Items and changes

There are no material prior period expenses included in profit & loss account.

c) Accounting Standard – 6

Depreciation on assets and additions therein, is charged off after applying SLM rates and where the asset has been put to use for less than 182 days, depreciation at 50% of the applicable rate has been charged. The computer software, not forming an integral part of computers has been depreciated at the normal rate applicable to computers.

d) Accounting Standard-9 Revenue Recognition

Revenue have been accounted for on accrual basis except income on non-performing assets comprising of advances which is recognized upon realization as per the prudential norms prescribed by RBI and income on investments purchased on discounted value , which is accounted for in the year of maturity of investment.

e) Accounting Standard-15 , Employee Benefits

The disclosures required under the Accounting Standard 15-"Employee Benefits" in line with the Accounting Policy are under:

Table Showing Changes in Present Value of Obligations:

	Gratuity (₹)	Leave Salary (₹)
Present value of the obligation at the beginning of the period	14,29,35,426	8,56,85,386
Interest cost	1,00,05,480	59,97,977
Current service cost	85,16,875	57,06,012
Benefits paid (if any)	0	0
Actuarial (gain)/loss	(2,12,87,502)	(98,69,945)
	14,61,945	(66,84,354)
Present value of the obligation at the end of the period	14,16,32,224	8,08,35,076

Key results (The amount to be recognized in the Balance Sheet):

	Gratuity (₹)	Leave Salary (₹)
Present value of the obligation at the end of the period	14,16,32,224	8,08,35,076
Fair value of plan assets at end of period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	14,16,32,224	8,08,35,076
Funded Status	(14,16,32,224)	(8,08,35,076)

Expense recognized in the statement of Profit and Loss:

	Gratuity (₹)	Leave Salary (₹)
Interest cost	1,00,05,480	59,97,977
Current service cost	85,16,875	57,06,012
Expected return on plan asset	(0)	(0)
Net actuarial (gain)/ loss recognized in the period	14,61,945	(66,84,354)
Expenses to be recognized in the statement of profit and loss accounts	1,99,84,300	50,19,635

The assumptions employed for the calculations are tabulated:

Discount rate	7.25% per annum
Salary Growth Rate	6.00% per annum
Mortality	IALM 2012-14
Expected rate of return	0
Withdrawal rate (Per Annum)	5.00% p.a. (18 to 30 years)
Withdrawal rate (Per Annum)	5.00% p.a. (30 to 44 years)
Withdrawal rate (Per Annum)	5.00% p.a. (44 to 60 years)

Assumptions made for Benefits valued: (For Gratuity Valuation and Leave Salary Valuation)

	Gratuity (₹)	Leave Salary (₹)
Normal Retirement Age	60 Years	60 Years
Salary	Last drawn Qualifying Salary	As per rules of the company
Vesting Period	5 Years of Service	
Benefits on Normal Retirement	15/26*salary*Past Service (Yr)	1/30 * Salary * Number of leaves
Benefit on early exit due to death and disability	As above except that no vesting Conditions apply	As above, subject to rules of the company
Limit	Without Limit	

Current liability:

	Gratuity (₹)	Leave Salary (₹)
Current Liability	3,24,93,862	1,61,71,306
Non Current Liability	10,91,38,362	6,46,63,770
Total Liability	14,16,32,224	8,08,35,076

Projections for next Period:

Best estimate for contribution during next year	99,49,757

Accounting Standard -18 Related party Disclosure

Related Party	State Bank of India	NABARD
Deposits	₹In Lakh	₹In Lakh
Current Account	587.14	0.00
Fixed Deposit	5435.58	0.00
Loan Repayment (Refinance)	0.00	500.00

f) Accounting Standard 19- Leases

The Bank has taken premises only on rental basis and are on cancellable lease only having no impact on the future years.

g) Accounting Standard -22 Accounting for taxes on Income.

In view of the accumulated losses, the management does not see any reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Hence, deferred tax is not provided in the books of accounts.

h) Accounting Standard-28- Impairments of Assets

There is no material impairment in the Cash generating assets of the Bank and hence, no provision is required.

