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Letter of Transmittal

Utkal Grameen Bank

Head Office : Bolangir

Date : 31.07.2020

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

Dear Sir,

In accordance with the provisions of Section 20 of the Regional Rural Bank Act 1976, I forward herewith the following documents.

A Report of Board of Directors as to the Bank's working and its activities during the period 1st April 2019 to 31st March 2020.

A copy of the audited Balance Sheet and Profit & Loss Account for the year ended 31st March 2020.

A copy of the Auditor's report in relation to the Bank's accounts for the period 1st April 2019 to 31st March 2020.

Yours faithfully,

(Ranjit Kumar Mishra)
Chairman

**BOARD OF DIRECTORS****Shri Ranjit Kumar Mishra
CHAIRMAN****NOMINEE OF RBI**

- 1. Shri Priyaranjan**
Deputy General Manager, RBI,
Bhubaneswar

NOMINEE OF NABARD

- 2. Shri V. Balasubramanian**
Deputy General Manager, NABARD,
Regional Office, Odisha
Bhubaneswar.

NOMINEES OF SPONSOR BANK

- 3. Shri A.K. Agrawal**
Deputy General Manager
(FI & MFI), State Bank of India,
Local Head Office, Bhubaneswar.
- 4. Shri S. Tiwari**
Deputy General Manager,
Associates & Subsidiaries Group
State Bank of India,
Corporate Center, Mumbai

NOMINEES OF GOVT. OF ODISHA

- 5. Shri P.K. Biswal, IAS**
Director, Institutional Finance &
Spl. Secretary to Govt. of Odisha,
Bhubaneswar
- 6. VACANT**

STATUTORY AUDITORS

Agasti & Associates
UCN 260360
97 Bhoi Nagar, Unit-9
Bhubaneswar

BRANCH AUDITORS

- | | | |
|--------------------------------|------------------------------------|-------------------------------------|
| 1. M/s Jagadish Mittal & Co. | 9. M/s Gudla & Associates | 17. M/s Sanjay Shradha & Associates |
| 2. M/s Roshan Lal & Associates | 10. M/s BCP & Associates | 18. M/s AKAHSB & Associates |
| 3. M/s Ramakrushna Patra & Co. | 11. M/s Pratyush & Associates | 19. M/s Laldash & Co. |
| 4. M/s Chhapdia & Associates | 12. M/s Sailesh Agrawal & Co. | 20. M/s ASP & Associates |
| 5. M/s AD Agrawal & Company | 13. M/s GSCS & Associates | 21. M/s RPA & Associates |
| 6. M/s SABD & Associates | 14. M/s M.K. Didwania & Associates | 22. M/s BKA & Associates |
| 7. M/s AASA & Associates | 15. M/s SCP & Co. | 23. M/s Amit Ram Pratap & Co. |
| 8. M/s KD Lath & Co. | 16. M/s Manas Dash & Co. | 24. M/s Rupesh Rajesh & Co. |



Regional Offices

Berhampur

Harsha Arcade, Subbarao Square
Berhampur
Ganjam - 760001
Tel 0680-2220292
ugbbam@gmail.com

Jeypore

Maharanipeta, Near Sarojini Bhawan,
At/PO - Jeypore - 764001
Dist. Koraput
Tel 06854-232607
ugbrojey@gmail.com

Bargarh

Near Khajurtikira Shiva Mandir
At/PO/Dist. Bargarh - 768028
Tel 06646-246875
ugbrobrgh@gmail.com

Bolangir

Palace Line, Near Durga Mandap
At/PO/Dist. Bolangir 767001
Tel 06652-232792
ugb.ro.bgr@gmail.com

Rayagada

Ramakrishna Nagar
At/PO/Dist. Rayagada - 765001
Tel 06856-235418
ugbrorgd@gmail.com

Sambapur

At. Infront of Poddar Petrol Pump
Cuttack Road, Dhanupali
PO. Dhanupali, Dist. Sambalpur
Tel 0663-2411871
ugbreg1sbp@gmail.com

Phulbani

Penji Sahi, FCI Road
At/PO. Phulbani
Dist. Kandhamal 766001
Tel 06842-254079
ugbrophulbani@gmail.com

Bhawanipatna

Bahadur Bagicha Pada
Bhawanipatna
Dist. Kalahandi
Tel 06854-232607
ugbro.bpt@gmail.com



Highlights - 2019-20

1. Total Business of the Bank has reached a level of Rs 9941.26 crores with a growth of Rs 549.37 cr @ 5.85% (Rs 418.95 cr @ 4.67%)
2. Deposits at Rs. 7047.06 Crore increased by Rs 550.91 Crore at 8.48% from Rs 6496.15 Crore.
3. The share of CASA has increased to 59.15% from 57.54%
4. Advances at Rs.2894.19 Crore decreased by Rs 1.54 Crore at -0.05% from Rs.2895.73 Crore.
5. Net Loss reduced from Rs. -377.43 cr to Rs. -139.49 @ 63.04%
6. Gross NPAs reduced to Rs 810.37 Crore (28.00%) as on 31.3.2020 from Rs 877.28 Crore (30.30%).
7. Net NPAs decreased to Rs.309.37 Cr (12.93%) from Rs.463.79 Cr (18.68%).
8. Provision Coverage Ratio increased to 71.79% from 56.21%
9. Cost of deposits decreased to 5.01% as on 31.3.20 from 5.35%.
10. Business per Branch Rs.22.85 cr (21.44 Cr)
11. Business per Employee Rs 6.69 cr (5.69 Cr)
12. Net Profit per Employee Rs -9.39 Lakh (-22.87 Lakh)
13. Net worth improved to Rs.-33.32 Cr as on 31.3.20 from Rs.-288.58 Cr as on 31.3.19 @ 88.45%.
14. Return on Assets improved to -1.85% as on 31.3.20 from -5.10%.
15. Return on Equity improved to -20.51% as on 31.3.20 from -92.21%.
16. Yield on advances improved to 7.59% as on 31.3.20 from 4.80%.
17. Cost to Income Ratio (Expenses Ratio) has improved to 75.82% from 161.47%.
18. NII has improved by 204.10% during this year, increasing from Rs 57.14 crore in 2018-19 to Rs. 173.76 crore as on 31.03.2020.
19. NIM has improved to 2.52% as on 31.3.20 from 0.86%.
20. Capital Adequacy Ratio at -1.34 as on 31.3.20 improved by 88.68% vis-à-vis -11.83% as on 31.3.2019.
21. Credit to Agriculture at Rs. 2001.21 Cr (Rs 1957.71 Cr)
22. Disbursed Rs 1021.66 Crore to agriculture (Rs 912.72 Cr)
23. No. of Agriculture borrowers 320395 (329732).
24. No. of SHGs 34690 (32373).
25. SHG Loan outstanding reach Rs 358.56 crore (Rs 341.72 Cr)
26. Under Branch Rationalisation, 3 loss making Branches were merged with nearby Branches. Total number of Branches reduced from 438 to 435.

(Figures in brackets pertain to previous FY)

**KEY PERFORMANCE INDICATORS**

(Rs. in '000)

	2017-18	2018-19	2019-20
A. KEY PERFORMANCE INDICATORS			
1. No. of District covered	17	17	17
2. No. of branches	442	438	435
a) Rural	371	365	365
b) Semi Urban	54	56	54
c) Urban	17	17	16
3. Total staff(Excluding Sponsor Bank staff)	1691	1650	1486
of which Officers	798	761	675
4. Deposits	58562751	64961541	70470647
Growth %	5.48	10.93	8.48
5. Borrowing outstanding	187116	64678	2705
6. Gross Loan & Advances outstanding	31166619	28957326	28941913
Growth %	0.91	-7.09	-0.05
of 6 above, loans to Priority sector	28891328	26988518	26738811
of 6 above, loans to Non Target Group	10842866	10080045	10043102
of 6 above, loans to SC/ST	12154988	11293357	11287346
of 6 above, loans to SF/MF/AL	15251917	14508622	14928966
of 6 above, loans to Minorities	607134	582042	594124
7. CD Ratio	53.22	44.58	41.07
8. Investments Outstanding	29341909	37298334	43208870
SLR Investments Outstanding	23404666	32623472	36240684
Non SLR Investments Outstanding	5937243	4674862	6968186
B. AVERAGE			
9. Average Deposits	56532245	61103998	67272084
Growth%	8.74	8.09	10.09
10. Average Borrowings	303697	218233	92147
Growth%	-34.76	-28.14	-57.78
11. Average Gross Loans & Advances	32023747	31259891	29591176
Growth%	1.41	-2.39	-5.34
12. Average Investments	27071768	31779857	36363935
Growth%	15.07	17.39	23.86
Average SLR Investments	20785778	25505532	30432930
Growth%	46.8	22.71	19.32
Average Non-SLR Investments	6285990	6274325	8931005
Growth%	-32.88	-0.19	42.34
13. Average working funds	68378092	74031382	75227239

**C. LOAN ISSUED DURING THE YEAR**

14 .Loans issued during the year	25427505	22579968	23563711
Growth%	8.47	-11.2	4.36
of 14 above, loans to Priority Sector	22437736	19378520	19977405
of 14 above, loans to Non-Target Groups	3941263	3601504	3586306
of 14 above, loans to SC/ST	9916713	8806236	8921220

D. PRODUCTIVITY

15. Per Branch Business	203008	214427	228535
Per Staff Business	53063	56921	66899

E. RECOVERY PERFORMANCES

16. TOTAL			
Demand	21728104	25775448	26805585
Recovery	11682605	15805009	16525643
Overdue	10045499	9970439	10279942
Recovery%(June Position)	53.76	61.32	61.65
17. FARM SECTOR			
Demand	14573789	18089034	17925548
Recovery	8088392	11164202	11377345
Overdue	6485397	6924832	6548203
Recovery%(June Position)	55.49	61.72	63.47
18. NON-FARM SECTOR			
Demand	7154315	7686414	8880037
Recovery	3594213	4640807	5148298
Overdue	3560102	3045607	3731739
Recovery%(June Position)	50.24	60.38	57.98

F. ASSETS CLASSIFICATION

19. a) Standard	22198347	20184497	20838250
b) Sub-standard	2865005	2394837	846786
c) Doubtful	5911575	5729782	6665182
d) Loss	191692	648211	591695
Total	31166619	28957326	28941913
Standard Assets as % to Gross Loans & Advances outstanding	71.22	69.70	72.00

G. PROFITABILITY ANALYSIS

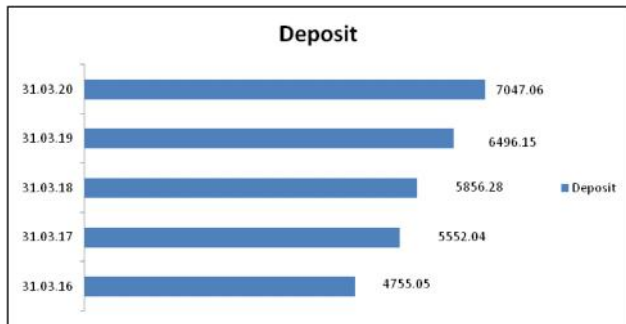
20. Interest paid on			
a) Deposits	3238001	3269805	3373227
b) Borrowings	20290	14146	5932
21. Salary (including leave encashment)	1221726	1189307	1285682



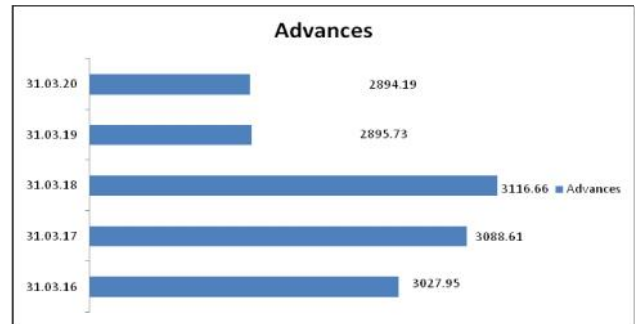
22. Other Operating Expenses	412942	392574	501642
23. Provisions made during the year	1817607	3172084	1964881
a) Against NPA's	1635506	757291	1895295
b) Other Provisions	182101	2414793	105586
c) Amortization			
24. Interest received on			
a) Loans & Advances	2800038	1499581	2246302
b) Investments	2065358	2355801	2870532
c) Others			
25. Other Income	434978	408206	619604
26. Loss/Profit	-1410379	-3774317	-1394926
H			
27. Share Capital Deposit Received	3791931	5272600	9301491
28. DI & CGC			
a) Claims settled cumulative	348972	348972	348972
b) Claims received but pending adjustment	0	0	0
c) Claims pending with Corporation	0	0	0
29. Cumulative Provision			
a) Against NPAs	4687231	4134939	5009978
b) Against Standard Assets	62181	56522	144630
c) Against Intangible Assets frauds etc.			
30. Interest Derecognized During the year	87649	1232973	455685
31. Loans Written off during the year			
a) No. of Accounts	19850	28198	22708
b) Amount	460685	1103586	950214
32. Accumulated loss	4465424	8239741	9634668
33. Reserves	0	0	0
Net NPAs	4222154	4637890	3093685
% Provisions to gross NPAs	52.26	47.13	61.82
%Gross NPAs to advances	28.78	30.30	28.00
%Net NPAs advances	15.95	18.68	12.93
CRAR	-2.43	-11.83	-1.34



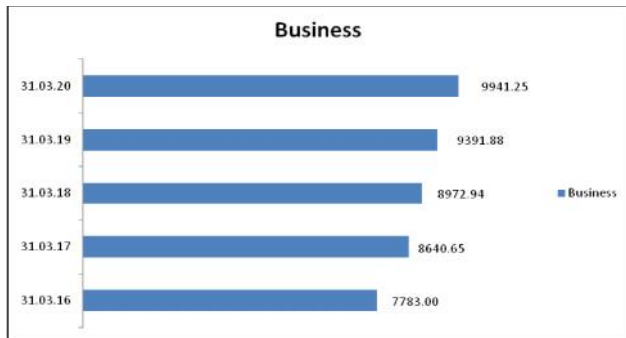
(Rs. In Crore)



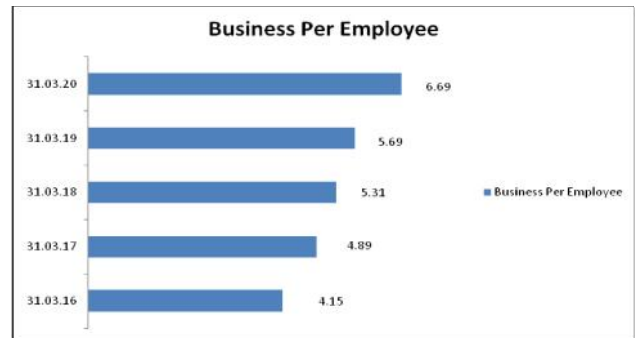
(Rs. In Crore)



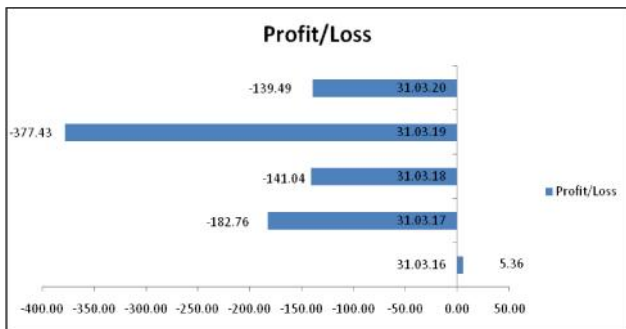
(Rs. In Crore)



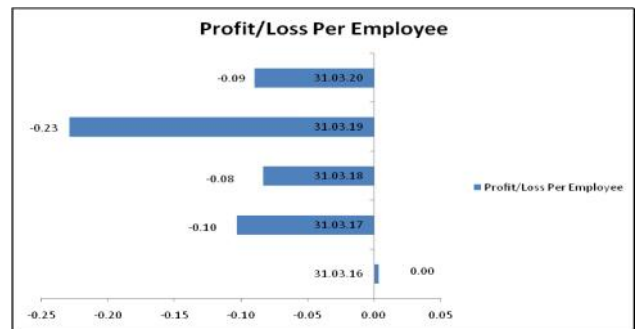
(Rs. In Crore)



