

R.G.N.PRICE & CO
CHARTERED ACCOUNTANTS

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G 234, Panampally Nagar,
Cochin - 682 036.

Date : 30.4.2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To,
The Members of
The Catholic Syrian Bank Limited
Trichur

Report on the Financial Statements

We have audited the accompanying financial statements and the internal financial controls over financial reporting of The Catholic Syrian Bank Limited (the bank) which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information contained in the notes to accounts. Incorporated in these financial statements are returns of 22 branches / offices audited by us and 429 branches / offices audited by branch auditors.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

The Bank's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time. 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

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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.

The Bank's Board of Directors are responsible for establishing and maintaining internal financial controls based on the "the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to express an opinion on the bank's internal financial controls over financial reporting based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Bank in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

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of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting and the financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

The Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Bank's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act 2013, 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, 2018; and
- (b) In the case of Profit and Loss Account, of the Loss for the year ended on that date.
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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.

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

Further, as required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches.
- (c) The reports on the accounts of the branch offices audited by the branch auditors of the Bank under section 143(8) of the Companies Act 2013 have been sent to us and have been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and returns received from the branches.
- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- (f) In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
- (g) On the basis of written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164(2) of the Act.



(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 9 of Schedule 18 - Notes on Accounts.

(b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer Note No. 4.6.1 of Schedule 18 – Notes on Accounts.

(c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For R.G.N. PRICE & CO.
Chartered Accountants

G. SURENDRANATH RAO
Partner
M.No.022693, FR No.0027855

The Catholic Syrian Bank Ltd

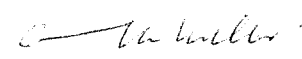
BALANCE SHEET AS AT 31ST MARCH, 2018

(Rs. in thousand)


	SCHEDULE NO	AS ON 31.03.2018	AS ON 31.03.2017
CAPITAL AND LIABILITIES			
Capital	1	81,01,43	81,01,43
Reserves and Surplus	2	308,01,82	918,34,21
Deposits	3	14690,64,93	14911,56,23
Borrowings	4	41,80,00	41,80,00
Other Liabilities and Provisions	5	248,56,97	270,51,73
TOTAL		15870,05,15	16223,23,60
ASSETS			
Cash and balances with Reserve Bank of India	6	677,89,50	756,38,57
Balances with banks and money at call and short notice	7	537,23,90	454,76,40
Investments	8	4113,95,08	5761,51,62
Advances	9	9337,35,64	8118,93,38
Fixed Assets	10	216,11,76	215,26,14
Other Assets	11	987,49,27	916,37,49
TOTAL		15370,05,15	16223,23,60
CONTINGENT LIABILITIES	12	708,55,17	779,50,99
Bills for collection		32,25,09	81,80,85
Significant Accounting Policies	17		
Notes to Accounts	18		

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


Thomas Mathew
Chairman-Audit Committee



Alok Kochhar, Director



Bobby Jos C, Director


Madhavan Nambiar M, Director


Radha Unni, Director

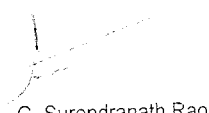

C.V.R. Rajendran
Managing Director & CEO


Sijo Mathese
Company Secretary


P.V. Antony
Chief Financial Officer

As per our report of even date

For R G N Price & Co
Chartered Accountants
FRN No:002785S


G. Surendranath Rao
Partner
(M. No. 22693)

Thrissur
30.04.2018



The Catholic Syrian Bank Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

			(Rs. in thousand)
	SCHEDULE NO	Year ended 31.03.2018	Year ended 31.03.2017
I INCOME			
Interest earned	13	1296, 80, 59	1336, 29, 49
Other Income	14	<u>125, 42, 02</u>	<u>281, 20, 13</u>
TOTAL		<u>1422, 22, 61</u>	<u>1617, 49, 62</u>
II EXPENDITURE			
Interest expended	15	912, 00, 05	1022, 69, 35
Operating expenses	16	435, 89, 87	443, 08, 91
Provisions and contingencies		<u>171, 79, 62</u>	<u>150, 15, 91</u>
TOTAL		<u>1519, 69, 54</u>	<u>1615, 94, 17</u>
III PROFIT/LOSS			
Net Profit / (Loss) for the period/year		-97, 46, 93	1, 55, 45
Profit/(Loss) brought forward from previous period/year			
TOTAL		<u>-219, 07, 01</u>	<u>-219, 07, 01</u>
IV APPROPRIATIONS			
Transfer to Statutory Reserves		, 0	38, 86
Transfer to Capital Reserves		, 0	1, 16, 59
Balance carried over to Balance Sheet		<u>-316, 53, 94</u>	<u>-219, 07, 01</u>
TOTAL		<u>-316, 53, 94</u>	<u>-217, 51, 56</u>


Basic and diluted Earnings Per Equity Share (Rs.) -12.04 0.21
(Face value Rs. 10 per share)

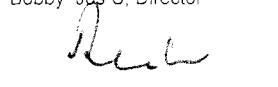
Significant Accounting Policies 17
Notes to Accounts 18

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


Thomas Mathew
Chairman-Audit Committee



Alok Kochhar, Director


Bobby Jos C, Director


Madhavan Nambiar M, Director


Radha Unni, Director

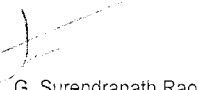

C.V.R. Rajendran
Managing Director & CEO


Sijo Varghese
Company Secretary


P.V. Antony
Chief Financial Officer

As per our report of even date

For R G N Price & Co
Chartered Accountants
FRN No:002785S


G. Surendranath Rao
Partner
(M. No. 22693)

Thrissur
30.04.2018



The Catholic Syrian Bank Ltd

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

(Rs. in thousands)