I) Accounting Standard-29 -Provisions, Contingent Liabilities and Contingent Assets

a) The Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

For R K Deepak & Co. **Chartered Accountants**	**sd/-** **(Abdul Rashid Bhat)** General Manager (GB & IT)	**sd/-** **(Mushtaq Ahmad Malik)** General Manager (Credit)	**sd/-** **(Arshadul Islam)** Chairman
sd/- **(CA Ketan Khanna)** (Partner) Membership No.548347 Firm Registration No. 003145N	sd/- Director sd/- Director	sd/- Director sd/- Director	sd/- Director sd/- Director
Place: Srinagar Date: 17.04.2023	Director	Director	Director

ELLAQUAI DEHATI BANK, SRINAGAR
SCHEDULE-18 NOTES ON ACCOUNTS

1. One Fraud has taken place in our bank during the financial year 2022-23.
2. **Inter office account:** Inter Office Accounts between branches and Head Office is being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.
3. **Inter Bank Participation Certificate (IBPC) / PSLC**

   Bank hasn't issued/ participated in IBPC this year. However, transaction of Rs. 90.00 crores has been done under PSLC through E-Kuber Portal of the Reserve Bank of India as under:

   PSLC SM (Sale) Rs. 90.00 Cr

   PSLC G (Buy) Rs. 0.00 Cr

   ➢ An amount of Rs. 202.50 Lakh has been earned as premium in this process during the year 2022-23.
4. Other assets in Schedule -11 to the Balance Sheet include unsecured staff festival advance of Rs. 48.53 Lakh and Dacoity & theft claims of Rs. 36.51 Lakh at various branches as on 31.03.2023.

5. Contingent Liabilities

Claims against the Bank not acknowledged as debts	The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial Banking the Bank issues endorsements and other documentary credits and guarantees obligations on behalf of its customer's on the basis of credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	The Bank is a party to various taxation matters in respect of which appeals are pending. These are contested by the Bank and not provided for due to uncertainty of the amount involved. The Bank has provided an amount of Rs. 1416.32 to gratuity trust fund as per valuation carried out by actuarial as on 31.03.2023.
The Depositors Education and Awareness Fund Scheme 2014-Selection 26A of B.R. Act 1949	Bank has calculated the cumulative balances in all eligible accounts and transferred the amounts as per guidelines issued by (RBI). As on 31.03.2023 and amount of Rs. 27.51 Lakh is outstanding in this account
Secured Bank Guarantee	Bank has not issued any Bank Guarantee.

6. Depreciation of Rs. 61.58 lakhs on fixed assets has been made in the year 2022-23. The amount of depreciation has been arrived at in line with the accounting policies followed by the State Bank of India.

   An amount of Rs. 8.89 lakh has been adjusted against liability of Rs. 76 lakh received under FIF from NABARD for six mobile vans purchased during the financial year 2018-19 & 2021-22 (3 Each).

7. Various other expenses amounting to Rs. 788.94 lakh pertaining to the financial ending 31.03.2023 have been provided for.

8. As per the schedule-8 Bank has invested the new investments to TDR's with other Bank's under Non-SLR category, which is provided for in the investment policy.

(Amt. in ₹)

Particulars	FY 2022-23	FY 2021-22	FY 2020-21
TDR with Banks	1,55,35,58,144.00	1,20,35,02,385.00	1,38,69,32,171.00
Govt. Securities	6,06,68,29,314.62	6,13,11,02,703.08	5,84,93,32,390.20
Liquid Mutual Fund	5,00,000.00	0.00	0.00
Gratuity Fund Trust	0.00	0.00	0.00

- The interest income from investments in Govt. Securities is Rs. 4118.19 lakh as 31.03.2023.
- Accordingly the interest income from term deposits is Rs. 409.02 lakh as 31.03.2023.

9. The gratuity and leave salary provisions have been created on the basis of Actuarial calculation made by M/S Ashok Kumar Garg (Actuary). The details of calculations are provided under Schedule-17.

10. Bank has made a provision of Rs. 27,10,00,119.00 on account of pension commutation liability that has accrued as a result of adoption of Pension Scheme in the Bank and publishing of the same as GOI Gazette notification during the financial year 2018-19.

11. Previous year's figures have been re-grouped and reclassified, wherever necessary and determinable, to make them comparable with current year's figures.

For R K Deepak & Co.
Chartered Accountants
FRN: 003145N

sd/-	**sd/-**	**sd/-**	**sd/-**
(CA Ketan Khanna)	**(Abdul Rashid Bhat)**	**(Mushtaq Ahmad Malik)**	**Arshadul Islam**
Partner	General Manager (GB & IT)	General Manager(Credit)	Chairman
Membership Number: 548347			

Palace: Srinagar
Date: 17-04-2023

ENCLOSURE TO THE NOTES ON ACCOUNTS (AS ON 31.03.2023)

(A) Prudential guidelines on management of the Non-SLR Investment Portfolio by RRBs
Disclosures requirements. (vide Paragraph 15 of the Guidelines)

A. Capital

S.No.	Particulars	Financial year (2022-23)	Financial year (2021-22)	Financial year (2020-21)
(I)	CRAR (%)	-2.83%	-1.21%	-8.22%
(ii)	Percentage of Shareholding of the			
a	Government of India	50%	50%	50%
b	State Government	15%	15%	15%
c	Sponsor Bank (State Bank of India)	35%	35%	35%