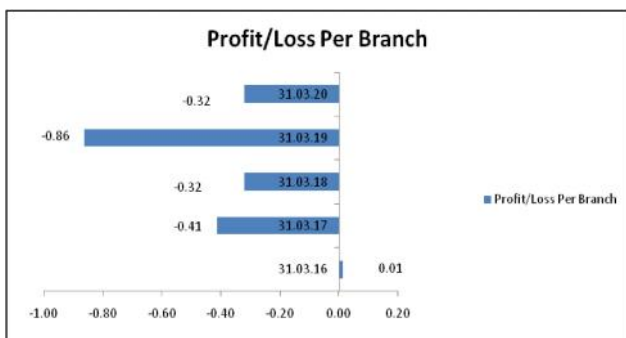
(Rs. In Crore)



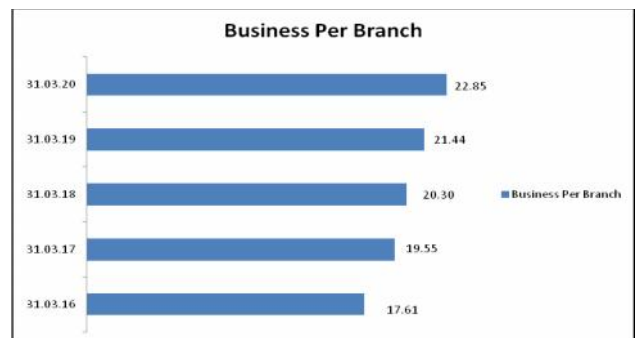
(Rs. In Lakh)



(Rs. In Lakh)



(Rs. In Crore)





BOARD OF DIRECTORS' REPORT 2019-20

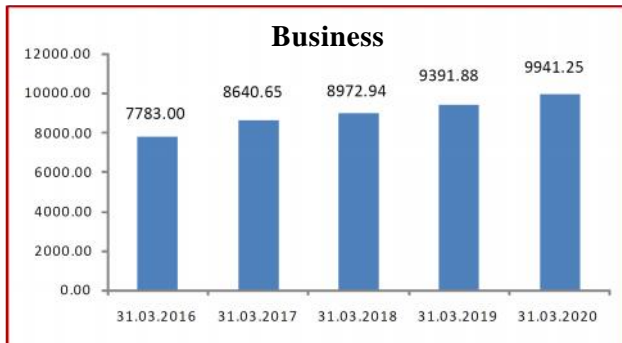
We have pleasure in presenting the 8th Annual Report of Utkal Grameen Bank (UGB) together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the financial year ended on 31st March 2020.

Business Review

The Bank's business has registered a growth of Rs 549.37 crore at 5.85% to reach Rs. 9941.26 cr as on 31st March 2020 as against Rs 9391.89 crore as on 31.3.19.

Business growth of Rs 549.37 crore was contributed by the deposits with an absolute growth of Rs 550.91 Cr whereas advances recorded a marginal decline of Rs. 1.54 cr during the year.

(Rs. in crores)



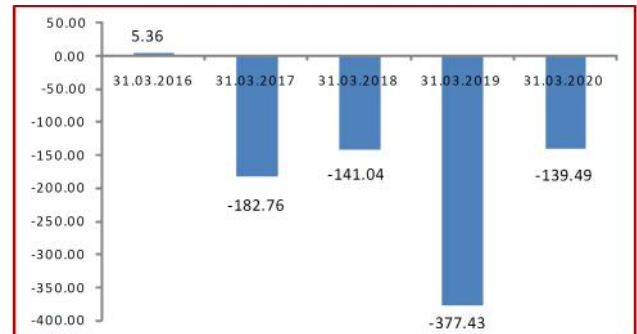
Profit Analysis

The Bank registered a Net loss of Rs 139.49 cr against a Net Loss of Rs. 377.43 as on 31.03.19 during the year registering an improvement of 63.04% after providing Rs.185.93 cr towards NPA provisions, Rs.8.81cr provision towards Standard Assets & Rs. 14.62 cr towards provisions against gratuity & leave liability during the year.

The Operating profit of the Bank stood at Rs 57.00 crore as on 31.3.20 vis-à-vis previous FY's figure of Rs -60.22 crore. A growth of Rs. 117.22 crore (194.64%) was recorded in operating profit during the year.

Profit / Loss

(Rs. in crores)



Income and Expenditure

(Rs. in crores)

Particulars	2017-18	2018-19	2019-20	Growth %
Interest Income	486.54	385.54	511.68	32.72
Interest Expenditure	325.85	328.40	337.92	2.90
Non-Interest Income	43.50	40.82	61.96	51.79
Non-Interest Expenditure	163.47	158.19	178.73	12.98
Gross Profit/Operating profit	40.72	-60.22	56.99	194.64
Taxes	0	0	0	0
Deferred Tax Asset & Earlier year adjustments (excess)	0	0	0	0
Provisions and Contingencies	181.76	317.21	196.49	-38.06
Prior Period depreciation & rent	0	0	0	0
Net Profit(+)/Loss(-)	-141.04	-377.43	-139.50	63.04

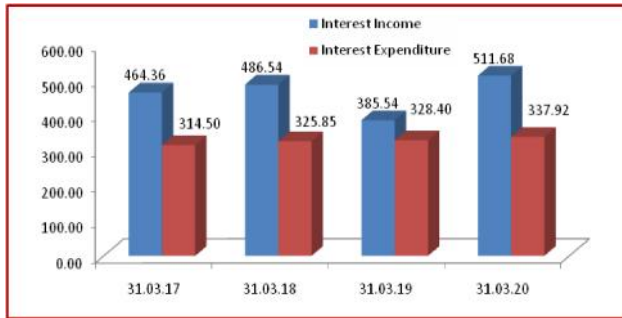
Net Interest Income

Total interest income earned during the year is Rs 511.68 crores where as total interest expenditure is at Rs 337.92 crores. The net interest income is Rs. 173.76 crore during the year against Rs. 57.14 crore of previous year.



Interest Expenditure & Interest Income

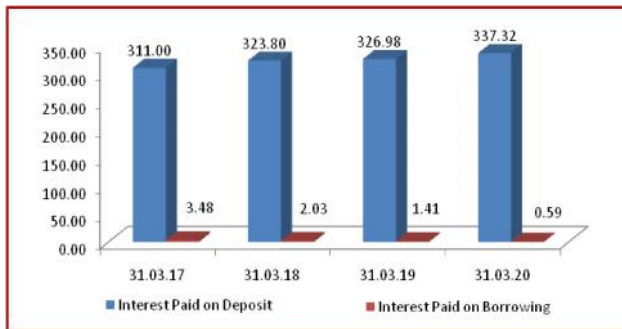
(Rs. in crores)



Interest Expenditure

- Interest paid on deposits has increased to Rs 337.32 crore from the last FY's figure of Rs 326.98 crore by Rs 10.34 crore (3.16%).
- The Bank has paid Rs 0.59 crore towards interest on borrowings (refinance from NABARD, NSKFDC and SBI) during the year as against Rs 1.41 Crore of FY 2018-19 with a reduction of Rs 0.82 crore.

(Rs. in crores)



Operating expenditure

Operating expenditure has increased by Rs 20.54 crore (12.98%) to Rs 178.73, including adhoc payment of one month salary on account of impending salary revision, in 2019-20 from Rs 158.19 crore in previous FY 2018-19.

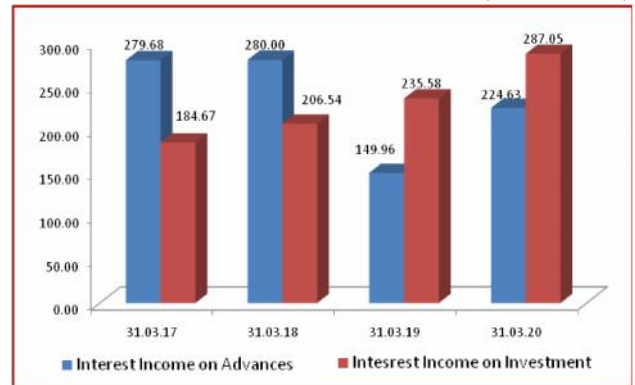
Interest Income

- Interest income increased from Rs 385.54 crore

to Rs. 511.68 crore during the FY with an absolute growth of Rs 126.14 crore (at 32.72%)

- The Bank has earned an interest income of Rs 224.63 crore from loans and advances in current fiscal as against Rs 149.96 crore in 2018-19 with a growth of Rs 74.67 crore (@ 49.80%).
- The interest income received from investments has increased by Rs 51.47 crore at 21.85% to reach Rs 287.05 crore as against Rs 235.58 crore in the previous FY.

(Rs. in crores)



Provision for NPAs:

The Bank has made a provision of Rs. 185.93 Cr on NPAs during the year, taking the total Provisions available on Advances to Rs. 515.46 Cr (including cumulative provision of Rs.14.46 Cr on Standard Assets).

(Rs. in crores)

Assets	2017-18		2018-19		2019-20	
	Outstanding	Provisions	Outstanding	Provisions	Outstanding	Provisions
Standard	2219.83	6.22	2018.45	5.65	2083.82	14.46
Sub-Standard	286.50	28.06	239.48	23.95	84.68	8.47
Bad & Doubtful	591.16	421.49	572.98	324.72	666.52	433.36
Loss	19.17	19.17	64.82	64.82	59.17	59.17
Total NPAs	896.83	468.72	877.28	413.49	810.37	501.00
Total Advances	3116.66	474.94	2895.73	419.14	2894.19	515.46

**Ratio Analysis**

S.N	Ratios	2017-18	2018-19	2019-20	
				Amt / Ratio	% Change
1	Yield on advances	8.74	4.80	7.59	58.13
2	Yield on investments	8.02	7.47	7.59	1.61
3	Cost of deposits	5.73	5.35	5.01	-6.36
4	Cost of borrowings	6.68	6.48	6.44	-0.62
5	Avg. cost of funds	5.73	5.36	5.02	-6.34
6	Avg. return on funds	8.23	6.12	7.42	21.24
7	Cost of management	2.39	2.14	2.38	11.21
8	Misc. Income as % to Working Funds	0.64	0.55	0.82	49.09
9	Net Margin	-2.06	-5.07	-1.70	66.47
10	Financial Margin	2.35	0.80	2.46	207.50
11	Risk Cost	2.66	4.28	2.61	-39.02
12	Return on Assets	-2.06	-5.10	-1.85	63.73
13	Expenses ratio	80.06	161.47	75.82	-53.04
14	Gross NPAs	896.83	877.28	810.37	-7.63
15	Net NPAs	422.21	463.79	309.37	-33.30
16	% Provisions to gross NPAs	52.26	47.13	61.82	31.17
17	% Gross NPAs to advances	28.78	30.30	28.00	-7.59
18	% Net NPAs to net advances	13.55	16.02	12.93	-33.27
19	CRAR	-2.43	-11.83	-1.34	88.67

Balance Sheet Size

The balance sheet size amounted to Rs.8322.77 cores with an increase of Rs.755.88 Crores over March 2019 level.

Capital & Reserves**Authorized Capital**

Pursuant to The Regional Rural Banks (Amendment Act) 2015, the Authorized Capital of the Bank raised from 5,00,000 Equity Shares of Rs. 100/- each aggregating to Rs. 500000/- to 200,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2000000000/- cores.

Paid up Capital

The Bank's paid up capital stood at Rs 7,02,21,31,000 (70,22,13,100 shares of Rs 10 each) as on 31.03.2020, subscribed by Government of India, State Government and State Bank of India in

the ratio of 50:15:35. Govt. of India had approved Recapitalization of the Bank for Rs. 323.02 crore vide DFS letter No. D.No 3/832010-RRB dt. 26.11.2018, Bank has received the total of Rs. 323.02 cr by 30.09.2019 and issued share certificates in same proportion to all the three stake holders. Govt. of India vide DFS Letter No. F. No.3/8/2010-RRB (Vol.V) dt. 30.03.2020 had sanctioned recapitalisation assistance of Rs. 268.16 cr, out of which we could receive Rs. 227.84 cr during the current financial year. We have kept the amount of Rs. 134.08 cr from GoI & Rs. 93.86 cr from SBI in Share Capital Deposits.

Perpetual Bond

The share of cost of implementation of CBS from Sponsor Bank amounting to Rs.8.13 crore was received against issue of Perpetual Bonds as per directives of NABARD.

Net worth

Net worth of the Bank stood at Rs -33.32 crore with an improvement of Rs 255.26 crore (88.45%) over previous FY's figure of Rs -288.58 crore.

The Capital Adequacy Ratio (CRAR) has improved to -1.34% at the end of the year vis-a-vis -11.83% as on 31.03.19 far below the level of minimum 9% stipulated by NABARD.

Supervisory Action Framework (SAF) & Prompt Corrective Action (PCA)

Due to the weak financial position & high NPAs as on 31.03.2018, the Bank came under the purview of NABARD guidelines on Supervisory Action Framework (SAF) for RRBs for Prompt Corrective Action (PCA) and accordingly following



strategies were put in place for implementation during the year :

- i. Risk Management Policy, Revised Investment Policy and Loan Policy put in place for implementation.
- ii. Detailed analysis made of the NPA portfolio and strategies worked out for its management along with monthly monitorable action plan (MAP).
- iii. Lending powers of high NPA branches restricted.
- iv. Loan review mechanism strengthened further.
- v. Committee/cluster approach in sanctions for better quality Assets.
- vi. Bringing improvement in loan management process, Asset Management Hubs (AMH) under CPC model set up at 4 centres.
- vii. Apart from not entering new line of business, restrictions imposed on unsecured loans to contain risk-weighted assets.
- viii. Focus on increasing exposure in risk mitigated products - Gold loans, Loans against securities, Housing Loans, quality SME Loans (Asset Based).
- ix. Scouting for good investment credit proposals for long term engagement and profitability.
- x. Concentration on loans with high security backing in the absence of CGTMSE coverage.
- xi. Training & skill development in credit appraisal and systems focused on an ongoing basis.
- xii. Stressed Assets Recovery Branch (SARB) set up to follow up high value NPAs and follow up of suit filed cases and decreed cases further streamlined along with all other legal means.

- xiii. Soliciting high cost deposits discontinued and focus on increasing CASA deposits.
- xiv. More focus on fee & commission based business including cross selling of products of SBI Life, APY, General Insurance and trading in GSecs & PSLCs.
- xv. Recovery drive launched for AUCA.
- xvi. Branch rationalisation attempted to reduce loss-making branches & contain operating cost.
- xvii. Recruitment & promotions deferred for 2019-20.
- xviii. Other staff benefits curtailed/deferred for the year.
- xix. Other austerity measures put in place to reduce operating expenses.

The following table gives the position of Tier-I, Tier-II Capital, Reserves and computation of CRAR :

(Rs. in crores)

	Capital	2017-18	2018-19	2019-20
1	Tier-I			
	a. Paid up Capital	379.19	494.92	702.21
	b. Share Capital Deposit	0	32.34	227.94
	c. Accumulated Loss	446.54	823.97	963.47
	Total Tier-I Capital	-67.35	-296.71	-33.32
2	Tier-II			
	a. Perpetual Bond	8.13	8.13	8.13
	b. General Provisions & Reserves	6.21	5.65	14.46
	Total Tier-II Capital	14.34	13.78	22.59
	Grand Total (Tier I + Tier II) (As Tier-I capital is in negative Tier-II capital not taken for CAR calculation)	-67.35	-296.71	-33.32
3	a. Adjusted value of funded risk assets i.e., balance sheet items	2750.39	2487.03	2464.54
	b. Adjusted value of non-funded risk assets i.e., balance sheet items	19.21	22.02	25.12
	c. a+b	2769.60	2509.05	2489.66
	d. Percentage of Capital (Tier-I + Tier II) to Risk Weighted Assets	-2.43	-11.83	-1.34



Branch Rationalisation

Continuing with the branch rationalisation process, 3 more Branches were merged with the nereby Branches and total Branches were reduced from 438 to 435 in the FY 2019-20.

Deposits

Deposits registered a growth of Rs 550.91 Crore over March 2019 level at a growth rate of 8.48%. Total deposits as on 31.3.2020 stand at Rs 7047.06 Crore as against Rs 6496.15 Crore as on 31.3.2019.