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
A: CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	-149,36,47	-8,91,33
Adjustments for:		
Depreciation on Fixed Assets	11,84,25	12,15,04
Amortisation of Intangible Assets	3,72,80	2,77,78
Provisions and Contingencies	223,69,15	160,62,69
Interest Paid on Tier II Bonds	5,06,53	5,05,56
Others	-81,50	47,40
Operating Profit before Working Capital Changes	94,14,76	172,17,14
Adjustments for:		
Investments	1613,97,87	241,93,53
Advances	-1421,93,79	-447,75,82
Other Assets	-17,63,03	-29,18,92
Deposits	-220,91,30	473,15,74
Borrowings	0	0
Other Liabilities	-21,29,81	-10,76,40
Cash generated from Operating Activities	26,14,70	399,55,27
Direct Taxes Paid (Net of refunds)	69,55	-4,12,97
Net Cash flow from Operating Activities (A)	26,84,25	395,42,30
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	-22,36,77	-17,37,17
Sale of Fixed Assets	4,57,47	38,09
Net Cash Used in Investing Activities (B)	-17,79,30	-16,99,08
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	9,25,41
Proceeds from Share Premium	0	102,22,68
Redemption of Tier II Bonds	0	0
Interest Paid on Tier II Bonds	-5,06,53	-5,05,56
Dividend paid (including Tax on Dividend)	0	0
Net Cash (used)/generated from Financing Activities (C)	-5,06,53	106,42,53
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3,98,42	484,85,75
Cash and Cash Equivalents at the Beginning of the Year	1211,14,97	726,29,22
Cash and Cash Equivalents at the End of the Year	1215,13,39	1211,14,97
NET INCREASE AS DISCLOSED ABOVE	3,98,42	484,85,75
Notes to Cash Flow Statement		
1. The Cash Flow Statement has been prepared under the Indirect Method and figures has been regrouped wherever necessary		
2. Cash and Cash equivalents includes Cash in Hand, Balance with RBI & Other Banks and Money at Call and Short Notice		
BREAKUP OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	677,69,50	756,38,57
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	537,23,90	454,76,40
Cash and cash equivalents at the end of the year	1215,13,39	1211,14,97

Thomas Mathew
Chairman-Audit Committee

Alok Kochhar, Director

Bobby Joshi, Director

Madhavan Nambiar M, Director

Radha Unni, Director

G.V.R. Rajendran
Managing Director & CEO

Sijo Varghese
Company Secretary

P.V. Antony
Chief Financial Officer

As per our report of even date

For R G N Price & Co
Chartered Accountants
FRN No:002785S

G. Surendranath Rao
Partner
(M. No. 22693)

Thrissur
30.04.2018



The Catholic Syrian Bank Limited

SCHEDULE 1 - CAPITAL

As on 31.03.2018

(Rs. in thousand)

As on 31.03.2017

Authorized Capital :

20,00,00,000 (Previous year 12,00,00,000) Equity shares of Rs. 10/- each

200,00,00

120,00,00

Issued Capital

8,09,62,082 (Previous Year 8,09,62,082) Equity shares of Rs. 10/- each fully paid - up

80,96,20

80,96,20

Subscribed, Called up and Paid - up Capital

8,09,62,082 (Previous Year 8,09,62,082) Equity shares of Rs. 10/- each fully paid - up
Add: Forfeited Shares (1,93,743 Equity shares forfeited (Previous Year 1,93,743)

80,96,20

80,96,20

5,23

5,23

81,01,43

81,01,43

SCHEDULE 2 - RESERVES AND SURPLUS

I Statutory Reserves

Opening balance

146,75,58

146,36,72

Additions during the year

0

38,86

sub total

146,75,58

146,75,58

Deductions during the year

0

0

146,75,58

146,75,58

II Capital Reserves

Opening balance

71,73,08

70,56,49

Additions during the year

0

1,16,59

sub total

71,73,08

71,73,08

Deductions during the year

0

0

71,73,08

71,73,08

III Revaluation Reserves

Opening balance

163,95,87

165,79,10

Additions during the year

0

0

sub total

163,95,87

165,79,10

Deductions during the year

4,49,14

1,32,23

159,46,73

163,95,87

IV Share Premium

Opening balance

647,50,83

545,28,15

Additions during the year

0

102,22,68

sub total

647,50,83

647,50,83

Deductions during the year

0

0

647,50,83

647,50,83

V Revenue and other Reserves

a) General Reserves

Opening balance

83,64,67

88,29,63

Additions during the year

10,96,33

1,82,24

sub total

94,61,00

90,11,87

Deductions during the year

19,32,66

6,47,20

75,28,34

83,64,67

b) Special Reserve (Section 36 (1)(viii) of IT Act, 1961)