B. Investments:

(In Lakhs)

S.No.	Particulars	Financial year (2022-23)	Financial year (2021-22)	Financial year (2020-21)
1	Value of Investments	76209	73346	72363
I	Gross Value of Investments	76209	73346	72363
ii	Provisions for Depreciation	1762	NIL	NIL
iii	Net Value of Investments	74447	73346	72363
2	Movement of provision held towards depreciations on investments	NIL	NIL	NIL
I	Opening Balance	0.00	NIL	NIL
ii	Add : Provisions made during the year	1762	NIL	NIL
iii	Less : Write off/ write back of excess provision during the Year	0.00	NIL	NIL
iv	Closing Balance	1762	NIL	NIL

C. Maintenance of S.L.R. under "Held To Maturity" Category at the end of Year: **(In Lakhs)**

S.No.	Particulars	Amount
1	NDTL as on 31.03.2023	144034
2	Required S L R (18.00% of NDTL) to be kept under HTM w.e.f. 27.03.2020)	25926
3	Investment under Held to Maturity as on 31.03.2023	24745
4	Percentage to NDTL held in HTM Category	17.18%
5	Investment under AFS as on 31.03.2023	35960

D. Repo Transactions: **NIL**

E. Non SLR Investment Portfolio:

(i) Issuer composition of Non SLR Investment: **(In Lakhs)**

No.	Issuer	Amount	Extent of Private placement	Extent of below investment grade securities	Extent of unrated securities	Extent of unlisted securities
1	2	3	4	5	6	7
(i)	PSUs		-	-	-	-
(ii)	FI,S		-	-	-	-
(iii)	Banks		-	-	-	-
(iv)	Private Corporate		-	-	-	-
(v)	NABARD	0.00				
	SBI Mutual Fund (Magnum Insta Cash)	5.00				
	Gratuity Trust Fund (SBI)	0.00	-	-	-	-
(vi)	Provisions held towards depreciation	1762.49	-	-	-	-
	Total	**1767.49**	**-**	**-**	**-**	**-**

(ii) Non-performing Non-SLR Investments: **NIL**

6. ASSETS QUALITY:

6.1 Non-Performing Assets: **(In Lakhs)**

No.	Particulars	Financial Year (2022-23)	Financial Year (2021-22)	Financial Year (2020-21)
I)	Net NPAs to Net Advances (%)	5.87	7.59	10.80
ii)	Movement of NPAs (Gross)			
a)	Opening balance	8221	8913	9697
b)	Additions during the year	3345	9439	1467
c)	Reductions during the year	3438	10131	2251
d)	Closing balance	8128	8221	8913
iii)	Movements of Net NPAs			
a)	Opening balance	3971	4973	6184
b)	Additions during the year	3011	8495	767
c)	Reductions during the year	3369	9497	1978
d)	Closing balance	3613	3971	4973
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
a)	Opening balance	4251	3940	3513
b)	Provisions made during the year	1097	1048	980
c)	Write-off/ Write-back of excess provisions	-833	-737	-553
d)	Closing balance	4515	4251	3940

6.2 Details of Loan Assets subject to Restructuring upto 31.03.2023 : NIL

6.3 Details of financial assets sold to Securitization (SC)/ Reconstruction Company (RC) : Nil

6.4 Details of non-performing financial assets purchased/ Sold:

(A) Details on non performing financial assets purchased : Nil

(B) Details of non-performing financial assets sold : Nil

6.5 Provision on Standard Asset :

(In Lakhs)

S.No.	Particulars	Current year (2022-23)	Previous year (2021-22)
1.	Provisions towards Standard Assets	153	130

7. Business Ratio:

(In Lakhs)

S.No.	Particulars	Current year (2022-23)	Previous year (2021-22)
I)	Interest Income as a percentage to working Funds.	7.64	6.63
ii)	Non-interest income as a percentage of working funds.	0.37	1.42
iii)	Operating Profit as a percentage of working funds	0.62	0.16
iv)	Returns on Assets	-3.84	-2.13
v)	Business (Deposits plus advances) per employee	675	604
vi)	Profit per employee	-13.75	-11.02

8. Asset Liability Management – Maturity pattern of certain items of Assets and liabilities

(In Lakhs)

Particulars	1 to 14 days	15 to 28 days	29 to 3 months	3-6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 year	Total
Deposits	8230.69	1997.98	9862.96	11119.05	24675.37	77845.99	2262.28	1789.29	**137783.41**
Gross Advances	6109.06	31.59	150.56	260.56	35242.06	3018.06	9387.53	11856.67	**66056.09**
Investments (SLR + Non SLR)	1901.40	300.00	244.78	6064.80	7199.62	625.30	4487.98	55384.99	**76208.87**
Borrowings	0.00	0.00	0.00	0.00	5000.00	0.00	0.00	0.00	**5000.00**
Foreign Currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**NIL**
Foreign currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**NIL**