(Rs. in crores)



Deposit Mix

CASA deposits grew by Rs 430.95 Crore at 13.53% to reach Rs 4168.58 crore as against Rs 3737.63 crore as on 31.03.19. Term Deposits grew by Rs 119.97 crore to reach a level of Rs 2878.49 Crore at 4.35% as against Rs 2758.52 crore. The share of CASA has increased from 57.54% (31.03.2019) to 59.15% as on 31.03.2020.

(Rs. in crores)

Deposit Mix	31.03.18	31.03.19	31.03.20
Current A/c	109.46	109.63	122.70
Growth	12.14	0.17	13.07
Growth%	12.47	0.16	11.92
Savings Bank A/c	3173.93	3627.99	4045.88
Growth	50.75	454.06	417.89
Growth%	1.62	14.31	11.52
Total CASA	3283.39	3737.62	4168.58
Growth	62.89	454.23	430.96
Growth%	1.95	13.83	11.53
Term Deposits	2572.89	2758.52	2878.49
Growth	241.34	185.63	119.97
Growth%	10.35	7.21	4.35
Total Deposits	5856.28	6496.14	7047.07
Growth	304.23	639.86	550.93
Growth%	5.48	10.93	8.48

Borrowings

The aggregate borrowings of the Bank as on 31st March 2020 stood at Rs. 0.27 crore whereas it was Rs. 6.47 crore as on 31st March 2019.

(Rs. in crores)

	Institution	2017-18	2018-19	2019-20	Variance
1	NABARD	14.65	6.47	0.27	-6.20
2	NSKFDC (National SafaiKarmachari Financial Dev. Corpn)	3.97	-	-	0
	total	18.62	6.47	0.27	-6.20

Assets

Investments

Total investments portfolio of the Bank has increased to Rs 4320.89 Crore as on 31.3.20 from previous year's level of Rs 3729.83 Crore by Rs 591.05 Crore @ 15.85%.

(Rs. in crores)

Investment	31.03.18	31.03.19	31.03.20
SLR	2340.47	3262.35	3624.07
Growth	416.35	921.88	361.72
Growth%	21.64	39.39	11.09
NON-SLR	5.50	6.00	5.50
Growth	-6.82	0.50	-0.50
Growth%	-55.36	9.09	-8.33
TDR with other Bank	588.22	461.49	691.32
Growth	-210.17	-126.73	229.83
Growth%	-26.32	-21.54	49.80
Total Investment	2934.19	3729.84	4320.89
Growth	199.36	795.65	591.05
Growth%	7.29	27.12	15.85

Investment Policy:

The Investment Policy of the Bank was formulated in 2008 and the same was reviewed/ revised and approved by the Board from time to time. However from the financial year 2018-19, we have adopted the model uniform investment policy circulated by our Sponsor Bank for its RRBs, conforming to the RBI guidelines.



SLR Investments

In terms of Section 24 of the BR Act 1949, the Bank has maintained investments in the avenues laid down in the Policy, to fulfill the SLR requirements. All SLR investments are made in GOI/State Govt Securities/Sovereign Gold Bond only. The purchase and sale of Govt Securities are undertaken through the Portfolio Management Services Department of State Bank of India.

Non SLR Investments

Non-SLR investments are in Mutual Funds and TDRs with other Banks. The Bank has been monitoring and following up for prompt receipt of principal & interest dues. There was no instance of income leakage from Non-SLR investments portfolio.

CRR and SLR

The Bank has complied with the regulatory requirement of maintenance of adequate balances towards CRR and SLR. There is a well laid down system of assessing the CRR and SLR requirements taking into account the NDTL. There was no default in maintenance of CRR / SLR requirements during the year. The Bank has kept Rs 197.30 Crore in CRR and Rs 3624.07 Crores in SLR as on 31.03.2020.

Credit Portfolio

The credit portfolio of the Bank is Rs. 2894.19 Crore at the end of the financial year ended 31.03.2019 against the previous year level of Rs 2895.73 Crore, thus showing a marginal decline of Rs. 1.54 Crore. The marginal negative growth was mainly due to non-utilisation of limits by SME units in the month of March 2020 due to Covid-19 pandemic.

Credit to Agriculture

Total credit to agriculture and allied activities including agriculture-portion of SHG lending, stood at Rs 2001.21 Crore as on 31.3.2020 as against Rs. 1957.71 Crore with increase in growth of Rs 43.50 crore. However, total number of Bank's loan accounts in Agriculture sector has come down to 320395 vis-a-vis 329732 in FY 2018-19 due to write off and parking in AUCA of 18200 Agri segment accounts for Rs. 76.48 crores, which were sanctioned prior to 2012.

The Bank has disbursed Rs. 1021.66 Crore to agriculture during the year as against the previous year's disbursement of Rs 912.72 Crore.

Total credit to agriculture and allied activities constitutes 69.15 % of the total credit portfolio as on 31.3.2020 vis-à-vis 67.61 % as at the end of previous FY 2018-19.

Crop loans under revised Kisan Credit Card System

As per the directions of Government of India and NABARD, we have implemented revised Kisan Credit Card System for crop loan borrowers from Kharif 2012. Loan limits are fixed for 5 years and documents are obtained for the maximum permissible limit. Year-wise limits are fixed basing on present Scales of Finance and keeping in view the future cost of investment.

We have issued 265476 KCCs as on 31.3.2020 with an outstanding credit of Rs 1380.45 Crore as against previous FY 2018-19 level of 273098 KCCs for Rs 1342.86 crores.

During the year 2019-20, we have disbursed an amount of Rs 870.02 Crore to 163147 KCC card holders as against Rs 807.89 Crores to 151763 card holders during the year 2018-19.



Interest Subvention (Govt. of India)

As per Government of India guidelines, Bank is implementing 7% interest rate to all the crop loan borrowers up to Rs.3.00 lakhs and accordingly claimed an amount of Rs.11,42,23,804/- towards 2% interest subvention from the GOI during the year 2019-20. As per the directives of Government of India, we had passed on the benefit relating to interest subvention incentive to farmers to the extent of Rs 2,51,47,046/- towards prompt repayment and claim submitted accordingly to GoI.

Crop Loans - Interest Subvention (Govt. of Odisha)

Government of Odisha had implemented reimbursement of interest subvention @ 2% to crop loan borrowers with limit up to Rs. 3.00 lakhs from 2015-16. As per SLBC/ODI/76/2015-16, this 2% interest subvention is given upfront to the farmers and they are charged 5% interest rate in all crop loans. Under this scheme, farmers need not pay the 2% of interest portion. We have submitted our claim of Rs. 11,42,23,804/- to the State Government of Odisha during the year 2019-20 for reimbursement. In addition to this Govt. of Odisha is also providing 1% additional interest subvention to crop loan borrowers with limit up to Rs. 50,000/- from 01.10.2015 i.e. from Rabi 2015-16. We have submitted our claim of Rs. 1,67,02,995/- to Govt. of Odisha during 2019-20. During the year we have passed on the benefit of Rs. 2,34,71,444/- to the borrowers towards 1% additional interest subvention schemes pertaining to the claims for 2018-19 & 2019-20.

Conducting of Village Level Meeting

All branches have conducted meeting at the village point for renewal of KCC. To ensure maximum coverage of farmers, meetings were conducted in the evening and morning and farmers were sensitized to renew their crop loans to be eligible for Crop Insurance in case of drought. Apart

from operating staff at Branches, functionaries from Regional Offices and Head Office have participated in the meeting, which yielded good results in renewal of KCC.

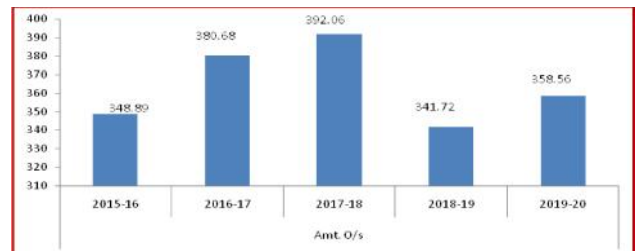
Self Help Groups

Our Bank has financed 34690 Self Help Groups (Covering about 3.93 lakh rural women) with an outstanding portfolio of Rs 358.56 Crore as on 31.3.2020.

The Bank has disbursed Rs 138.96 Crore to 12576 Groups during the year 2019-20.



(Rs. in crores)



SHGs interest subvention

Interest subvention scheme for Women SHGs under DAY-NRLM for the year 2019-20

Under the Scheme, all Women SHGs promoted by NRLM or other Central or State Government Line Departments or NABARD or any NGOs, which are linked with our Bank, are eligible to avail the benefits of the Scheme. GoI have identified 250 backward districts all over the country under Category-I, of which we have fourteen districts in our area of operation namely Balangir, Deogarh, Gajapati, Ganjam, Kalahandi, Kandhamal, Koraput, Malkangiri, Nabarangpur, Nuapada, Rayagada, Sambalpur, Sonepur and



Sundargarh.

All such Women SHGs in the fourteen districts are eligible for interest subvention on loans up to Rs. 3.00 lakhs at 7% and additional interest subvention of 3% on prompt repayment. Accordingly they have been extended credit at 7% rate of interest up to Rs 3 lakhs and Government of India subvents the Bank to the extent of difference between 7% and actual rate of interest (12.5%) subject to a maximum of 5.5%. In this connection, we have claimed Rs. 8,86,21,632/- towards 5.5% Interest Subvention and Rs. 2,41,62,269/- towards 3% Prompt repayment Interest subvention from Government of India for the year 2019-20. Further, with introduction of Mission Shakti Scheme by Govt. of Odisha, for better better visibility & creation of greater awareness among WSHGS, Govt. of Odisha has reduced the interest burden of WSHGs by providing loans at 0% annual interest to both Rural and Urban WSHGs for loans up to Rs. 3.00 lakhs. This facility is available, w.e.f. 1st April 2019 through the state Interest Subvention Scheme irrespective of their promoting agencies. In the FY 2019-20 we have claimed Interest Subvention of Rs. 3,26,22,995/- under Mission Shakti Scheme.

For Category-II districts, comprising of Bargarh, Boudh & Jharsuguda in our operational areas, all Women SHGs under DAY NRLM are eligible for interest subvention, which is provided to the State Rural Livelihoods Mission (SRLMs) from the allocation for DAY-NRLM. In the Category-II districts, Banks charge the SHGs as per their respective lending norms and the difference between the lending rates and 7% subject to a maximum limit of 5.5% for the FY 2019-20 will be subvented into the loan accounts of the SHGs by the SRLMs.

Priority Sector Lending

In terms of RBI Circular No : RBI/FIDD/2016-17/34, Master Direction FIDD.CO.Plan. 2/04.09.01/2016-17 dated July 07, 2016, w.e.f. 01.01.2016, 75 per cent of outstanding advances should be towards Priority Sector, which constitutes loans extended to (a) Agriculture (Farm credit , Agriculture infrastructure, Ancillary activities) (b) Micro, Small and Medium Enterprises

(Manufacturing and Services Sector, KVI and OD to PMJDY) (c) Education (d) Housing (e) Social Infrastructure (f) Renewable Energy (g) Weaker Sections and (h) Others (SHG/JLG, distressed persons, Loans to State Sponsored Organisations for Scheduled Castes/Scheduled Tribes)

RRBs have target of 75 percent of their outstanding advances for priority sector lending. Targets under Priority Sector and its subsectors along with our performance are as indicated in table below.

Categories (of the total Advances)	Target in %	Our position in %
Total Priority Sector	75% of total outstanding	92.39
Agriculture	18% of total outstanding	69.15
Small and Marginal Farmers	8% of total outstanding	51.58
Micro Enterprises	7.5% of total outstanding	7.97
Weaker Sections	15% of total outstanding	35.91

(Rs. in crores)

		2017-18		2018-19		2019-20	
		No. of A/cs	Outstanding	No. of A/cs	Outstanding	No. of A/cs	Outstanding
1.	Weaker Sections	153653	1046.57	145109	1008.14	142002	1039.37
2.	Women borrowers	25998	734.91	25240	724.03	30149	715.73
3.	Minorities	16798	60.71	16224	58.15	16660	59.41
4.	SCs/STs	194527	1215.50	183240	1129.33	171595	1128.73

Priority Sector Lending Certificates

As per RBI master circular No. FIDD.CO. Plan. BC 23/04.09.01/2015-16 dated 07.04.2016 of PSLC, trading in e-Kuber portal is an ongoing process. All traded PSLCs will expire by March 31st and will not be valid beyond the reporting date (March 31st), irrespective of the date it was traded.

We have started trading in e-Kuber portal from FY 2017-18. During the FY 2019-20, we have traded net PSLC of Rs. 350 Crore with net premium gain of Rs. 14.94 Crore against Rs. 7.21 Crore during the previous year.

Participation in State Credit Plans

The Bank's participation in State Credit Plans is as under:

(Rs. in crores)

		2017-18		2018-19		2019-20	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	Crop Loans	911.27	787.88	1006.21	807.89	1106.83	870.02
2.	Other Agr. & allied activities	468.34	133.06	512.80	104.83	563.98	151.64
3.	Non Farm Sector(NFS)	372.65	1291.09	409.91	992.23	450.90	950.87
4.	Other Priority Sector(OPS)	208.79	51.75	228.24	32.91	251.16	25.21
5.	Total Priority Sector	1961.05	2243.78	2157.15	1937.86	2372.87	1997.74
	% of achievement		114.42%		89.83%		84.19%

**Retail Lending**

During the year, along with sanitization of the existing portfolio we have continued focus on retail lending to Housing, Mortgage Loans, Personal Gold Loans, MSME etc. Capacity building of the operating staff has been given top priority by conducting training programmes to diversify the credit portfolio and to increase our profitability. The year-end position is as under :

(Rs. in crores)

Sl. No	Segments	Outstanding as on					
		31.03.2018		31.03.2019		31.03.2020	
		No of A/Cs	Amt	No of A/Cs	Amt	No of A/Cs	Amt
1	Housing Loans	4902	216.46	4412	207.28	4075	196.11
2	Mortgage Loans	140	23.11	137	17.74	127	15.70
3	Education Loans	663	19.71	524	13.57	412	10.93
4	Demand Loans	9666	64.66	7329	57.70	6930	56.86
5	NFS - Term Loan / MSME	30790	418.95	22098	347.03	19870	415.97
6	Personal Loans	3229	35.74	1949	25.39	1782	28.06
7	Personal Gold Loans	50922	208.06	43421	188.38	43415	197.56
	Total	100312	986.69	79870	857.09	76611	921.19

Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

Our Bank had registered with CERSAI in terms of RBI guidelines and complied with the instructions. Equitable/Registered mortgages and Hypothecation in respect of all our loans as on 31.03.2020, which are covered under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) have been registered with CERSAI.

With this, the details of the security interest created in favour of our bank is available on a public domain for search by citizens / other banks / FIs as a result of which the potential fraud / multiple financing against the same property can be prevented.

Credit Information Companies

Our Bank is a member of four Credit Information Companies (CICs) viz. TransUnion CIBIL India Ltd., CRIF High Mark Credit Information

Services Private Limited, Equifax Credit Information Services Private Limited & Experian Credit Information Company of India Private Limited. The CICs collect and maintain records of individuals' and non-individuals' (commercial entities) payments pertaining to loans and credit cards from Banks and other lenders on a monthly basis. Using this information a Credit Information Report (CIR) and Credit Score is developed, enabling lenders to evaluate and approve loan applications.

Our Bank has been uploading the data on monthly basis in the web portals of the CICs and all Regional Offices and Branches are accessing the credit history of the loan applicants in their credit decisions.

Asset Quality -**Management of Non Performing Assets**

The Non-Performing Assets have decreased by Rs. 66.92 Crores from Rs. 877.28 crores as on 31st March 2019 to Rs. 810.37 crores as on 31st March 2020. Gross NPAs as a percentage to total advances has reduced from 30.30% as on 31.3.2019 to 28.00% as on 31.3.2020. Net NPAs (as a % age to Net advances) has reduced from 18.68% to 12.93%. In absolute terms, Net NPAs reduced from Rs 463.79 crore to Rs. 309.37 crore.