Opening balance

23,76,19

23,76,19

Additions during the year

0

0

sub total

23,76,19

23,76,19

Deductions during the year

0

0

23,76,19

23,76,19

VI Contingency Reserve

Opening balance

5,00

5,00

Additions during the year

0

0

sub total

5,00

5,00

Deductions during the year

0

0

5,00

5,00

VII Balance in Profit and Loss Account

Opening balance

-219,07,01

-219,07,01

Additions during the year

-97,46,93

1,55,45

sub total

-316,53,94

-317,51,56

Deductions during the year

0

1,55,45

-316,53,94

-219,07,01

TOTAL

808,01,82

918,34,21



The Catholic Syrian Bank Limited

SCHEDULE 3 - DEPOSITS

As on 31.03.2018

(Rs. in thousand)

As on 31.03.2017

A. I. Demand Deposits

[i] From banks	51, 51	63, 36
[ii] From others	627, 63, 12	607, 11, 69
	628, 14, 63	607, 75, 05

II. Savings Bank Deposits

	3342, 50, 83	3086, 83, 19
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III. Term Deposits

[i] From banks	5, 89, 36	18, 34, 01
[ii] From others	10714, 10, 11	11198, 63, 98
	10719, 99, 47	11216, 97, 99
TOTAL [I, II, and III]	14690, 64, 93	14911, 56, 23

B [i] Deposits of branches in India

	14690, 64, 93	14911, 56, 23
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[ii] Deposits of branches outside India

	0	0
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TOTAL

	14690, 64, 93	14911, 56, 23
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SCHEDULE 4 - BORROWINGS

I. Borrowings in India

[i] Reserve Bank of India	0	0
[ii] Other banks	0	0
[iii] Other institutions and agencies	0	0
TOTAL OF I	0	0

II. Borrowings outside India

	0	0
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TOTAL (I and II)

	0	0
	0	0

Secured borrowings included in I and II

	0	0
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III. Capital Instruments

Subordinated debts raised for Tier II Capital

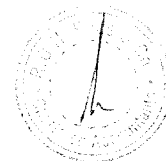
	41, 80, 00	41, 80, 00
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TOTAL (I, II and III)

	41, 80, 00	41, 80, 00
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SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills payable	18, 34, 44	13, 05, 11
II. Inter-office adjustments (net)	7, 42, 99	11, 32, 08
III. Interest accrued	64, 61, 61	63, 25, 17
IV. Contingent provisions against standard assets	34, 32, 06	34, 63, 72
V. Others	123, 85, 86	148, 25, 65
TOTAL	248, 56, 97	270, 51, 73



The Catholic Syrian Bank Limited

(Rs. in thousand)

As on 31.03.2018

As on 31.03.2017

SCHEDULE 6 -CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in hand(including foreign currency notes)	54,94,79	50,59,42
II Balances with Reserve Bank of India		
[i] in Current Account	622,94,71	705,79,15
[ii] in Other Accounts	0	0
	<u>622,94,71</u>	<u>705,79,15</u>
TOTAL (I AND II)	<u>677,89,50</u>	<u>756,38,57</u>

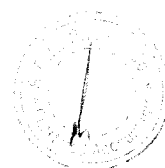
SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE

I. In India		
[i]Balances with banks		
(a) in Current Accounts	18,79,36	7,64,25
(b) in Other Deposit Accounts	0	50,00,00
	<u>18,79,36</u>	<u>57,64,25</u>
[ii]Money at call and short notice		
(a) with banks	0	0
(b) with other Institutions	490,98,00	378,00,00
	<u>490,98,00</u>	<u>378,00,00</u>
TOTAL (i and ii)	<u>509,77,36</u>	<u>435,64,25</u>
II. Outside India		
(i) in Current Accounts	27,46,54	19,12,15
(ii) in Other Deposit Accounts	0	0
(iii) Money at call and short notice	0	0
	<u>27,46,54</u>	<u>19,12,15</u>
TOTAL	<u>537,23,90</u>	<u>454,76,40</u>
GRAND TOTAL (I and II)	<u>537,23,90</u>	<u>454,76,40</u>



The Catholic Syrian Bank Limited

	As on 31.03.2018	(Rs. in thousand) As on 31.03.2017
SCHEDULE 8 - INVESTMENTS		
I. Investments in India (Gross)	4162, 95, 25	5777, 11, 04
Less Provision for depreciation & diminution	49, 00, 17	15, 59, 42
Net Investments in India	<u>4113, 95, 08</u>	<u>5761, 51, 62</u>
BREAK - UP		
[i] Government securities	3390, 15, 16	5056, 11, 37
[ii] Other approved securities	0	0
[iii] Shares	3, 19, 96	2, 55, 50
[iv] Debentures and Bonds	200, 37, 13	202, 55, 78
[v] Subsidiaries and/or joint ventures	0	0
[vi] Others [Certificate of Deposits, Security Receipts etc]	520, 22, 83	500, 28, 97
TOTAL	<u>4113, 95, 08</u>	<u>5761, 51, 62</u>
II. Investments outside India	0	0
GRAND TOTAL (I and II)	<u>4113, 95, 08</u>	<u>5761, 51, 62</u>
SCHEDULE 9 - ADVANCES		
A [i] Bills purchased and discounted	775, 59, 21	579, 15, 62
[ii] Cash credits, overdrafts and loans repayable on demand	5075, 61, 89	5041, 64, 34
[iii] Term loans	3486, 14, 54	2498, 13, 42
TOTAL	<u>9337, 35, 64</u>	<u>8118, 93, 38</u>
B [i] Secured by tangible assets (Includes advances against book debts)	8094, 75, 97	6971, 22, 14
[ii] Covered by Bank/Government guarantees	940, 17, 34	783, 75, 32
[iii] Unsecured	302, 42, 33	363, 95, 92
TOTAL	<u>9337, 35, 64</u>	<u>8118, 93, 38</u>
C. I. Advances in India		
[i] Priority sector	3620, 27, 33	3687, 99, 64
[ii] Public sector	33, 61, 43	40, 44, 89
[iii] Banks	68, 13, 88	50, 33, 21
[iv] Others	5615, 33, 00	4340, 15, 64
TOTAL	<u>9337, 35, 64</u>	<u>8118, 93, 38</u>
II. Advances outside India	0	0
GRAND TOTAL (C.I and II)	<u>9337, 35, 64</u>	<u>8118, 93, 38</u>