9. Exposures – Exposure to Real Estate Sector: NIL

10 .Details of Single Borrower (SGL) Group Limit (GBL) exceeded by the bank: NIL

11. Miscellaneous – Amount of provisions made for Income-tax during the year.

(In Lakhs)

S.No.	Particulars	Current year (2022-23)	Previous year (2021-22)
	Provision for Income Tax	NIL	NIL

12. Disclosure of Penalties imposed by RBI: Nil

13. Draw Down from Reserve: NIL

14.Disclosure of Complaints:

A. Customer Complaints

S.No.	Particulars	Details
A	No. of complaints pending at the beginning of the year	0
B	No. of complaints received during the year.	0
C	No. of complaints redressed during the year.	0
D	No. of complaints pending at the end of the year.	0

B. Award passed by the Banking Ombudsman

S.No.	Particulars	Details
A	No. of unimplemented Awards at the beginning of the year.	NIL
B	No. of Awards passed by the Banking Ombudsman during the year.	NIL
C	No. of Awards implemented during the year.	NIL
D	No. of unimplemented Awards at the end of the year.	NIL

15. Disclosure of DEAF Accounts : Quarter ended upto 31.03.2023

With reference to Reserve Bank of India Circular RBI/2013-14/614 DBOD. No. DEAF Cell. BC114/30.01.002/2013-14 dated 27.05.2014 banks have been calculating the cumulative balance of all eligible unclaimed deposit accounts along with earliest accrued and remitting the same under Portal facility of the E-Kuber through State Bank of India (Sponsor Bank) to a designated account "DEAF Account 16/00/006009 maintained with Reserve Bank of India.

The amounts transferred to DEAF Accounts are as under:

(In Lakhs)

S. No.	Particulars	Current year (2022-23)	Current year (2021-22)
1.	Opening Balance and transferred to DEAF	22.32	23.17
2.	Add : Amount transferred to DEAF during the year	5.19	0.00
3.	Less Amount reimbursed by DEAF towards claim during the year	0.00	0.85
4.	Closing Balance of Amounts transferred to DEAF	27.51	22.32

16. Concentration of Deposits

(In Lakhs)

Total Deposits of twenty largest depositors	2819.00
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	2.05%

17. Concentration of Advances

(In Lakhs)

Total Advances to twenty largest borrowers	931
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	1.41%

18. Concentration of Exposures

(In Lakhs)

Total Exposures of twenty largest borrowers/customers	931
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	1.41%

19. Concentration of NPAs

(In Lakhs)

Total Exposure to top four NPA accounts	284

20. Sector-wise N P A

(In Lakhs)

S.No.	Sector	Current year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A.	**Priority Sector**						
1.	Agriculture and allied activities	24636	3144	12.76	24798	3339	13.46
2.	Advances to industries sector eligible as priority sector lending	28942	4633	16.01	24847	4210	16.94
3.	Services	0.00	0.00	0.00	0.00	0.00	0.00
4.	Personal loans	3626	50	1.38	2745	114	4.15
	Sub-total (A)	**57204**	**7827**	**13.68**	**52390**	**7663**	**14.63**
B.	**Non-Priority Sector**						
1.	Agriculture and allied activities	0	0	0	0	0	0
2.	Industry	0	0	0	0	0	0
3.	Services	0	0	0	0	0	0
4.	Personal loans	8852	301	3.40	4185	558	13.33
	Sub-Total (B)	**8852**	**301**	**3.40**	**4185**	**558**	**13.33**
	Total (A+B)	**66056**	**8128**	**12.31**	**56575**	**8221**	**14.53**

21. Movement of NPAs

Particulars	**Amount (In Lakhs)**
Gross NPAs as on 1st April of particular year (Opening balance)	8221
Additions (Fresh NPAs) during the year	3345
Sub-Total (A)	11566
Less:	
I.) Upgradation	2357
ii.) Recoveries (Excluded recoveries made from upgraded accounts)	944
iii.) Write-offs	137
Sub Total (B)	**3438**
Gross NPA as on 31st March 2023 (A-B)	**8128**

For R K Deepak & Co.
Chartered Accountants
FRN: 003145N

sd/-
(CA Ketan Khanna)
Partner
Membership Number: 548347
Palace: Srinagar
Date: 17-04-2023

sd/-
(Abdul Rashid Bhat)
General Manager (GB & IT)

sd/-
(Mushtaq Ahmad Malik)
General Manager (Credit)

sd/-
Arshadul Islam
Chairman