Asset Classification

(Rs. in crores)

Assets	2017-18		2018-19		2019-20	
	Outstanding	%	Outstanding	%	Outstanding	%
Standard	2219.83	71.22	2018.45	69.70	2083.82	72.00
Sub-Standard	286.50	9.19	239.48	8.27	84.68	2.93
Bad & Doubtful	591.16	18.97	572.98	19.79	666.52	23.03
Loss	19.17	0.62	64.82	2.24	59.17	2.04
Total NPAs	896.83	28.78	877.28	30.30	810.37	28.00
Total Advances	3116.66	100.00	2895.73	100.00	2894.19	100.00

Strategies for NPA reduction

The following strategies were adopted to reduce / contain the NPAs:

- Monitorable Action Plan (MAP) prepared on monthly basis and submitted to RBI, NABARD and performance presented to the Board for review.



- ii. Restriction on sanction of fresh loans by the NPA intensive Branches making them free for focused monitoring and recovery/up-gradation of NPAs.
- iii. Branch wise and Region wise targets allotted under different parameters for the purpose and being monitored on regular basis.
- iv. Monthly review of high value loans introduced for controllers based on the outstandings as under ;
 - a. Rs. 2 lakhs to Rs. 5 lakhs by the Manager Advances of each Regional Offices.
 - b. Above Rs. 5 lakhs by Regional Managers
 - c. Above 10 lakhs - regular fortnight review by respective General Managers and monthly review by Chairman.
- v. Strengthening of SARB for follow up & recovery of high value NPAs.
- vi. Allocation of NPA intensive Branches to officials of HO/RO for monitoring.
- vii. Intranet site was strengthened to facilitate the branches to know their performance as well as other branches to create a competitive atmosphere among them.
- viii. Telephonic/personal call to the NPA borrowers by RO/HO officials.
- ix. Conduct of Recovery-cum-renewal camps and night camps.
- x. Special focus on high value NPAs during P-Review meetings & NPA review meetings.
- xi. Three different campaigns were run for NPA reduction and progress monitored.
- xii. Seizure and auction expedited.
- xiii. Action under SARFAESI act intensified by serving 13(2) & 13(4) notices and going for possession and auction.
- xiv. Filing & follow up of DRT cases intensified.
- xv. Special OTS with Board approval implemented for loans with outstanding up to Rs.5.00 lakhs.
- xvi. Active Participation in Lok Adalats ensured.
- xvii. Bank Adalats conducted every month regularly.
- xviii. After the required training 24 qualified BC-CSPs deployed as recovery agents along with regular panel of RAs.

Salient outcome of such strategies are as under :

NPA Reduction Campaigns

Three NPA reduction campaigns were implemented - "Kete Baki Rahila" for KCC, "SHG Nabikaran" for SHG and "Star Branch Campaign" for reduction of SME & other 'P' Segment loans. Achievements under these three campaigns during last Financial Year are as under :

(Amt. in crores)

Kete Baki Rahila		SHG Nabikaran Plan		Star Branch campaign for SME & P-Segment loans	
Account	Amount recovered	Account	Amount recovered	Account	Amount recovered
20387	99.40	1841	13.42	4968	43.23

From 1st October 2019, new campaigns namely 'KCC Punaruddhar' & 'UGB Special OTS 2019-20' were launched to reduce NPAs.

(Amt. in crores)

Outcome of KCC Punaruddhar as on 31.03.2020		Outcome of UGB Special OTS as on 31.03.2020			
A/c	Amt	A/c	Amt O/s	Amt Settled	Amt Recovered
10763	57.18	6719	53.95	31.05	22.71

Night Camps / Recovery Camps were organised by Branches. Through 6886 camps Rs. 54.96 crores were recovered.

Stressed Assets Recovery Branch (SARB)

Stressed Assets Recovery branch (SARB) was strengthened to handle high value NPA accounts and entrusted for migration of high value loans from the Branches and to start/continue Legal Action/SARFAESI action. SARB is handling 146 number of high value NPA accounts amounting to Rs. 38.59 crores & 60 nos of AUCA accounts amounting to Rs. 11.13 crore.

SARB has recovered Rs. 6.13 crore of NPAs and booked compromise proposals for Rs. 16.01 crores during the FY 2019-20.

Through SARFAESI action, we have recovered Rs. 6.92 crores in 340 accounts.

Compromise settlements

Bank has recovered sizeable amount of NPAs during the year 2019-20 under compromise settlement which were overdue for several years.



(Rs. in crores)

Compromise	2017-18	2018-19	2019-20
No of A/Cs	14786	7729	8640
Amount incrore	41.90	21.04	51.97

These settlements include settlement of bad debts in Lok Adalats, Bank Adalats, UGB Special OTS, Special OTS for Tractor and other general compromise.

Internal Control System - Inspection & Audit

All activities of the Bank are subject to internal audit function, which mainly comprises of Risk Focused Internal Audit (RFIA) applicable for all the branches, Concurrent Audit covering 50% business of the Bank, Credit Audit for Loan Accounts above Rs.1 crore, Snap Audits by ROs as & when required and newly introduced Compliance Audit.

Risk Focused Internal Audit (RFIA)

The Risk Focused Internal Audit Report System has been implemented in the Bank from August-2013, as advised by our Sponsor Bank and the criteria were further refined with the Bank raising the benchmark for the Inspection ratings with effect from 08.11.2016. For further strengthening of the audit system the new format of RFIA has been introduced in the Bank w.e.f. 30.12.2017 as advised by our Sponsor Bank.

During the year 281 branches were due for Audit and 195 Branches have been audited. Rating acquired by audited branches is as under :

Rating	Out of 195 Branches audited during 2019-20
Well Controlled – A+	04
Adequately Controlled - A	191
Moderately Controlled - B	Nil
Unsatisfactorily Controlled - C	nil
Total	195

Out of 196 Audit Reports, which were due for closure during the year, 173 have been complied and dealt with.

Concurrent Audit

As a part of internal control system in our Bank, Concurrent Audit was introduced from the financial year 2017-18 as per the policy guidelines issued by NABARD. Keeping in view the manpower constraints, Concurrent Audit is being conducted at 122 branches with the help of 17 Auditors for the purpose from amongst retired officers of the Bank engaged on contract basis.

The Scope of Concurrent Audit is designed to cover (a) handling of cash (b) safe custody of securities (c) exercise of Discretionary Powers (d) Sundry and Suspense accounts (e) Clearing Differences (f) Off Balance Sheet items, Security Aspects, verification of Assets Quality etc.

Apart from this, the following audits have also been carried out to enhance the efficiency levels:

IS Audit

The Data Centre of the Bank is subject to IS Audit every year and IS audit has also been conducted at 8 Regional Offices and Head Office with the help of CISA qualified Auditor. Branches with limited IT architecture is covered during the RFIA audit.

Credit Audit

All the 24 eligible loan accounts were subjected to Credit Audit report during the year and their audit reports complied and dealt with.

Audit Committee of the Board

The Audit Committee of the Bank's Board has been constituted. The Deputy General Manager, Outreach, State Bank of India, Local Head Office, Bhubaneswar (Director in the Bank's Board) is the Chairman of the Audit Committee. The Deputy General Manager (NABARD), Odisha Regional Office, Bhubaneswar (Director in the Bank's Board), The Deputy General Manager, Reserve Bank of India, Bhubaneswar (Director in the Bank's Board) and the



Special Secretary & Director Institutional Finance, Govt. of Odisha (Director in the Bank's Board) are the members of the Audit Committee. The Committee has met 3 times during the year and monitored the inspection activities, asset management and accounting position of the Bank.

Management Audit

The Management Audit of our Bank was conducted by our Sponsor Bank, SBI in January, 2019. We have submitted our compliance to the Management Audit Report dated 10.01.2019 along with the final Action Taken Report to State Bank of India, Mumbai.

NABARD Inspection under Section 35(6) of the Banking Regulation Act 1949

The NABARD Audit was conducted for the FY ending 31.03.2019. Final Compliance remarks have been submitted within the stipulated time schedule.

Policy Framework of the Bank

Efforts have been made to identify all areas of Banking and put in place a policy framework for consistency in our approach. While framing the Policies, all extant instructions of Reserve Bank of India, NABARD, Sponsor Bank and general principles of banking as envisaged in various Acts governing the Banking, have been taken into account. Our Bank has the following policies now on record, duly deliberated in the Board Meetings and approved by the Board.

1. Risk Management Policy
2. Asset Liability Management Policy
3. Investment Policy
4. Loan Policy
5. KYC / AML Policy
6. Customer Complaints / Grievances Redressal Policy
7. Policy on Depositor Education and Awareness Fund (DEAF) Scheme and unclaimed deposits / inoperative accounts in Banks.
8. Recovery & NPA Management Policy
9. Business Continuity Plan
10. Financial Inclusion & Business Correspondent Policy

11. Information Technology (IT) Policy & Information Security (IS) policy
12. Cyber Security Policy
13. Internal Audit Policy
14. Information System Audit Policy
15. Concurrent Audit Policy
16. Credit Audit Policy
17. Vigilance Policy
18. Whistle Blower Policy
19. Fraud Risk Management Policy
20. Staff Alertness Award Policy
21. Procurement Policy
22. E-Waste Management Policy
23. Transfer Policy
24. Training Policy
25. Standard Operating Procedure (SOP) for Detection, Impounding and reporting of Counterfeit Notes
26. Standard Operating Procedure on Assets Management Hub
27. Standard Operating Procedure on lending against pledge of gold ornaments.
28. Compromise Policy
29. SOP Lok Adalat
30. SOP Sale of Property Seized under SARFAESI Act
31. Internet Banking Policy

These policies are meant to help ensure that the Bank has an effective and proven systems and procedures on every key area of the Bank's functioning. They also guide the operating staff to comply with the regulatory requirements.

Financial Inclusion

Financial Inclusion has been the concern of Indian economy and banking industry since independence. Leveraging technology is the basic idea behind our initiative in providing Banking Services at the doorsteps of the unbanked and underprivileged people of the society.

As part of financial inclusion, the bank has 931 Bank Mitras (CSPs) work at their Customer



Service Points, covering 10809 villages which do not have a formal banking outlet of any Bank. Out of 10809, 315 villages are with population of 2000 and above and remaining 10494 villages with a population less than 2000. The Bank Mitras are deployed by Corporate Business Correspondences (BCs). The Corporate BCs working for the Bank are CSC e-Governance Services India Limited, Organisation for Development Integrated Social and Health Action (ODISHA), FIA Technology Services Pvt. Ltd., Samvridhi Inclusive Growth Network (SIGN), Zero-mass Foundation (ZMF) & Odisha Livelihood Mission (OLM). Bank has provided Solar Powered VSATs in 381 locations identified as dark & grey area having connectivity problems with the financial support from NABARD through FIF (Financial Inclusion Fund). Micro ATMs are also provided to the CSPs for transactions.

The Bank Mitras carry out the banking transactions on real time basis at the fixed location Kiosks in our CBS platform. The following banking transactions are enabled at Bank Mitra Points:

- Account opening both SB & RD
- Cash withdrawal and deposit
- Receipt of loan installments
- AEPS transactions both On us and Off us
- Rupay Debit card transactions both On us and Off us
- Balance Enquiry
- Mini Statement

The entire Financial Inclusion (FI) operations at KIOSKS work on the principle of Biometric verification of the beneficiaries and are online, hitting our CBS server instantly, which facilitates updation of transactions carried out by CSPs on real time basis, in CBS Server. The AEPS transactions are taking place by Biometric Authentication of the Aadhaar Number of the customer. Through Micro ATM, the customer swaps his/her ATM card for the transaction.

The following is the share of transactions (%) performed at Bank Mitras when compared with the total bank transactions.

Sl. No	Channel at Bank Mitra	% of Total Transaction	
		2018-19	2019-20
1	Cash Withdrawal & Deposit transactions	8.40	3.85
2	AEPS-Onus	2.42	2.40
3	AEPS-Acquirer Off us	1.90	1.77
4	AEPS-Issuer Off us	4.45	7.07
5	Rupay Card transactions	0.15	0.32
6	Total overall percentage.	17.31	15.42
7	Cost of transaction at Bank Mitra (Rs)	9.93	10.12

As at the end of the FY 2019-20, no. of SB Accounts opened and maintained by Bank Mitras is 550724 (with a CASA balance of Rs. 113.46 crore). No. of RD Accounts opened and maintained by Bank Mitras is 2138 (with a balance of Rs. 0.6 crore).

Sensitisation Programme for CSP Linked Branches

During 2019-20 we have conducted 06 sensitisation programme for CSP linked Branches with the assistance of RBI, Regional Office, Bhubaneswar and 164 officials were trained through the programme.

Financial Inclusion Accounts - Aadhaar Seeding & inputting valid Mobile number

To speed up the process of Aadhaar Seeding, we have taken up the matter with our Corporate Business Correspondents. The CSPs are incentivized by the Bank for collecting Aadhaar Numbers of existing customers. For incorporating valid mobile numbers of existing customers, Bank is paying incentives to the CSPs for collection of the same from the customers.

Financial Inclusion - Social Security Schemes (JJBY, SBY & APY)

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

We have enrolled 6771 new customers under Pradhan Mantri Jeevan Jyoti Bima Yojana during FY 2019-20, taking the total accounts to 53,818. A total of 4 claims were settled for Rs 8.00 lakhs under PMJJBY during FY 2019-20.

**Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

We have enrolled 16301 new customers under Pradhan Mantri Suraksha Bima Yojana during FY 2019-20, taking the total to 277814 accounts. A total of 77 claims were settled for Rs 154.00 lakhs under PMSBY during FY 2019-20.

Atal Pension Yojana (APY)

Total of 12877 enrolments were mobilised under Atal Pension Yojana (APY) for FY 2019-20 taking total to 40182 accounts. Enrolment per Branch works out to 29.60 during 2019-20.

APY Special Campaigns conducted by PFRDA

With a view to making India a pensioned society, PFRDA organized several campaigns to motivate Banks to contribute to the Government of India's endeavor to move our Society from Pension less to Pensioned. PFRDA also prescribed enrolling a minimum number of accounts per branch to qualifying for consideration and announcing award for the top performer. Though we have actively participated in all the Campaigns, the most significant has been the **Makers of Excellence-3.0** Campaign from 21.10.2019 to 26.11.2019 wherein we had enrolled 5475 accounts against a target of 3000 with achievement of 182% and felicitated by PFRDA. Besides we have also quillified in the campaign Warriors of Winning Wednesday twice in the month of November, 2019 and December, 2019 and felicitated by PFRDA.

Our Bank has been actively participating in Social Security Schemes viz., PMJJBY, PMSBY and APY. Branches / Controlling Offices organized FLC camps regularly to cover maximum numbers of customers in these schemes.

Financial Literacy Week (FLW)

Our Bank observed Financial Literacy Week from 3rd June to 7th June 2019 with the theme 'Financial Education for Farmers' to create

awareness among the farmers about the benefits of using Bank finance for agricultural needs, digital banking, advantages of timely repayment of bank loans and insurance for farming activities. The publicity material in the form of pamphlets, brochures and banners were distributed during the camps to spread the message of financial awareness among the customers. We have conducted these programmes in 156 villages.

Aadhaar Enrolment and Updation Centres

Our Bank has initiated the task of opening Aadhaar Enrolment Centers at 45 locations i.e. 10% of the Branch network as per UIDAI guidelines to extend the services of Aadhaar enrolment and updation to the public including our customers. We are operating the AECs in outsourced model with the help of M/s ODISHA, the service provider.

Cross Selling**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. The Bank mobilized a New Business Premium (NBP) of Rs. 7.49 crore and earned a commission of Rs. 1.33 Crore during the FY 2019-20 against the NBP of Rs. 7.32 crores and commission of Rs. 1.10 crore during the previous FY 2018-19.

SBI General Insurance

We have commenced SBI General Insurance Business during the year 2016-17 as a Corporate Agent to market Insurance products focusing on Group Health Insurance Scheme, Group Personal Accidental Insurance Scheme apart from insurance of the Assets financed by the Bank to the eligible and willing customers. During 2019-20 Bank booked New Business Premium (NBP) of Rs. 57.12 lakhs and earned commission of Rs. 6.05 lakhs.

**Information Technology**

The Bank has introduced the following new IT initiatives:

Immediate Payment System (IMPS) Remitter

IMPS facility as beneficiary bank was launched in October 2015 as sub member of Sponsor Bank.

AEPS-Aadhaar Pay:

To enable our customers to perform cash less transactions at merchant establishments using their Aadhaar linked account of our bank, Aadhaar Pay (Issuer) facility has been launched in our bank. Using this facility our bank customers are able to perform cash less transactions at outlets using other bank Aadhaar pay apps.