The Catholic Syrian Bank Limited

		As on 31.03.2018	(Rs. in thousand) As on 31.03.2017
SCHEDULE 10 - FIXED ASSETS			
I. Premises			
At cost as on 31 st March of the preceding year	7, 24, 23	7, 19, 12	
Appreciation on revaluation till date	178, 09, 24	178, 09, 24	
Additions during the year	, 0	5, 11	
Sub total	185, 33, 47	185, 33, 47	
Deductions during the year	3, 29, 23	0	
Depreciation to date	19, 50, 62	18, 14, 33	
		162, 53, 62	167, 19, 14
II. Other Fixed Assets (including furniture and fixtures)			
At cost as on 31st March of the preceding year	136, 01, 62	127, 51, 94	
Additions during the year	16, 53, 82	13, 07, 80	
Sub total	152, 55, 44	140, 59, 74	
Deductions during the year	10, 93, 62	4, 58, 12	
Depreciation to date	88, 03, 68	87, 94, 62	
		53, 58, 14	48, 07, 00
TOTAL (I, and II)		216, 11, 76	215, 26, 14
SCHEDULE 11 - OTHER ASSETS			
I. Interest accrued	70, 66, 89	89, 17, 85	
II. Tax paid in advance/tax deducted at source(Net of provisions)	41, 47, 42	42, 16, 97	
III. Stationery and stamps	1, 90, 22	1, 20, 56	
IV. Non-banking assets acquired in satisfaction of claims	30, 05, 01	30, 90, 14	
V. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending	584, 81, 57	550, 24, 00	
VI. Deferred tax asset	180, 26, 96	128, 37, 42	
VII. Others	78, 31, 20	74, 30, 55	
TOTAL		987, 49, 27	916, 37, 49



The Catholic Syrian Bank Limited

	As on 31.03.2018	(Rs. in thousand) As on 31.03.2017
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	40,23,82	39,37,66
II. Liability for partly paid investments	0	0
III. Liability on account of outstanding forward exchange contracts	343,07,38	365,48,30
IV. Guarantees given on behalf of constituents		
(a) In India	214,09,89	254,68,35
(b) Outside India	0	0
V. Acceptance, endorsements and other obligations	43,48,33	58,06,37
VI. Other items for which the bank is contingently liable	67,65,75	61,90,31
TOTAL	708,55,17	779,50,99
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances / bills	912,81,39	880,87,95
II. Income on investments	336,20,42	412,56,07
III. Interest on balances with Reserve Bank of India and other inter-bank funds	5,93,77	2,69,38
IV. Others	41,85,01	40,16,09
TOTAL	1296,80,59	1336,29,49
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	23,35,47	20,49,27
II. Profit on sale of investments	6,00,93	201,21,78
Less: Loss on sale of investments	3,28,47	5,31,17
III. Profit on revaluation of investments	0	0
Less: Loss on revaluation of investments	0	0
IV. Profit on sale of land, buildings and other assets	236,58	36,68
Less: Loss on sale of land, buildings and other assets	83,85	64,29
V. Profit on exchange transactions (Net)	1,52,73	-27,61
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	8,80,51	9,34,21
VII. Miscellaneous Income (includes recovery of Bad debts written off in earlier years Rs 26.92 Crores, previous year Rs 5.62 Crores and processing fee of Rs. 18.44 crores, previous year Rs. 19.30 crores)	0	0
TOTAL	89,00,85	55,73,65
	125,42,02	281,20,13



The Catholic Syrian Bank Limited

(Rs. in thousand)

Year ended
31.03.2018

Year ended
31.03.2017

SCHEDULE 15 - INTEREST EXPENDED

I. Interest on deposits	897, 25, 92	1004, 14, 67
II. Interest on Reserve Bank of India/ inter -bank borrowings	4, 93, 05	9, 27, 26
III. Others	9, 81, 08	9, 27, 42

TOTAL 912, 00, 05 1022, 69, 35

SCHEDULE 16 - OPERATING EXPENSES

I. Payments to and provisions for employees	286, 90, 46	293, 58, 06
II. Rent, taxes and lighting	45, 90, 72	41, 46, 15
III. Printing and Stationery	3, 52, 84	4, 58, 73
IV. Advertisement and publicity	1, 72, 21	85, 90
V. Depreciation on bank's property (including amortisation / write off of intangible assets)	15, 57, 05	14, 92, 82
VI. Directors' fees, allowances and expenses	1, 01, 56	1, 42, 73
VII. Auditors' fees and expenses (including branch auditors fees and expenses)	1, 58, 81	1, 78, 29
VIII. Law charges	2, 56, 32	1, 95, 85
IX. Postages, Telegrams, Telephones etc.	8, 44, 21	8, 85, 99
X. Repairs and maintenance	7, 63, 34	6, 99, 76
XI. Insurance	15, 92, 47	15, 34, 94
XII. Other expenditure	45, 09, 88	51, 29, 69

TOTAL 435, 89, 87 443, 08, 91



SCHEDULE 17 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

- a) The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 so far as they apply to the Bank and practices generally prevalent in the banking industry in India.
- b) Historical cost convention and Accrual basis of accounting have been consistently applied while preparing and presenting the financial statements, except as stated in para 10 – “Recognition of Revenue and Expenditure”.

2. USE OF ESTIMATES

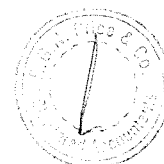
The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent liabilities at the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- a) Monetary assets and liabilities including contingent liabilities have been translated at the exchange rates prevailing at the close of the year as advised by FEDAI and the effect is accounted in Profit & Loss Account
- b) Income and Expenditure items denominated in foreign currencies have been accounted at the exchange rates prevailing on the date of transaction.
- c) Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant profit/loss is taken into Profit and Loss Account.
- d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the exchange rates prevailing at the close of the year.

4. INVESTMENTS

- a) Accounting and classification
All Investments are accounted for on settlement dates. In terms of RBI guidelines, the entire investments portfolio has been classified under three categories for valuation purpose, viz., “Held to Maturity”, “Available for Sale” and “Held for Trading” at the time of its purchase. However, for disclosure in the Balance Sheet, investments are classified under six groups – Govt. Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries/Joint Venture and Others.
- b) Cost of acquisition
Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.
- c) Basis of Classification
Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the bank intends to hold till maturity are classified under the HTM category. Securities which are not classified in the above categories are classified under the AFS category.



d) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with the RBI guidelines. Transfer of scrips from AFS/HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

e) Valuation of Securities:

(i) Investments in "Held to Maturity" category are accounted for at acquisition cost or at amortized cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortized over the period remaining to maturity using Constant Yield Method. Such amortization of premium is adjusted against income under the head "Income on Investments". Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.

(ii) Securities classified as "Available for Sale" are marked to market scrip-wise on a quarterly basis other than shares which is done on a weekly basis and net depreciation in each category is provided for, while net appreciation is ignored.

(iii) Individual scrips in "Held for Trading" category are marked to market at daily intervals and net depreciation in each category is provided for, while net appreciation is ignored.

(iv) Treasury Bills and Certificate of Deposits are valued at carrying cost.

(v) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/Securitization Company

(vi) Profit on sale of investments in 'Held to Maturity' category is recognized in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves is appropriated to Capital Reserve.

(vii) Investments are also classified as Performing and Non Performing as per the guidelines of RBI and provisions on Non Performing investments are made as per the provisioning norms of RBI.

(viii) As per RBI circular [FMOD.MAOG. No. 116/01.01.001/2016-17, dated 10.11.2016] issued during the year, the bank is classifying Repo / Reverse Repo under LAF scheme in Schedule 4 [Borrowings] and Schedule 7 [Balances with banks and Money at call & short notice] respectively.

5. ADVANCES

a) Advances have been classified as 'Performing' and 'Non-performing Advances' (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets in terms of applicable regulatory guidelines.

b) Provision for NPAs are made as per RBI Guidelines which is at the rate given as under:

Category of NPAs	% of the Net outstanding advance
Sub Standard	
a. Exposures which are unsecured <i>ab initio</i>	25%
b. Others	15%
Doubtful	
a. Secured portion (period for which advance has remained in doubtful category)	
-upto 1 year	25%



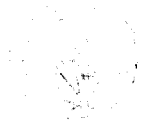
-one year to three years	40%
-more than three years	100%
b. Unsecured portion	100%
Loss	100%

- c) The amount of advances shown in the Balance Sheet is net off provisions, interest suspense, ECGC claims received and discount on assignment transactions.
- d) Provision on Standard Assets including restructured advances classified as standard, is maintained as per RBI guidelines and the same is included in Item No. IV 'Others', of Schedule 5 – Other Liabilities & Provisions.
- e) In respect of Rescheduled/ Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines. The said provision is reduced to arrive at net advances
- f) Amounts recovered against debts written off in earlier years are recognised as revenue.
- g) The sale of financial assets (including Non Performing Advances) to Reconstruction Company (RC)/ Securitisation Company (SC) are accounted as per the extant guidelines of Reserve Bank of India from time to time.
- h) Policy on Managing Currency induced credit risk: As per Credit Policy of the bank Forward exchange cover is insisted on all Foreign Currency loans of USD 0.25 Mio or above unless there is natural hedge by way of export/other earnings. For foreign currency loans of less than USD 0.25 Mio, forward exchange cover is optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.
- i) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure, wherever applicable and in accordance with RBI Guidelines

6. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets other than premises are carried at cost less accumulated depreciation. Cost includes cost of purchase and all directly attributable costs of bringing the asset to its working condition for its intended use.
- b) Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss Account and an equivalent amount is withdrawn from Revaluation Reserve and credited to General Reserve.
- c) Subsequent expenditure incurred on fixed assets put to use is capitalized only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.
- d) Depreciation on additions to fixed assets is provided on pro rata basis. No depreciation is charged on the fixed assets sold/discarded during the year, except for premises and motor vehicles which are depreciated on a pro-rata basis.
- e) The bank has adopted the revised useful life of assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II

Type of Fixed Asset	Useful Life Considered (Yrs)	Useful Life as per Schedule II (Yrs)	Depreciation Method
Premises	58 Yrs	60 Yrs	Written Down Value
Servers & Networks	3 Yrs	6 Yrs	Straight Line
ATMs	8 Yrs	15 Yrs	Straight Line



7. INTANGIBLE ASSETS

Accounting and amortisation of computer software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014.