Alternate Delivery Channels (ADCs) :

Banking transaction through Alternate Delivery Channels has been on the rise vis-à-vis transactions through brick and mortar branches, reducing the footfalls in the Branches considerably, thereby resulting in more focus on marketing and business development. Various alternative delivery channels introduced by the Bank have enabled the customers to avail banking services.

Rising trend of remittance of funds and banking transactions using ADCs is shown in the following table.

Payment Mode	2018-19		2019-20	
	No. of transactions per day	Volume per day (Rs. Cr)	No. of transactions per day	Volume per day (Rs. Cr)
1. RTGS	28	2.94	19	2.20
2. NEFT	9317	20.48	8148	17.25
3. IMPS	817	0.58	1251	8.13
4. POS / ECOM	1890	0.08	921	0.08
5. ATM	4534	1.08	5583	1.40
6. AEPS	3403	1.14	6614	2.22
7. NACH (APBS & ACH)	11344	3.54	12107	3.60

RTGS/NEFT :

We are doing RTGS / NEFT transactions at our Branches through our Sponsor Bank.

Desktop ATMs

In a move to facilitate customers wanting to withdraw small amounts, the Bank has installed Desktop ATMs in five of our Branches on a pilot basis. It works like any other ATM and other Bank customers can also withdraw their money. With desktop ATMs, there is no need for separate ATM room and there is no security problem.

Upgradation of NPA Module in CBS

We have implemented the upgraded version of Agri & URI module in the CBS system to track the NPAs with better regulatory compliance and presently all NPA data are system generated.

Information Security:

The Bank pays utmost importance towards safeguarding the information technology assets of the bank. The Bank has formulated Information Security Policy, Information Technology Policy and implemented after obtaining Board's approval. As a policy, the Information technology assets of the bank at our Application Service Provider M/s C-Edge Technologies Ltd, are subjected to information security review on yearly basis by an external IS audit agency. Bank's controlling offices are subject to Information Security Audit by external agency at periodical intervals.

Biometric authentication system for login to the CBS application is implemented across all branches. This eliminates login of unauthorized persons into the application and also aids in fixing accountability for any frauds or malpractices.

The CBS platform functions on Wide Area Network (WAN) which functions on connectivity provided on various carriers like VSAT and RF.

**Branch Connectivity Up gradation :**

As the volume of transactions have increased over the years, to enable branches to perform transactions at a faster rate, up gradation of the branch connectivity to 2 Mbps RF has been taken up. As on 31.03.2020, 305 branches have been upgraded to 2 Mbps RF connectivity out of which 259 Branches also have 4G as secondary connectivity as a backup.

Besides, 259 branches have also been migrated to server less JAVA application as on 31.03.2020.

Security Measures - Installation of CCTVs and Burglar Alarm Systems

Physical security systems that effectively protect the Bank assets, customers and employees assume paramount importance in view of increasing incidence of robberies, mischief. The Bank has provided CCTV Cameras, Burglar Alarms & Fire Extinguisher to all 435 branches of the Bank.

Customer Service & Complaints handling

While complaints cannot be avoided, some of the complaints provide useful feedback to review our performance and systems and procedures. A genuine complaint from a customer means an opportunity to the Bank to upgrade our skills and efficiency. The Bank has put in place complaints/ grievances redressal policy to redress the grievances of the customers and improve the quality of customer service. The Bank has placed enormous emphasis on timely disposal of complaints and follow up system has been strengthened to dispose-off the complaints within timelines set. Branches are conducting customer meets where their views and feedback are solicited in order to take corrective steps, wherever necessary. Regional Managers concerned are attending the customer meetings whenever feasible. The following system of monitoring of complaints for their redressal and submission of compliance is in vogue:

Nature of complaint	Officer in charge at Regional Office/ Branch level	At Head Office level
General Complaints (Other than vigilance nature)	Branch Manager (At Br level) Regional Manager (at RO level)	Head of the Dept. (Accounts) General Manager of respective network
General Complaints (Vigilance nature)	- -	Chief Vigilance Officer Chairman
Complaints from Banking Ombudsman	Regional Manager / Branch Manager	Head of the Dept. (Accounts & Compliances) General Manager of respective network

The status of complaints received is being put up to the Board of Directors in every meeting for their review and information.

A Sub-Committee in the name of 'Customer Service Committee at the Board' has been constituted. Also, Customers Service Standing Committee is in place at Branch level, Regional Office level and Head Office level.

Customer Complaints : Status as on 31.03.2020

SNo	Particulars	No.
1	No. of Complaints pending at the Beginning of the year	8
2	No. of Complaints received during the year 2019-20	50
3	Total Complaints	58
4	No. of Complaints Redressed / Disposed-off during the year	54
5	No. of Complaints pending at the end of the year	4

For complaints received through Banking Ombudsman, General Manager-I is designated as "Principal Nodal Officer" of our Bank at Head Office. The position of complaints received through / from Banking Ombudsman during the year.

SNo	Particulars	No.
1	No. of Complaints pending at the Beginning of the year	2
2	No. of Complaints received during the year 2019-20	34
3	Total Complaints	36
4	No. of Complaints Redressed / Disposed-off during the year	35
5	No. of Complaints pending at the end of the year	01*



* Banking Ombudsman Complaint received during March 2020.

Whistle Blower's Policy with an objective of providing an avenue for raising concerns related to frauds, corruption or any other misconduct is also in place.

Right to Information Act

The Bank implemented the Right to Information Act, 2005 in letter & spirit setting out the practical regime of right to information for citizens to secure access to information under the control of bank in order to promote transparency and accountability in the working of bank's various functionaries.

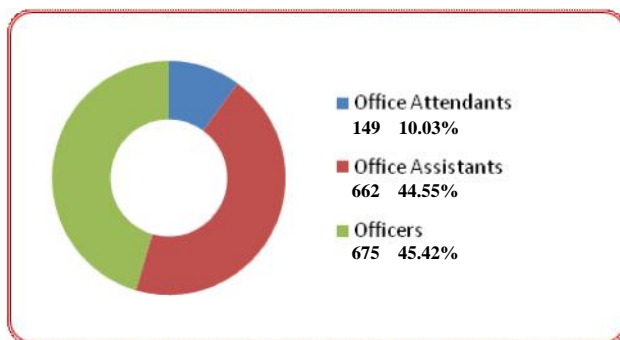
	CAPIOs	CPIOs	Appellate Authority
Branch	Branch Manager	Regional manager	General Manager
Regional Office	Regional Manager	General Manager	Chairman
Head Office	Head of the Department (Accounts & Compliance)	General Manager	Chairman

During the year 2019-20, the Bank has received 28 applications and 10 appeals and disposed off all applications and appeals within the stipulated time frame.

Human Resource Management

As at the end of FY 2019-20, the staff and its composition is as under :

Officers S-IV	10
Officers S-III	48
Officers S-II	149
Officers S-I	468
Office Assistants	662
Office Attendants	149
Total	1486



During the year, 138 staff members have retired from the Bank's Service, 16 staff members have resigned, 4 staff members were removed from service & 7 Staff members expired during the year.

Recruitments

Because of Bank's weak financial position and the Bank continuing under PCA, no recruitment has been made during 2018-19 and 2019-20.

Promotions

During 2019-20, 2 Office Attendants promoted to Office Assistants, 16 Office Assistants promoted to Officer Scale-I, 35 Officer Scale-I promoted to Officer Scale-II, 14 Officer Scale-II promoted to Officer Scale-III & 6 Officer Scale-III promoted to Officer Scale-IV.

Training - Staff Learning Centre (UGBLC)

The Bank had laid down a Training Policy which envisages training to all staff members, at least once in three years. During the year, UGBLC has conducted 18 training programmes and provided training to 310 staff members. The participants include all cadres of staff (Officers-160 and Off. Assts-150)

The Bank has also deputed 36 Officers & Employees to SBI Learning Centre at Bhubaneswar, Gopalpur & Rourkela and 8 Officers in the higher cadres, to external training institutions like BIRD (Lucknow), BIRD (Mangalore), SBILD (Secunderabad) on important subjects like ALM, Vigilance, Legal Aspects, Capital Adequacy & SLR etc.

Staff welfare Measures

Group Personal Accident Insurance Policy

Most of our staff members are youngsters and travel by road, frequently for various official works viz., Cash remittance, field visits for recovery and inspection of units, review meetings etc., and are exposed to the risk of road accidents and face a life threat also.



We have taken the Group Personal Accident Insurance Policy with the following sum insured to create a sense of security among the staff members and build loyalty to the organization.

SN	Cadre	Sum Insured
1.	Officers	Rs 10.00 Lakhs
2.	Office Assistants	Rs 5.00 Lakhs
3.	Office Attendants	Rs 3.00 Lakhs

EDLI (Employee Deposit Linked Insurance)

It is a statutory requirement under EPF Act. The employer contributes the premium for all employees of the Bank for life insurance coverage of Rs. 6.00 lakhs till in service.

Gratuity and Leave Encashment Fund

The Bank has taken care of provisional requirements in respect of Gratuity. The total corpus as on 31.3.2020 is to the tune of Rs 85.60 crore towards Gratuity and Rs. 34.85 crore towards Leave Encashment. A further provision for Rs. 10.62 crore & Rs. 4.00 crore has been made for Gratuity & Leave Encashment.

Introduction of Pension Scheme in the Bank

The Utkal Grameen Bank (Employees') Pension Regulations, 2018 and Utkal Grameen Bank (Officers' and Employees') Service (Amendment) Regulations, 2018 was published in the Gazette of India (Extraordinary) Part III, Section 4 vide Notification No. 533 dated 24.12.2018. While actuarial valuation for Pension Fund was Rs. 862.97 cr. The total corpus as on 31.03.2020 is to the tune of Rs. 100.72 cr towards the pension liability. During 2019-20, 859 retired staff were paid pension of Rs. 98.29 crore. A scheme of Bridge Loan was introduced for the pensioners and during 2019-20, 138 retired staff availed the loan to the tune of Rs. 5.14 crore.

Industrial Relations

The Management and Officers Association and Employees Union have worked in tandem for the welfare of the staff members and business development, sorting out routine issues with amicable solutions. Cordial and amiable working atmosphere has prevailed during the year.

Welfare of SC/ST and OBC Employees

The Bank has maintained cordial relations with the SC/ST Welfare Council/Association, OBC Welfare Association and complied with statutory requirements in all aspects of recruitments, promotions etc.

The Bank has taken all steps to keep up the morale and motivation of the employees.

Settlement of Terminal Benefits

The process for payment of terminal benefit begins three months in advance of retirement to ensure that all formalities are completed to make payment of terminal dues.

Payment of Ex-gratia

The Bank has implemented the GOI instructions, contained in the notification No: F.20/5/2003-RRB dated 9.6.2006, on payment of ex-gratia in lieu of appointment on compassionate grounds for the legal heirs of the bereaved staff members and also to the staff who are chronically sick and immobile on sick grounds.

Vigilance Administration

As the Bank is growing in size and with the infusion of young and inexperienced workforce, vigilance together with sensitization to be vigilant has been a thrust area for the Bank.

A new set up of Vigilance administration has been introduced in the Bank with the active involvement of Sponsor Bank vide their letter No: A&S/RRB/SKJ/415 dated 12th Sep 2017 after obtaining the Board's approval.

Chief Vigilance Officer of State Bank of India is overseeing the Vigilance Administration of our Bank, through Deputy General Manager (Vigilance), State Bank of India, LHO, Bhubaneswar.

Deputy General Manager (Vigilance) reviews Pendency of vigilance cases, implementation of Complaint handling policy and whistle blower policy, pending complaints, PVC Meetings, Regular Preventive visits of Branches by Vigilance Cell officials, job rotation, submission of Assets & Liabilities Statements by all Officials, and communicates his / her observations if any. He also



sends a quarterly report to State Bank of India, Corporate Centre, Mumbai on the vigilance administration of our Bank.

Six senior officials identified to deal with domestic enquiries were sent to SBILD, Salt Lake, Kolkata to attend the training programme on Investigation, Presentation and Enquiry held from 11th to 12th July, 2019 for skill upgradation of our Bank's officials dealing with Domestic Enquiries as Presenting Officer, Enquiry Officer and Investigation Officials.

During the year 23 disciplinary cases have been disposed of out of 36 cases.

Vigilance Awareness week:

The Bank has organized Vigilance Awareness week from 28th October to 2nd November 2019 in Head Office, Regional Offices and all Branches. On the occasion of Vigilance Awareness Week, workshops, sensitization programme, public meetings, student rally, essay competition amongst school & college students were organized by Branches & Controlling Offices.

Board

The Board of the Bank is constituted by

- (a) Chairman of the Bank
- (b) two non-official directors appointed by Government of India
- (c) one nominee director each from Reserve Bank of India and NABARD
- (d) two nominee directors from Sponsor Bank
- (e) two nominee directors from state Government of Odisha.

With Chairman of the Bank as Chairman of the Board.

Board Meeting Rules stipulate that the Board meets minimum six times a year, at least once in a quarter. During the calendar year 2019, 06 meetings were held.

Acknowledgements

The Board of Directors of the Bank would like to express their sincere gratitude for the continued trust and patronage received from the customers who have

stood with the Bank all through.

The Board takes immense pleasure in expressing their gratitude for the guidance and cooperation received from the Sponsor Bank, Government of India, State Government of Odisha, Reserve Bank of India, NABARD, NPCI, UIADI, other Financial Institutions and Banks for their unflinching and valuable support to the Bank from time to time.

The Board also expresses sincere thanks to all the District Collectors, Project Directors of DRDA and other Govt. Departments of Bolangir, Subarnapur, Bargarh, Sambalpur, Deogarh, Jharsuguda, Sundargarh, Kalahandi, Nuapada, Kandhamal, Boudh, Koraput, Malkangiri, Rayagada, Nabarangpur, Gajapati & Ganjam districts in Odisha, for their support and encouragement.

The Board would like to gratefully acknowledge the support rendered by our Technology Service Providers viz., M/s C-Edge Technologies, Mumbai and our Corporate Business Correspondents.

The Board extends its heartfelt gratitude to M/s Agasti & Associates, the Central Statutory Auditors of the Bank and other Statutory Branch Auditors for their cooperation in completing the Audit of the Bank's Financial Statements for the Year 2019-20 in time.

The Board also expresses its gratitude to all Public Relations Officers, Print and Electronic media for their cooperation in giving wide publicity for the Bank. The Board also thanks the Officers' Association, Employees' Union and SC/ST/OBC Welfare Associations for their constructive role played in overall development of the Bank.

Words are not adequate to recall the excellent performance, sense of involvement, ownership and dedicated services rendered by each and every staff member.

For and on behalf of Board of Directors of

Utkal Grameen Bank

(Ranjit Kumar Mishra)

Chairman



INDEPENDENT AUDITOR'S REPORT

**To,
The Members of Utkal Grameen Bank,
Balangir.**

Report on Audit of the Standalone Financial Statements

Opinion Qualified

We have audited the standalone financial statements of Utkal Grameen Bank('the Bank'), which comprises of the Balance Sheet as at 31 March 2020 and the Profit and Loss Statement and Cash Flow Statement for the year ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information which includes returns for the year ended on that date of 34 branches along with the Head Office audited by us and 250 branches audited by other 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 the National Bank of Agriculture and Rural Development. Also included in the Balance Sheet and Profit and Loss Statement are the returns of 152 branches which have not been subjected to audit. The audit covers 75.09% of the total advance of the Bank.

In our opinion and to the best of our knowledge and as per to the information & explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Regional Rural Bank Act 1976 and Banking Regulation Act, 1949 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a. in the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2020; and
- b. in the case of the Profit and Loss Account, of the loss for the year ended on that date.

Basis for Qualified Opinion

1. The Bank has not complied with AS-15 on Employee Benefits for providing post-employment defined benefit plan, i.e. Employee Pension amounting to Rs 776.67 crores as on 31.03.2019.

Also, NABARD'S letter No. EC No. 322/DOS-34/2019, dated 12.12.2019, requires Regional Rural Banks (RRBs) to ensure that a provision of at least 40% of the total Pension Liability assessed by them is charged to P&L account and provided for as on 31.03.2020. The same has also not been complied by the Bank.