- a) Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method.
- b) Internally Generated Application Software is accounted as an intangible asset and is amortised over a period of 5 years on pro rata basis under Straight Line Method from the date the software becomes Available for Use. If the software is still in the development phase and has not become Available for Use, no amortisation is charged to Profit & Loss Account.

8. NON BANKING ASSETS

In the case of Non Banking Assets, diminution in value, if any, is provided for.

9. EMPLOYEE BENEFITS

9.1 Short Term Employee Benefits

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

9.2 Long term Employee Benefits

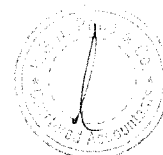
a) Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the bank. In addition to contribution for the period, shortfall, if any, in the Income and Expenditure account of the Provident Fund is charged to Profit and Loss Account of the bank.

b) Defined Benefit Plans - Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per para 78 of AS 15 Employee Benefits. Actuarial Gains/Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

- i) Pension - Pension is payable to the employees who have specifically opted for the same. For becoming eligible for pension, the employee should have served the bank for a minimum period of 10 years in the case of retirement on superannuation and 20 years in other cases. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company, out of the contributions made by the bank.
- ii) Gratuity - Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has served the bank for a minimum period of 5 years.
- iii) Long term compensated absences and other long term employee benefits viz:
 - a. Privilege Leave
 - b. Leave fare concession
 - c. Sick Leave

are based on actuarial valuation at the end of the financial year



9.3 Employee Stock Options (ESOP)

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on ESOP. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Compensation cost so determined is amortised over the vesting period of the option granted.

10. RECOGNITION OF REVENUE AND EXPENDITURE

Revenue is recognised to the extent it is probable that the economic benefits will flow to the bank and the revenue can be reliably measured.

- a. Interest/discount on advances/bills is recognised on accrual basis except on non-performing assets in which case the income is recognised as per prudential norms issued by RBI. Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.
- b. Income on Investments (other than dividend on shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognized when the right to receive payment is established.
- c. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts, sale to Asset Reconstruction Companies and accounts under One Time Settlement where recovery is appropriated based on the court decree/terms of agreement.
- d. In the case of purchase of loans from other banks/NBFCs through direct assignment of cash flows, bank recognizes interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognised in proportion to the principal received.
- e. In case of Asset Sale to ARCs, where the sales is at a price higher than the net book value (NBV), (i.e. outstanding less provision held) and consideration is received in cash, the excess provision on NPA is credited to Profit and loss account. If consideration is other than cash, the excess provision is retained. If the sale is at a price below the NBV, the shortfall is debited to Profit & Loss Account, as per the option given by RBI.
- f. Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

11. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the Profit and Loss Account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realized against future profits.



12. SEGMENT INFORMATION

Bank has adopted RBI's revised guidelines on segment reporting issued in April 2007 and accordingly 4 business segments viz. Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations have been considered as reportable segments. Advances classified as corporate as per Basel II norms are grouped in Corporate/Wholesale Banking assets while all other advances are grouped as Retail Banking Assets. Deposits of ₹ 1 crore and above are classified as corporate/wholesale banking liabilities (to conform to ALM classification adopted by the bank) and all other deposits are grouped as retail banking liabilities. Deposits of borrowers classified as corporate as per Basel II norms are treated as wholesale deposits regardless of amount. For arriving at segment results, income and expenditure that cannot be directly identified with a particular segment are allocated on appropriate basis.

13. IMPAIRMENT OF ASSETS

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with the Accounting Standard 28 'Impairment of Assets' specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 and charged to Profit and Loss Account.

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a) As per the Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, , the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- b) Contingent assets are not recognized in the financial statements.

While computing the provision requirement pertaining to fraud accounts, adjustment is made for "financial collateral eligible under BASEL III Capital regulations-Capital charge for credit risk (standardized approach)", if available and amount so arrived at is amortized over four quarters, commencing from the quarter in which the fraud has been identified. Where full provisioning is made in more than one financial year, amount remaining unprovided at the end of financial year is debited to other reserves as per RBI Guidelines.

15. EARNINGS PER SHARE

The bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share". The Bank reports basic and diluted earnings per equity share in accordance with AS 20, "Earnings per share" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014. Basic Earnings per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti dilutive.

16. SHARE ISSUE EXPENSES

The share issue expenses are adjusted from share premium account in terms of Section 52 of Companies Act, 2013

17. NET PROFIT/LOSS

The net profit/loss disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard, restructured and non performing assets as per the prudential norms.
- (iii) provision for depreciation on investments and
- (iv) other usual and necessary provisions.



SCHEDULE 18 - NOTES TO ACCOUNTS

1.1 Investments

- a) Loss on sale of investments under Held to Maturity category amounting to ₹1.40Crore (Previous Year ₹0.07 Crores) has been taken to Profit and Loss account. There was no profit on sale of investments under Held to Maturity category during the year (previous year ₹186.83 Crores) requiring any appropriation to Capital Reserve Account (Previous year a sum of ₹1.17Crores has been appropriated to Capital Reserve Account).
- b) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹15.17Crores (previous year ₹15.37 Crores) which is netted against Income on Investments (Schedule 13, Item II).
- c) The RBI has vide Circular RBI/2017-18/147 DBR No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, given all banks an option to spread Marked To Market (MTM) loss on government securities in AFS / HFT categories incurred during the quarters ended 31.12.2017 and 31.03.2018 equally over up to four quarters. The MTM loss in respect of Government Securities in AFS category for the quarter ended 31.12.2017 was ₹0.46 Crores and for the quarter ended 31.03.2018 was ₹10.22 Crores. The bank has exercised the option to spread the MTM loss in line with the above Circular and ₹ 2.78 Crores has been charged to Profit & Loss Account. The balance amount to be provided for as on 31.03.2018 was ₹ 7.90 Crores and consequently the loss for the year ended 31.03.2018 is lesser by ₹ 7.90 Crores. The bank did not have any investments under HFT category.
- d) Provisions for depreciation on investments in the Available for Sale category investments amounting to ₹25.83 Crores (including ₹ 2.78 Crores as mentioned above) is debited to Profit & Loss account (previous year ₹ 16.79 Crores excess provision is credited to Profit & Loss account).
- e) During the financial year 2017-18, the bank has transferred securities amounting to ₹388.96 Crores (previous year ₹674.05 Crores) from Held to Maturity category to Available for Sale category. Out of the securities shifted, ₹82.07 Crores is on account of reduction in HTM SLR limit as per RBI notification No. DBR.No.Ret.BC.90/12.02.001/2017-18 dated October 4, 2017
- f) UDAY bonds issued on conversion of advances to DISCOM companies on restructuring of advances in March 2016 which were not envisaged to be converted into SDL amounting to ₹ 18.94 Crores are treated as Non-Performing Investments (NPI), and a provision of ₹ 7.58 Crores is held on the same.

1.2 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2018. Steps for elimination of outstanding entries are in progress. In the opinion of the management, since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.3 Taxation

Claims against the bank not acknowledged as debt under contingent liabilities(Schedule 12) include disputed income tax liabilities of ₹25.66Crores (Previous Year - ₹26.88Crores) of which ₹24.26 Crores(Previous Year - ₹21.25 Crores) has been paid/adjusted and included under other assets (Schedule 11).In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues.

Provision for income tax for the year is arrived at after due consideration of the various favourablejudicial decisions on certain disputed issues.



2. Disclosures in terms of Reserve Bank of India Guidelines
2.1 Capital

Particulars	Basel III	
	31.03.2018	31.03.2017
i) Common Equity Tier 1 capital ratio (%)	9.45	11.54
ii) Tier 1 Capital ratio (%)	9.45	11.54
iii) Tier 2 Capital ratio (%)	0.46	0.61
iv) Total Capital ratio (CRAR) (%)	9.91	12.15
v) Percentage of the shareholding of the Government of India in public sector banks	N A	N A
vi) Amount of equity capital raised during the year	Nil	₹111.05 Crore
vii) Amount of Additional Tier 1 capital raised (during the year); of which PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the year); of which Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	Nil	Nil
Particulars	BASEL II	
	31.03.2018	31.03.2017
i) Common Equity Tier 1 capital ratio (%)	9.46	11.56
ii) Tier 1 Capital ratio (%)	9.46	11.56
iii) Tier 2 Capital ratio (%)	0.46	0.62
iv) Total Capital ratio (CRAR) (%)	9.92	12.18
v) Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi) Amount of equity capital raised during the year	Nil	₹111.05 Crore
vii) Amount of Additional Tier 1 capital raised (during the year); of which PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the year); of which Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	Nil	Nil

Capital Infusion

Bank received the approval of shareholders in the extraordinary general meeting of the Bank held on March 21, 2018, to offer, issue and allot up to 86,295,459 equity shares of the Bank and/or Warrants (or any combination thereof), on a preferential basis (being 51 % of the post issued capital of the Bank, calculated on a fully diluted basis), to FIH Mauritius Investments Ltd., and is awaiting the approval of Reserve Bank of India, Competition Commission of India and other statutory authorities.



2.2 Investments

Items	(₹ in Crore)	
	31.03.2018	31.03.2017
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	4162.95	5777.11
(b) Outside India	4162.95	5777.11
	Nil	Nil
(ii) Provisions for Depreciation/Diminution*		
(a) In India	49.00	15.59
(b) Outside India	49.00	15.59
	Nil	Nil
(iii) Net Value of Investments		
(a) In India	4113.95	5761.52
(b) Outside India.	4113.95	5761.52
	--	--
(2) Movement of provisions held towards depreciation/ diminution on investments		
(i) Opening balance	15.59	32.38
(ii) Add: Provisions made during the year	33.59	--
(iii) Less: Write-off/ write-back of excess provisions during the year	0.18	16.79
Closing balance	49.00	15.59

2.2.1 Repo Transactions (In Face Value terms)

(₹ in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2018
Securities sold under Repo /Term Repo				
i. Government Securities	20.00	36.00	0.68	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repo/Term Reverse Repo				
i. Government Securities	1.00	1261.00	194.85	451.00
ii Corporate debt securities	Nil	Nil	Nil	Nil



2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Crore)