As a result of the above letter, the Bank is required to make a provision of 40% of the total Pension Liability as on 31.03.2020. Rs 154.668 crores has been charged to P&L account and provided for as on 31.03.2019.

For 2020-21, the liability as per actuarial valuation is Rs 798.34 crores and after discounting the funds receivable from pensioners Rs 100.40 crores and balance in Pension Fund Rs 100.72 crores, the requirement as on 31.03.2020 is assessed at Rs 597.22 crores. From this assessed liability, as per the amortisation, one fourth i.e. Rs 149.31 crores or Rs 150.00 crores is required to be provided for.

However, this amount of Pension Liability of Rs 150.00 crores has not been charged to P &L account and has not been provided for as on 31.03.2020 (Refer Notes to Accounts No. 17.2(c)).

2. The Bank has not complied with the Accounting Standards prescribed by ICAI namely, AS-22 "Accounting for Taxes on Income", AS-18 "Related Party Disclosure "and AS-20 "Earning per Share". Pending compliance of the aforementioned Accounting Standards, effect of the same on financial statements is not ascertained.

3. We have conducted the 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 the audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw the attention to the Standalone Financial Statements (Profit & Loss Statement and Cash Flow statement), which indicates that the Bank has incurred a loss of Rs 139.50 crores for the year ended 31 March 2020. The Bank's accumulated loss stands at Rs. 963.47 crores as on 31st March 2020 and its net worth stands at a negative balance of Rs. 33.32 crores. The Bank has breached the RBI mandate CRAR ratio which stood at -1.34% as compared to the minimum requirement of 8%. This requires the Bank to take effective steps to augment its capital base in the year 2020-21.

In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all installments and/or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

In the opinion of the Bank, based on the financial projections prepared by the Bank and the capital infusion, the Bank will be able to realize its assets and discharge its liabilities in its normal course of business and hence the financial results have been prepared on a Going Concern basis. The said assumption of Going Concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19

Our conclusion on the standalone Financial Results is not modified with respect to this matter.

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

The Bank's Board of Directors are responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and the provisions of the Regional Rural Bank Act 1976, Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') and National Bank for Agriculture and Rural Development (NABARD) from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 are 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 going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our



opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement whenever it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they would reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast 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 along with significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that require the most significant attention 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

1. We did not audit the financial statements / information of 402 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total advances of Rs. 230779.69 lakh as at 31st March 2020 and total revenue of Rs. 52697.23 lakh for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of 250 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.

2. Due to the COVID-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes were carried out based on the remote access to the extent available/feasible and along with necessary records made available by the management through digital medium .

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account and Cash Flow statement have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

2. Subject to the limitation of such disclosures and on the basis of audit indicated in above paragraphs read together with "Significant Accounting Policies" and "Notes on Accounts" in schedule-17 and 18 respectively we report as under

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

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

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

3. We further report that:

a) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of 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 and the Profit and Loss Account and Cash Flow statement dealt with by this report are 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 and the Profit and Loss Account and Cash Flow statement comply with the applicable accounting standards except for the effects of the matter described in the Basis for Qualified Opinion paragraph and to the extent they are not inconsistent with the accounting policies prescribed by NABARD and RBI.

Place of Signature : Bhubaneswar

Date : 11-05-2020

For Agasti & Associates

Chartered Accountants

CA. Trupti Rekha Mohapatra

(Partner)

M No-300053



UTKAL GRAMEEN BANK
HEAD OFFICE, BOLANGIR (ODISHA)
BALANCE SHEET AS ON 31ST MARCH 2020

(Amt. in “000”)

CAPITAL & LIABILITIES	SCHEDULE	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
<u>EQUITY & LIABILITIES</u>			
Equity Capital	1	7,022,131	4,949,233
Perpetual Bond	1(A)	81,383	81,383
Share Capital Deposit	1(B)	2,279,360	323,367
Reserves & Surplus	2	NIL	NIL
Deposits	3	70,470,647	64,961,540
Borrowings	4	2,705	64,678
Other Liabilities & Provisions	5	3,371,424	5,288,628
TOTAL		83,227,650	75,668,829
Cash and Balances with Reserve Bank of India	6	2,433,284	3,105,879
Balances with Banks and Money at Call and Short Notice	7	9,144,247	4,800,215
Investments	8	36,295,684	32,683,472
Loan and Advances	9	23,931,935	24,822,387
Fixed Assets	10	76,318	92,352
Other Assets	11	11,346,182	10,164,524
TOTAL		83,227,650	75,668,829
Contingent Liabilities	12	509,654	447,308
Bills for Collection		NIL	NIL
Principal Accounting Policies & Notes on Accounts	17 & 18		

The accompanying schedules are integral parts of the Financial Statements.

SRI. R.K. MISHRA
CHAIRMAN

SRI PRIYARANJAN
DGM, RBI, BBSR
DIRECTOR

SRI V. BALASUBRAMANIAN
DGM, NABARD, BBSR
DIRECTOR

SRI P. K. BISWAL, IAS
Director Inst. Finance &
Spl. Secy. to Govt. of Odisha, Bhubaneswar
DIRECTOR

For Agasti & Associates
Chartered Accountants
Firm Regn. No. 313043E

(CA. Trupti Rekha Mohapatra)
PARTNER
M. No. 300053

Shri S. Tiwari,
DGM, SBI, Corporate Center, Mumbai
Director

Shri A.K. Aggrawal,
DGM, (FI & MF)
SBI, LHO, Bhubaneswar, Director



**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2020**

(Amt. in “000”)

SCHEDULE	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. INCOME		
Interest Earned	5,116,834	3,855,392
Other Income	619,604	408,206
TOTAL	5,736,438	4,263,598
II. EXPENDITURE		
Interest Expended	3,379,159	3,283,951
Operating Expenses	1,787,324	1,581,881
Provisions & Contingencies	1,964,881	3,172,084
TOTAL	7,131,364	8,037,916
III. PROFIT & LOSS	-1,394,926	-3,774,318
Profit before Tax	-1,394,926	-3,774,318
Less : Tax Provision	0	0
Provision for IT for the Financial Year	NIL	NIL
Profit after Tax	-1,394,926	-3,774,318
Loss brought forward	-8,239,742 (*)	-4,465,424
TOTAL	-9,634,668	-8,239,742
Balance carried over to Balance Sheet	-9,634,668	-8,239,742
TOTAL	-9,634,668	-8,239,742

The accompanying schedules are integral parts of the Financial Statements.

In terms of our report of even date.

SRI. R.K. MISHRA
CHAIRMAN

SRI PRIYARANJAN
DGM, RBI, BBSR
DIRECTOR

SRI V. BALASUBRAMANIAN
DGM, NABARD, BBSR
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Director Inst. Finance &
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DGM, SBI, Corporate Center, Mumbai
Director

Shri A.K. Aggrawal,
DGM, (FI & MF)
SBI, LHO, Bhubaneswar, Director

**SCHEDULE : 1 CAPITAL**

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
Authorised Capital	20,000,000	20,000,000
Issued, Subscribed & Paid-up Capital	7,022,131	4,949,233
Govt. of India (50%)	3,511,066	2,474,635
State Bank of India (35%)	2,457,776	1,732,219
Govt. of Odisha (15%)	1,053,289	742,379
TOTAL	7,022,131	4,949,233
G. TOTAL	7,022,131	4,949,233

SCHEDULE : 1A PERPETUAL BOND

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
State Bank of India	81,383	81,383
TOTAL	81,383	81,383

SCHEDULE : 1B SHARE CAPITAL DEPOSIT

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
State Bank of India	938,560	226,357
Govt. of Odisha	0	97,010
Govt. of India	13,40,800	0
TOTAL	2,279,360	323,367

SCHEDULE : 2 RESERVE & SURPLUS

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Statutory Reserves	0	0
II. Capital Reserve on Consolidation	0	0
III. Share Premium Other Reserve (Specify Nature)	0	0
IV. Revenue and Other Reserves	0	0
V. Balance in Profit & Loss Account	0	0
TOTAL	0	0

**SCHEDULE : 3 DEPOSITS**

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
A. I. Demand Deposits		
i) From Banks		
ii) From Others	1,226,956	1,096,302
II. Savings Bank Deposits	40,458,836	36,279,995
III. Term Deposits		
i) From Banks		
ii) From Others	28,784,855	27,585,243
TOTAL (I + II + III)	70,470,647	64,961,540
A. I. Deposits of Branches in India	70,470,647	64,961,540
II. Deposits of Branches Outside India	0	0
TOTAL (I + II)	70,470,647	64,961,540

SCHEDULE : 4 BORROWINGS

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
A. I. Borrowings in India		
i) Reserve Bank of India		
ii) Other Banks	0	0
(Sponsor Bank i.e. State Bank of India)	0	0
iii) Other Institutions and Agencies (NABARD)	2,705	64,678
iv) NSTFDC	0	0
II. Borrowings Outside India	0	0
TOTAL (I + II)	2,705	64,678
Secured Borrowings		
(Included in I & II above)	2,705	64,678

SCHEDULE : 5 OTHER LIABILITIES & PROVISIONS

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Bills Payable	32,614	53,627
II. Inter-Office Adjustments (net)	0	0
III. Interest Accrued	2,255,823	2,317,778
IV. Others	1,082,987	2,917,223
TOTAL	3,371,424	5,288,628



DETAILS OF OTHER LIABILITIES (SCHEDULE 5-VI)

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
Subsidy Reserve Fund	66,604	102,759
Sundry deposits	24	2,263
Sundry Deposit TDS -SYS -Credit	35,918	76,599
Grameen pay Order (GPO)	0	0
Crop Insurance Amount	3,912	3,916
Tax Deducted at Source /TDS	1,274	2,641
Sundry Creditors	0	703
CA 276 HO with UGB Balangir	3,227	7,155
Security Deposit Public	4,396	7,918
Miscellaneous Provision	13,104	141,832
Standard Asset Provision	144,630	56,522
Prov. on Pension, Leave Liability & Gratuity	575,700	2,045,900
Other System Susp. A/C	0	525
Adjusting A/c	65,159	378,983
Others	169,039	89,507
GROUP TOTAL	1,082,987	2,917,223

DETAILS OF MISCELLANEOUS PROVISION

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
Carry forward Provision of ERGB	102	102
Fraud provision	12,697	17,162
BCGA provision	0	2,222
Burglary Provision	305	305
MTM Provision	0	122,036
Others	0	5
	13,104	141,832



SCHEDULE : 6 CASH & BALANCES WITH RESERVE BANK OF INDIA

(Amt. in "000")

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Cash in Hand (Including foreign currency notes-NIL)	460,249	377,294
II. Balance with Reserve Bank of India		
i) In Current Account	1,973,035	2,728,585
ii) In Other Account	0	0
TOTAL (I + II)	2,433,284	3,105,879

SCHEDULE : 7 BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(Amt. in "000")

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. In India		
i) Balances with Banks		
a) In Current Accounts	2,231,061	185,353
b) In Other Deposit Accounts	6,913,186	4,614,862
ii) Money at Call & Short Notice / Short Term Deposit		
a) With Banks	0	0
Deposit with State Bank of India)		
b) With other institutions	0	0
TOTAL (I + II)	9,144,247	4,800,215
II. Outside India		
i) In Current Accounts	0	0
ii) In Other Deposit Accounts	0	0
iii) Money at Call & Short Notice	0	0
TOTAL (i + ii+iii)	0	0
TOTAL (I + II)	9,144,247	4,800,215

**SCHEDULE : 8 INVESTMENTS**

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Investments in India in		
i) Government Securities	36,239,205	32,621,993
ii) Other approved Securities	1,479	1,479
iii) Shares	0	0
iv) Debentures and Bonds	0	0
v) Investments in Associates	0	0
vi) Others (to be specified) (SBI - Mutual Fund)	55,000	60,000
TOTAL	36,295,684	32,683,472
II Investments Outside India in		
i) Government Securities (including Local Authorities)	0	0
ii) Investments in Associates	0	0
iii) Other Investments	0	0
TOTAL	0	0
GRAND TOTAL (I + II)	36,295,684	32,683,472
III. Investment in India		
i) Gross Value of Investments	36,295,684	32,683,472
ii) Aggregate of Provisions for Depreciation	0	0
iii) Net Investment	36,295,684	32,683,472
IV. Investment in India		
i) Gross Value of Investments	0	0
ii) Aggregate of Provisions for Depreciation	0	0
iii) Other Investments (to be specified)	0	0

**SCHEDULE : 9 ADVANCES**

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
A. i) Bills Purchased & Discounted		
ii) Cash Credits, Overdrafts & Loans repayable on demand	16,702,836	17,651,199
iii) Term Loans	7,229,099	7,171,188
TOTAL	23,931,935	24,822,387
B. i) Secured by Tangible Assets	23,875,588	24,303,599
ii) Receivable from Govt. of India under ADWDR Scheme - 2008	0	0
iii) Unsecured	56,347	518,788
TOTAL	23,931,935	24,822,387
C. I) Advances in India		
i) Priority Sector	22,110,200	23,015,317
ii) Public Sector	0	0
iii) Banks	0	0
iv) Others	1,821,735	1,807,070
TOTAL	23,931,935	24,822,387
II) Advances outside India		
i) Due from Banks	0	0
ii) Due from Others	0	0
a) Bills Purchased & Discounted	0	0
b) Syndicated Loans	0	0
c) Others	0	0
TOTAL	0	0
GRAND TOTAL (C . I + II)	23,931,935	24,822,387
TOTAL ADVANCES	28,941,913	28,957,326
NPA PROVISION	5,009,978	4,134,939
NET ADVANCE	23,931,935	24,822,387

**SCHEDULE : 10 FIXED ASSETS**

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Premises	0	0
At cost as on 31st March of the preceding year	8	8
Additions during the year	0	0
Deductions during the year	0	0
Depriciation to date	0	0
I.A Premises under construction	0	0
TOTAL	8	8
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	300,815	258,409
Support from SBI & NABARD	0	0
Additions during the year	14,218	42,406
TOTAL	315,033	300,815
GRAND TOTAL (I + II)	315,041	300,823
Deductions during the year	0	0
Accumulated Depriciation to date	238,723	208,471
BALANCE (W.D.V.)	76,318	92,352
GRAND TOTAL	76,318	92,352

SCHEDULE : 11 OTHER ASSETS

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Inter Office Adjustments (Net)	4,815	28,391
II. Interest Accrued	1,645,065	1,551,370
III. Tax Paid in Advance / tax deducted at source	5,299	5,299
IV. Stationery and Stamps	6,844	6,978
V. Non-Banking assets acquired in satisfaction of Claims	0	0
VI. Others *	9,684,159	8,572,486
TOTAL	11,346,182	10,164,524



DETAILS OF OTHER ASSETS (SCHEDULE 11-VI)

(Amt. in "000")

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
Suspense Advance	253	1,427
Accumulated Loss		
a) accumulated loss	9,634,668	8,239,742
b) Reserve and Surplus adjusted		
c) Loss before Tax		
d) Tax on profit (Add.)		
System Suspense	35	-27
NEFT	-143,497	19,214
AEPS	0	0
Broken Period Intt	0	75,642
R.O. Suspense	0	0
IT prov / Advance Tax paid	76,364	77,911
Income Tax Provision	0	0
Income tax refund	0	0
Receivable from NABARD	0	0
CENVAT Input Credit (Service Tax)	0	0
Others	116,336	158,577
Total	9,684,159	8,572,486

SCHEDULE : 12 CONTINGENT LIABILITIES

(Amt. in "000")

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Guarantees given on behalf of constituents		
a. In India	502,415	440,322
b. Outside	0	0
II. Unclaimed Deposit in Deaf A/C	7,239	6,986
TOTAL	509,654	447,308

SCHEDULE : 13 INTEREST EARNED

(Amt. in "000")

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Interest/Discount on Advances / Bills	2,246,302	1,467,875
II. Income on Investments	2,506,054	2,057,046
III. Interest on balances with Reserve Bank of India / other inter-bank Banks funds	364,478	298,755
IV. Other : IBPC	0	31,716
TOTAL	5,16,834	3,855,392

**SCHEDULE : 14 OTHER INCOME** (Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Commission, Exchange, Brokerage	67,020	95,530
II. Profit on Sale of Investments (Net)	0	0
Less : Loss on Sale of Investments		
III. Profit on revaluation of Investments	0	0
Less : Loss on revaluation of Investments (Amortisation)		
IV. Profit on Sale of Land, Buildings and Other Assets	0	0
Less : Loss on sale of Land, Buildings and other assets		
V. Profit on exchange transactions	0	0
Less : Loss on exchange transactions		
VI. a) Lease finance income	0	0
b) Lease management fee	0	0
c) Overdue charges	0	0
d) Interest on lease rent receivables	0	0
VII. Miscellaneous Income	552,584	312,676
TOTAL	619,604	408,206

SCHEDULE : 15 INTEREST EXPENDED

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Interest on Deposits	3,373,227	3,269,805
II. Interest on Reserve Bank of India / Inter-Bank Borrowings	5,932	14,146
TOTAL	3,379,159	3,283,951

SCHEDULE : 16(A) OPERATING EXPENSES

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
I. Payments to and Provisions for employees	1,285,682	1,189,307
II. Rent, Taxes and Lighting	56,406	55,169
III. Printing and Stationery	14,744	21,018
IV. Advertisement and Publicity	263	227
V. Depreciation on Bank’s Property	30,252	31,016
VI. Director’s fees, allowances and expenses	12	19
VII. Auditor’s fees and expenses (including branch Auditors)	3,200	3,501
VIII. Law Charges	6,919	7,805
IX. Postage, Telegrams, Telephones etc.	8,886	9,948
X. Repairs and Maintenance	110,864	98,777
XI. Insurance	58,007	53,841
XII. Other expenditure	212,089	111,253
TOTAL	1,787,324	1,581,881

**DETAILS OF OTHER EXPENDITURES
(SCHEDULE 16-XII)**

(Amt. in “000”)

	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
Books and Periodicals	3,673	4068
Entertainment Expenses	23	75
Training / Meeting / Seminars	278	1,887
Travelling Allowances	8,126	9,389
Halting Allowances	16,007	19,369
Vehicle Hiring / Fuel Expenses	15,220	16,552
Clearing House	56	669
Data Entry Charges	154	195
Sundry Expenses	168,552	59,049
GRAND TOTAL	212,089	111,253

SCHEDULE 16-B PROVISIONS

(Amt. in “000”)

Details of Provisions	31.03.2020 (Current Year)	31.03.2019 (Previous Year)
Standard Assets Provision	88,109	-5,659
Bad Debt Provision	1,859,295	757,291
Misc. Provision	-128,723	2,222
Prov. towards Fraud	0	12,330
Prov. towards Leave Liability	40,000	416,400
Prov. towards Gratuity	106,200	429,500
Prov. towards Pension	0	1,560,00
GRAND TOTAL	1,964,881	3,172,084

**UTKAL GRAMEEN BANK**

HEAD OFFICE: BOLANGIR

SCHEDULE - 17 - SIGNIFICANT ACCOUNTING POLICIES**1. GENERAL :**

Government of India vide its Notification No. F No. 1/1/2012 RRB dated 01.11.2012 published in Gazette of India being issued by the Ministry of Finance, Department of Financial Services, GOI on 01.11.2012 instructed to amalgamate two Regional Rural Banks viz. "Rushikulya Gramya Bank" and "Utkal Gramya Bank" into a new Regional Rural Bank named as "Utkal Grameen Bank".

2. Basis of Preparation :

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting ongoing concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms / guidelines prescribed by the National Bank for Agriculture and Rural Development (NABARD) / Reserve Bank Of India (RBI), Banking Regulation Act 1949, Regional Rural Bank Act, 1976 and amendments thereto and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

3. Use of estimates :

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable and are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the period in which the result are known / materialised.

4. Revenue Recognition:

- a) Income is accounted on accrual basis, except otherwise stated.
- b) Interest income is recognised in the Profit and Loss Account as it accrues except, income from Non Performing Assets (NPAs), comprising of advances and investments where revenue recognition is postponed till removal of uncertainty of ultimate collection, as per the prudential norms prescribed by the RBI/NABARD or other regulatory authorities.
- c) Income (other than interest) on interest bearing investments in "Held to Maturity (HTM)"



category acquired at a discount to the face value, is recognised only at the time of sale / redemption.

- d) In case of suit filed accounts, legal and other expenses incurred are charged to Profit and Loss Account and at the time of recovery of such expenses is accounted as income.

5. Investments :

Investments in India have been made in both SLR and Non-SLR securities and classified under "Held to Maturity" (HTM) i.e. permanent category & "Available For Sale" (AFS) i.e. Current category as per RBI norms and guidelines as amended from time to time.

SLR securities under HTM category lie within the prescribed limit i.e. 18.25% of NDTL. Investments in SLR securities have been accounted for at acquisition cost unless it is more than the face value, in which case the premium have been amortised over the period remaining to maturity. It has reflected the amortised amount in schedule 13-Interest earned: item II - Income on investments as a deduction.

The investment portfolio has been valued as per the mark to market (MTM) norms prescribed by RBI and any depreciation in value under AFS category has been provided.

Income on Mutual Fund has been recognised on cash basis.

6. Loans or Advances and Provisions thereon :

- A. Loans and advances are classified as performing and non-performing, based on the guidelines/directives issued by NABARD & RBI. Loan assets become Non Performing Asset (NPA) where:

- **In respect of agriculture advances :**

- i. For short duration crops, where the installment of principal or interest remains overdue for two crop seasons and
- ii. For long duration crops, where the principal or interest remains overdue for one crop season.

- **In respect of Non Agriculture advances :**

- i. In respect of term loans, interest and / or installment of principal remains overdue for a period of more than 90days.
- 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 or drawing power continuously for a period 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.

Provisions are made for NPAs as per the extant guidelines/directives prescribed by the RBI:



a) All advances have been classified under four categories i.e., Standard Assets, Sub-standard Assets, Doubtful Assets and Loss Assets.

b) Provisions on Advances are made as under :

I Standard Assets :

General Provision for Standard Assets at the following rates:

Direct Advances to Agriculture and SME sectors at 0.25%

Commercial Real Estate sector at 1%

All other advances not included in (1) & (2) above at 0.40%

II Sub-Standard Assets :

A loan asset that has remained non performing for a period less than or equal to 12 months is a Sub Standard Asset

General Provision of 10% on the total outstanding

Additional Provision of 10% for exposures which are unsecured ab-intio (i.e. where realisable value of security is not more than 10% ab-initio).

Secured Portion	Up to One year 20%
	One to three years 30%
	More than three years 100%
Unsecured Portion	100%

III Doubtful Assets :

A loan asset that has remained in the sub-standard category for of 12 months is Doubtful Asset

IV Loss Assets :

A loan asset where Loss has been identified but the amount has not been fully written off is a Loss Asset.

100% Provision on outstanding Advances.

- Advances are net of specific loan loss provisions, unrealised interest.
- In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it confirms to the guidelines prescribed by the regulators.
- Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.
- 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 and are not considered for arriving at the net NPAs.
- Interest realized on NPAs is taken in to income account provided the credits in the accounts towards interest are not out of fresh/additional credit facilities sanctioned to the borrower concerned.



- Appropriation of recoveries in NPAs i.e. 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

B. RBI has come out with COVID-19 Regulatory Package vide circular DOR.No.BP.BC.47 21.04.048/2019-20 dated March 27,2020. Under these guidelines :

(a) For Term Loans, the lending institutions were permitted to grant a moratorium of three months on payment of all term loan installments falling due between March 1,2020 and May 31,2020(moratorium period). As such, in respect of all accounts classified as standard as on February 29,2020, even if overdue, the moratorium period, wherever granted, excluded by the Bank from the number of days past-due for the purpose of asset classification under the IRAC norms.

(b) For Working Capital facilities, sanctioned in the form of cash credit/overdraft("CC/OD"), the Package permitted the recovery of interest applied during the period from March 1,2020 upto May 31,2020 to be deferred ("deferment period"). Such deferment period, granted in respect of all facilities classified as standard, including SMA as on February 29,2020, excluded for the determination of out of order status.

(c) Provisioning : (vide RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17,2020

(1). In respect of accounts in default but standard where provisions of Term Loan and working capital facilities are applicable, and asset classification benefit is extended, general provisions of not less than 10 percent of the total outstanding of such accounts are to be made to be phased over two quarters as under :

(i) Quarter ended March 31,2020-not less than 5 per cent

(ii) Quarter ended June 30, 2020-not less than 5 per cent

(2). The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts.

(3). The above provisions shall not be reckoned for arriving at net NPAs till they are adjusted against the actual provisioning requirements as under above paragraph No 2. Further, till such adjustments, these provisions shall not be netted from gross advances but shown separately in the balance sheet as appropriate.

7. Fixed Assets, Depreciation and Amortisation :

7.1 Fixed assets are stated at their historical cost.

7.2 Depreciation on assets is provided on straight line method at rates prescribed by the sponsor bank for maintaining uniformity in the accounting policy.

**8. Employee Benefits :****a. Short Term Employee Benefits :**

The undiscounted amount of short - term employee benefits, such as medical benefits etc., which are expected to be paid for the services rendered by employees, are recognized during the period when the employee renders the service.

b. Long Term Employee Benefits :

i. Gratuity : For all the eligible employees, the Bank provides for Gratuity liability based on actuarial valuation. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

ii. Leave Encashment : For all the employees who have completed five years of service, the Bank provides for Leave Encashment liability based on actuarial valuation.

iii. Pension : Bank has introduced UtkalGrameen Bank (Employees') Pension Regulation, 2018 in the financial year 2018-19 as per guidelines issued by NABARD vide letter no.NB.IDD/344/316(Pension)/2018-19 dt:23.10.2018 and GOI Gazette notification - Extraordinary Part-III, Section-4 , No-533 dt: 24.12.2018 and pension payment are made accordingly.

c. Defined Contribution Plans such as Provident Fund are recognized as an expense and charged to the Profit& Loss Account on accrual basis.

9. Contingent Liabilities & provisions :

In conformity with AS - 29 "Provisions, Contingent Liabilities and Contingent Assets", issued by ICAI, the bank recognises the provisions only when it has a present obligation as a result of a past event and would result in a probable 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.

No provision is recognised for :

I. Any possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank.

II. Any present obligation that arises from past events but is not recognised because

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or

b. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

III. Contingent Assets are not recognised in the financial statements.

10. Special Reserves :

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961.



SCHEDULE -18

NOTES ON ACCOUNTS

1. SHARE CAPITAL

i) In terms of Gazette Notification dated 12th May, 2015, in regard to amendment of Regional Rural Bank Act, 1976, the authorized capital of the Bank enhanced to Rupees two thousand crore, divided into two hundred crore of fully paid-up shares of ten rupees each effective from the 4th February 2016. In order to meet the minimum level of CRAR and other financial parameters, a proposal was submitted for recapitalization for infusion of Rs.323.02 crores. The same has been approved by appropriate authorities during Financial Year 2018-19 and partial payment of Rs.115,73,02,000.00 was done during the FY. Balance amount of rupees 207,28,98,000.00 received from share holders as per the details below during the current Financial Year on matching basis has been capitalized and shown under paid up share capital.

a) Govt. Of India	= Rs. 103,64,31,000.00
b) State Bank of India	= Rs. 72,55,57,000.00
c) Govt. of Odisha	= Rs. 31,09,10,000.00
Total	= Rs.207,28,98,000.00

Further Rs.134,08,00,000.00 & Rs.93,85,60,000.00 have been received from Govt. of India & Sponsor Bank respectively and reflected in "Schedule-1B Share Capital Deposit" because full and matching contribution has not been received from different stake holders.

Share Capital consists of Shares subscribed to by the Government of India, Sponsor Bank and Government of Odisha in the ratio 50:35:15 as follows:

	As at 31.03.2020	As at 31.03.2019
Authorised Capital		
(200,00,00,000 Shares of Rs10/- each)	2000,00,00,000.00	2000,00,00,000.00
Issued, Subscribed & Paid up Share Capital		
Govt of India (351106550 Shares of Rs 10/- each)	351,10,65,500.00	247,46,34,500.00
State Bank of India (245777610 share of Rs10/- each)	245,77,76,100.00	173,22,19,100.00
Govt of Odisha (105328900 share of Rs10/- each)	105,32,89,000.00	74,23,79,000.00
TOTAL	702,21,30,600.00	494,92,32,600.00

ii) PERPETUAL BOND:

Consequent upon implementation of CBS, the Bank has incurred a total expenditure of Rs.16,27,65,784/- out of which Sponsor Bank's share @ 50% amounts to Rs.8,13,82,892/-. The above amount has been contributed on 08.01.2016 by State Bank of India in form of Perpetual Bond. The same is therefore reflected in the books of accounts under the head "Perpetual Bond" under Liabilities.



- iii) Due to a loss of Rs.139.49 crores during the year and an accumulated loss of Rs.963.47 crores the networth of the Bank has turned negative (-Rs.33.32 crores). This is attributable to mainly high provision required for NPA and provision for Pension & Gratuity as per schedule -5 of the Balance sheet.

2. INVESTMENTS :

Investments in Govt securities & Sovereign Gold Bond amounting to Rs.362406.84 lakhs made by the Bank represent SLR investments. Out of total SLR portfolio of Rs.362406.84 lakhs, securities of book value amounting to Rs.109031.37 lakhs have been categorized under "Held to Maturity"(HTM) and securities of book value amounting to Rs.253375.47 lakhs have been categorized under "Available For Sale"(AFS). Securities under HTM category are exempted from mark to market (MTM) norms. Securities under AFS categories in both SLR & Non-SLR are valued as per mark to market (MTM) norms. In case of both SLR & Non-SLR investment, there is a net appreciation, hence do not require any provision for depreciation.

3. ADVANCES:

During this FY, Bank has written-off an amount of Rs.95.02 crore, where 100% provision was available. Though Bank could be able to consume provision of Rs.94.99 crore, the short fall of Rs.0.03 crore has been duly provided for over & above the actual provision requirement.

4. FIXED ASSETS:

- a) Fixed assets of the Bank have been physically verified by officials of the Branches of the Bank and shortage/excess found has been suitably adjusted in the books of account during the year.
- b) Depreciation on Fixed Assets is provided on Straight Line Method at rates prescribes by Sponsor Bank.

5. OTHER ASSETS

Balance under the head Inter Office adjustments reflects Rs.48.13 lakhs (Previous year Rs.283.91 lakhs) being the pending items for which advices are in transit as on the closing date. The same are under reconciliation and subject to consequential adjustments, if any.

6. CONTINGENT LIABILITY

Contingent Liability of Rs.50,96,53,535.30 (Previous year Rs.44,73,08,648.40) like Bank Guarantee, DEAF etc has been shown under schedule-12.

7. OTHERS:

The accumulated loss of the Bank as on 31st March 2020 stands at Rs.96346.68 lakhs.

8. Previous year's figures have been re-grouped and/or rearranged where considered necessary to make it comparable.

**9. Additional Disclosures****9. a. Capital**

Sr.	Particulars	Current Year (2019-20)	Previous Year (2018-19)
i)	CRAR (%)	-1.34%	-11.83%
ii)	CRAR - Tier I Capital (%)	-1.34%	-11.83%
iii)	CRAR - Tier II Capital (%)	0.91%	0.55%
iv)	Percentage of share holding of the		
a	Government of India	50%	50%
b	State Government	15%	15%
c	Sponsor Bank (SBI)	35%	35%

9. b. Investment

(Rs. in lakhs)

Sr.	Particulars	Current Year (2019-20)	Previous Year (2018-19)
1	Value of Investments		
i)	Gross value of Investments	362956.84	326834.72
ii)	Provisions for Depreciation	Nil	Nil
iii)	Net value of Investments	362956.84	326834.72
2	Movement of provisions held towards depreciation on Investments	Nil	Nil
i)	Opening Balance	Nil	Nil
ii)	Add : Provisions made during the year	Nil	Nil
iii)	Less: Write off / write back of excess provisions during the year	Nil	Nil
iv)	Closing Balance	Nil	Nil

9. c. Repo Transaction

(Rs. in lakhs)

Item	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on 31st Mach 2020
Securities sold under Repos	NIL	NIL	NIL	NIL
Securities purchased under reverse Repos	NIL	NIL	NIL	NIL

**9.d. Non-SLR Investments portfolio**

(i) Issuer composition of Non-SLR Investment

(Rs. 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	NIL	NIL	NIL	NIL	NIL
ii)	FIs	NIL	NIL	NIL	NIL	NIL
iii)	Banks	NIL	NIL	NIL	NIL	NIL
iv)	Private Corporate	NIL	NIL	NIL	NIL	NIL
v)	Others	550.00	NIL	NIL	NIL	NIL
vi)	Provisions held towards depreciation	NIL	NIL	NIL	NIL	NIL
	TOTAL	550.00	NIL	NIL	NIL	NIL

ii) Non-performing Non-SLR Investments

(Rs. in lakhs)

Particulars	Amount
Opening balance	NIL
Additions during the year since 1st April	NIL
Reductions during the above period	NIL
Closing balance	NIL
Total provisions held	NIL

10. Asset Quality

10.1 Non-Performing Asset

(Rs. in lakhs)

Sr.	Particulars	Current Year (2019-20)	Previous Year (2018-19)
i)	Net NPA to Net Advances (%)	12.93%	18.68%
ii)	Movement of NPA (Gross)	-	-
(a)	Opening balance	87728.29	89682.72
(b)	Additions during the year	17170.68	34249.33
(c)	Reductions during the year	23862.34	36203.76
(d)	Closing balance	81036.63	87728.29
iii)	Movement of Net NPAs	-	-
(a)	Opening balance	46378.90	42221.54
(b)	Additions during the year	6555.77	18106.43
(c)	Reductions during the year	21997.82	13949.07
(d)	Closing balance	30936.85	46378.90
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	41349.39	46872.31
(b)	Provisions made during the year	18592.96	7572.91
(c)	Write -off / write-back of excess provisions	9842.56	13095.83
(d)	Closing balance	50099.78	41349.39



10.2 Details of Loan Assets subject to Restructuring

	Particulars	Current Year (2019-20)	Previous Year (2018-19)
I	Total amount of loan assets subject to restructuring, rescheduling, renegotiation	NIL	NIL
ii	The amount of standard assets subjected to restructuring, rescheduling, renegotiation	NIL	NIL
iii	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation	NIL	NIL
iv	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	NIL	NIL
	Note [(i) = (ii) +(iii) + (iv)]	NIL	NIL

10.3 Details of Financial Assets sold to Securitization (SC)

Reconstruction Company (RC) for Assets Reconstruction

	Particulars	Current Year (2019-20)	Previous Year (2018-19)
i	No. of Accounts	NIL	NIL
ii	Aggregate value (net of provisions) of accounts sold to SC/RC	NIL	NIL
iii	Aggregate consideration	NIL	NIL
iv	Additional consideration realized in respect of accounts transferred in earlier years.	NIL	NIL
v	Aggregate gain / loss over net book value	NIL	NIL

10.4 Details of non-performing Financial Assets purchased/ sold

A. Details of non-performing financial assets purchased.

	Particulars	Current Year (2019-20)	Previous Year (2018-19)
1 (a)	No. of accounts / purchased during the year	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL
2 (a)	Of these, number of account restructured during the year	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL



B. Details of non-performing financial assets sold.

Sr.	Particulars	Current Year (2019-20)	Previous Year (2018-19)
1	No. of accounts sold	NIL	NIL
2	Aggregate outstanding	NIL	NIL
3	Aggregate consideration received.	NIL	NIL

10.5 Provisions on Standard Assets.

(Rs. in lakhs)

Sr.	Particulars	Current Year (2019-20)	Previous Year (2018-19)
1	Provisions towards Standard Assets	580.06	565.22
2	Provisions on account of COVID-19 made @5.00%	866.24	-

N.B: Provisions towards Standard Assets need not be netted from gross advances but shown separately as "Provisions against Standard Assets" under "Liabilities and Provisions - Others" in Schedule No.5 of the Balance Sheet.

10.6

- (i) Total amount of Rs.17324.83 lakhs in SMA/overdue categories, where the moratorium/deferment and asset classification benefits were extended, in terms of paragraph "a"&"b" of COVID-19 Regulatory Package in Schedule -17.
- (ii) Provision (@ 5.00%) made during the Q4 FY 2020 of Rs.866.24 lakhs as per paragraph "c" of COVID-19 Regulatory Package in Schedule -17.

11. Business Ratio

	Particulars	Current Year (2019-20)	Previous Year (2018-19)
i	Interest Income as a percentage to Working Funds	6.80%	5.21%
ii	Non-Interest Income as a percentage to Working Funds	0.82%	0.55%
iii	Operating Profit as a percentage to Working Funds	0.76%	-0.81%
iv	Return on Assets	-1.85%	-5.10%
v	Business (Deposits plus advances) per employee (in lakh)	668.99	569.21
vi	Profit per employee (in lakh)	-9.39	-22.87



12. Asset Liability Management - Maturity pattern of certain items of assets and liabilities (Rs. in lakhs)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	501.35	69.01	314.66	452.40	808.60	4646.39	189.00	65.65	7047.06
Advances	12.22	20.49	276.34	406.24	356.72	794.10	114.86	412.22	2397.19
Investments & TDRs	165.33	84.60	231.96	504.90	170.63	971.13	117.35	2075.00	4320.89
Borrowings	0.00	0.00	0.00	0.00	0.27	0.00	0.00	0.00	0.27
Foreign currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note : The figure have been taken from the CBS system .

13. Exposures - Exposure to Real Estate Sector during the year.

(Rs. in lakhs)

Sr.	Category	Current Year (2019-20)	Previous Year (2018-19)
a	Direct Exposure	19610.88	20728.32
(i)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan upto 20 lakh may be shown separately)	19610.88	20728.32
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits	0	0
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures.	NIL	NIL
	a. Residential	NIL	NIL
	b. Commercial Real Estate	NIL	NIL
b.	Indirect Exposure	NIL	NIL
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL



14. Details of Single Borrowers (SGL),Group Borrower Limit (GBL) exceeded by the Bank.

As per RBI instructions, the present maximum permissible exposure limit of the Bank is 15 % of own fund. No such account exceeds prudential exposure limit during the year under report.

15. Miscellaneous - Amount of provisions made for Income-Tax during the year

Particulars	Current Year (2019-20)	Previous Year (2018-19)
Provision for Income Tax	NIL	NIL

The Bank has incurred a loss of Rs.13949.26 lakhs during the current year. However, it has accumulated losses in past years amounting to Rs.82397.42 lakhs. In view of the above no provision has been made towards income tax in the current year.

16. Disclosure of Penalties imposed by RBI

No penalty has been imposed by RBI during the current year.

17. Disclosure requirements as per Accounting Standards where the RBI has issued guidelines in respect of disclosure items for " Notes to Accounts".

17.1 Accounting Standard -9 - Revenue Recognition

The revenue recognition norms stipulated in the said accounting standard have been properly followed. The accounting policies of the Bank given under Schdule-17 describe the revenue recognition policies followed by the Bank.

17.2 Accounting Standard -15 - Employee benefit

- a) **Gratuity :** The Bank has taken policies under Group Gratuity Scheme framed with LIC of India & India First and premium paid is charged to revenue. An amount of Rs.22.43 crores has been paid during the current year. As per the LIC's estimate the gratuity liability of Rs.20.00 lakhs amounts to Rs.96.22 crores. Since the corpus of the Bank towards the liability stands at Rs.85.60 crores as on 31.03.2020, the required shortfall of Rs.10.62 crores have been provided for.
- b) **Leave encashment :** The liability of the Bank arising out of Leave encashment amounts to Rs.38.53 crores on actuarial valuation against which the corpus fund of the Bank as on 31.03.2020 stands at Rs.34.85 crores and the shortfall amounting to Rs. 4.00 crores have been provided for.
- c) **Pension :** Bank has introduced Utkal Grameen Bank (Employees') Pension Regulation, 2018 in this financial year as per guidelines issued by NABARD vide letter no NB.IDD/344/316(Pension)/2018-19 dt:23.10.2018 and GOI Gazette notification - Extraordinary Part-III, section-4 , No-533 dt: 24.12.2018. After actuarial valuation, based on amortization for 5 years, Rs. 156.00 crores was provided for pension during 2018-19, which was subsequently ratified by NABARD vide its letter No. EC No.322/Dos-34/2019. However, no provision has been made during the current year and Bank has requested NABARD for deferring the provisions for the current year and a decision is awaited.

**17.3 Accounting Standard -17 - Segment Reporting**

- a. There is only one Business segment i.e. retail banking operation.
b. There is only one Geographical segment i.e. Domestic.

17.4 Accounting Standard -22 - Accounting for Taxes on Income

Since the Bank has incurred loss during the year and there is accumulated loss, the deferred tax Asset / Liability has not been recognized and accounted for.

17.5 Accounting Standard -25 - Interim Financial Reporting

The Bank has already introduced the system of interim financial reporting as per NABARD guidelines .

18. Additional Disclosures**18.1 Provisions against Advances**

(Rs. in lakhs)

Sr.	Particulars	Current Year (2019-20)	Previous Year (2018-19)
a.	Opening balance in the floating provisions account	41914.61	47494.12
b.	The quantum of floating provisions made in the accounting year	19474.03	7516.32
c.	Amount of draw down made during the accounting year*	9842.56	13095.83
c.	Closing balance in the floating provisions account	51546.08	41914.61

- * i. Total written-off during the year Rs.9502.14 lakhs
ii. Previous year w/o TR responded Rs.343.49 lakhs.
iii. Current year TR pending for respond Rs. 3.07 lakhs.

Total provision draw down during the year (i+ii-iii) = Rs.9842.56 lakhs.

18.2 Draw Down From Reserve

There was no Draw Down from any reserve account during the year.

18.3. Disclosure of Complaints**A. Customer Complaints**

Sr.	Particulars	Details
a.	No. of complaints pending at the beginning of the year	8
b.	No. of complaints received during the year	50
c.	No. of complaints redressed during the year	54
d.	No. of complaints pending at the end of the year	4

B. Award passed by the Banking Ombudsman

Sr.	Particulars	Details
a.	No. of unimplemented Awards at the beginning of the year	NIL
b.	No. of Awards passed by the Banking Ombudsmen 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



18.4 Concentration of Deposits, Advances, Exposures and NPAs

I.

(Rs. in Crore)

Concentration of Deposits	
Total Deposits of twenty largest depositors	163.83
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	2.32%

Concentration of Advances *	
Total Advances to twenty largest borrowers	172.30
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	5.95%
*Advances should be computed as prescribed in our Circular on Strengthening of Prudential Norms – Provisioning Asset classification and Exposure Limit RPCD.RRB.BC.97/03.05.34/2000-01 dated June 11, 2001 as per circular RPCD.RRB.BC.97/03.05.34/2000-01 dated June 11, 2001	

Concentration of Exposures **	
Total Exposures of twenty largest borrowers/customers	189.92
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	6.56%
** Exposures should be computed based on credit and investment exposure as prescribed in our Circular on Strengthening of Prudential Norms – Provisioning Asset classification and Exposure Limit RPCD.RRB.BC.97/03.05.34/2000-01 dated June 11, 2001	

Concentration of NPAs	
Total Exposure to top four NPA accounts	2.07

II. Sector -wise NPAs

(Rs. in Crore)

Sl. No.	Sector *	Current Year (2019-20)			Previous Year (2018-19)		
		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	2001.21	595.65	29.76%	2006.35	660.46	32.92%
2	Advances to industries sector eligible as priority sector lending	415.97	143.52	34.50%	411.93	160.53	38.97%
3	Services	49.66	5.40	10.87%	54.75	8.61	15.73%
4	Personal loans	207.04	36.23	17.49%	225.82	26.49	11.73%
	Sub-total (A)	2673.88	780.80	29.20%	2698.85	856.09	31.72%



B Non-Priority Sector							
1	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	Nil	Nil	Nil	Nil	Nil	Nil
3	Services	Nil	Nil	Nil	Nil	Nil	Nil
4	Personal loans	220.31	29.57	13.42%	196.88	21.19	10.76%
	Sub-total (B)	220.31	29.57	13.42%	196.88	21.19	10.76%
	Total (A+B)	2894.19	810.37	28.00%	2895.73	877.28	30.30%

*Regional Rural Banks may also disclose in the format above, sub sectors where the outstanding advances exceeds 10 percent of the outstanding total advances to that sector. For instance, if a bank's outstanding advances to the Khadi and Village industry (KVI) exceed 10 percent of the outstanding total advances to 'Industry' sector it should disclose details of its outstanding advances to KVI separately in the format above under the 'Industry' sector.

III. Movement of NPAs

(Rs. in Crore)

Particulars		Current Year (2019-20)	Previous Year (2018-19)
Gross NPAs as on 1st April of particular year (Opening balance)		877.28	896.83
Additions (Fresh NPAs) during the year		171.71	342.49
Sub-total (A)		1048.99	1239.32
Less:			
(i)	Upgradations	50.94	78.77
(ii)	Recoveries (excluding recoveries made from upgraded accounts)	92.67	172.91
(iii)	Write-offs	95.02	110.36
Sub-total (B)		238.62	362.04
Gross NPAs as on 31st March of following year (closing balance)(A-B)		810.37	877.28

19. Classification of assets (Advances) as on 31st march 2020.

(Rs. in Lakhs)

Classification	Gross Advances	Net Advances
Standard Asset	208382.50	208382.50
Sub Standard Asset	8467.86	7621.07
Bad, Doubtful & Loss assets	72568.77	23315.78
Total	289419.13	239319.35
Add: Provision on Sub-Standard & Doubtful Assets etc		50099.78
Total gross Advances	289419.13	289419.13



20. Accumulated written off Advance Accounts are placed under "AUCA" (Advances Under Collection Account) and cumulative amount as on 31.03.2020 stands at Rs.234,89,82,496.30.

21. IBPC (Inter-Bank Participation Certificate) : The Bank takes advantage of the swapping of its advances portfolio in priority Sector with intending partner Banks including Sponsor Bank. However Bank has not participated in IBPC during the current Financial year and the outstanding as on 31.03.2020 is Nil.

22. PSLC (Priority Sector Lending Certificates): The Bank has registered itself in the e-kuber portal of RBI and is actively engaged in trading in the PSLC market. Following are the details of the trading in PSLC during the year. (Rs. in Crore)

Category of PSLC	Current FY 2019-20			Previous FY 2018-19		
	Sold	purchase	Income	Sold	Purchase	Income
PSLC (SM)	1150	0	19.70	1175	100	10.30
PSLC (G)	0	800	4.76	0	800	3.09
	1150	800	14.94	1175	900	7.21

23. Data Purification and Asset Classification: During last year Bank has implemented new NPA functionality i.e 1.1 version of Agri & URI module for more accurate classification of Assets and recognition of income as per prudential norms prescribed by NABARD & RBI.

24. Depositor Education and Awareness Fund (DEAF) Scheme :

Disclosure as required under Depositor Education and Awareness Fund Scheme - 2014 notified by the Reserve Bank of India under DBOD No. DEAF Cell.BC.114/30.01.002/ 2013-14 dated 27th May 2014 (As per details in Schedule-12) (Rs. in Lakh)

Sl. No	Particulars	Current FY 2019-20	Previous FY 2018-19
1	Opening Balance of Amount transferred to DEAF	69.86	47.62
2	Add: Amount transferred to DEAF during the Year	2.72	22.48
3	Less: Amounts reimbursed by DEAF towards Claim	0.19	0.24
4	Closing balance of amounts transferred to DEAF	72.39	69.86

As per our report of even date Signatures for Schedules 1 to 18.

SRI. R.K. MISHRA
CHAIRMAN

SRI PRIYARANJAN
DGM, RBI, BBSR
DIRECTOR

SRI V. BALASUBRAMANIAN
DGM, NABARD, BBSR
DIRECTOR

SRI P. K. BISWAL, IAS
Director Inst. Finance &
Spl. Secy. to Govt. of Odisha, Bhubaneswar
DIRECTOR

For Agasti & Associates
Chartered Accountants
Firm Regn. No. 313043E

(CA. Trupti Rekha Mohapatra)
PARTNER
M. No. 300053

Shri S. Tiwari,
DGM, SBI, Corporate Center, Mumbai
Director

Shri A.K. Aggrawal,
DGM, (FI & MF)
SBI, LHO, Bhubaneswar, Director

Place : Bolangir
Date : 11-05-2020