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	89.96	33.29	Nil	18.94	33.29
(ii)	Fls	2.00	2.00	Nil	Nil	2.00
(iii)	Banks	320.82	295.81	5.00	Nil	Nil
(iv)	Private Corporate	89.37	1.82	0.00	Nil	0.05
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security receipts)	267.87	267.87	Nil	Nil	267.87
(vii)	Provision held towards depreciation/NPI/diminution	46.22	XXX	XXX	XXX	XXX
	Total	723.80	600.79	5.00	18.94	303.21

ii) Non performing Non-SLR investments

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Opening balance	1.82	0.86
Additions during the year	18.94	1.82
Reductions during the year	0.00	0.86
Closing balance	20.76	1.82
Total provisions held	9.76	1.31

2.2.3 Sale and transfers to/from HTM Category:

The value of sales from HTM category in 2017-18 exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year requiring the following disclosures:

(Rs in crore)

Market value of investments held in the HTM Category as on 31-03-2018	2757.58
Excess of book value over market value for which provision is not made	198.10

2.3. Derivatives: Nil

2.3.1 Forward Rate Agreement/ Interest Rate Swap: Nil

2.3.2 Exchange Traded Currency and Interest Rate Derivatives: Nil

2.3.3 Disclosures on risk exposure in derivatives: Nil

2.3.4 Qualitative & Quantitative Disclosure: Not Applicable



2.4. Asset Quality

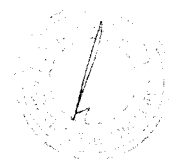
2.4.1.1 Non-Performing Asset

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
(i) Net NPAs to Net Advances (%)	4.46%	5.51%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	600.10	446.91
(b) Additions during the year	281.16	367.00
(c) Reductions during the year	117.13	213.81
(d) Closing balance	764.13	600.10
(iii) Movement of Net NPAs		
(a) Opening balance	447.64	345.15
(b) Additions during the year	194.39	254.99
(c) Reductions during the year	225.74	152.50
(d) Closing balance	416.29	447.64
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	148.70	98.13
(b) Provisions made during the year	217.47	203.05
(c) Write-off/ write-back of excess provisions	21.53	152.48
(d) Closing balance	344.64	148.70

2.4.1.2 Divergence in Asset Classification and Provisioning for NPAs as per AFI in terms of RBI Circular

		(Rs in Crores)
Sr.	Particulars	Amount
1.	Gross NPAs as on March 31, 2017 as reported by the bank	600.10
2.	Gross NPAs as on March 31, 2017 as assessed by RBI	634.00
3.	Divergence in Gross NPAs (2-1)	33.90
4.	Net NPAs as on March 31, 2017 as reported by the bank	447.64
5.	Net NPAs as on March 31, 2017 as assessed by RBI	472.44
6.	Divergence in Net NPAs (5-4)	24.80
7.	Provisions for NPAs as on March 31, 2017 as reported by the bank	148.70
8.	Provisions for NPAs as on March 31, 2017 as assessed by RBI	157.80
9.	Divergence in provisioning (8-7)	9.10
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	1.55
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning (including other items)	(13.40)
* March 31, 2017 is the close of the reference period in respect of which divergences were assessed		



Sl. No.	Type of Restructuring		Under CDR Mechanism						Under SME Debt Restructuring Mechanism					Others					Total				
	Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	
1	Details																						
	Restructured Accounts as on April 1 (opening figure)	No. of Borrower	0	Nil	1	Nil	1	Nil					5	Nil	18	Nil	23	5	Nil	19	Nil	24	
		Amount outstanding	0.0	Nil	22.36	Nil	22.36	Nil					11.34	Nil	50.78	Nil	62.12	11.34	Nil	73.14	Nil	84.48	
		Restructured facility	0	Nil	0.00	Nil	0.00	Nil					1.6	Nil	4.98	Nil	6.58	1.60	Nil	4.98	Nil	6.58	
		Total	0.0	Nil	22.36	Nil	22.36	Nil					12.94	Nil	55.77	Nil	68.71	12.94	Nil	78.12	Nil	91.07	
		Provision thereon	0.00	Nil	0	Nil	0.00	Nil					0.03	Nil	0.31	Nil	0.34	0.03	Nil	0.31	Nil	0.34	
2	Fresh restructuring during the year		Nil	Nil	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Other facility	Nil	Nil	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Total	Nil	Nil	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil					Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	



3	Upgradations to restructured standard category during the Year.	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	2	Nil	-2	Nil	0	2	Nil	-2	Nil	0
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.07	Nil	-0.09	Nil	0	0.07	Nil	-0.09	Nil	-0.02
		Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	Nil	0	Nil	0	0	Nil	0	Nil	0
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.07	Nil	-0.09	Nil	0	0.07	Nil	-0.09	Nil	-0.02
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	Nil	0	Nil	0	0	Nil	0	Nil	0
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	Nil	0	Nil	0	0	Nil	0	Nil	0
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next year.	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-1.00	Nil	-1.00	Nil	-1.00	-1.00	Nil	-1.00	Nil	-1.00
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-1.08	Nil	-1.08	Nil	-1.08	-1.08	Nil	-1.08	Nil	-1.08
		Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-1.09	Nil	-1.09	Nil	-1.09	-1.09	Nil	-1.09	Nil	-1.09
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-2.17	Nil	-2.17	Nil	-2.17	-2.17	Nil	-2.17	Nil	-2.17
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.00	Nil	0.00	Nil	0.00	0.00	Nil	0.00	Nil	0.00
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-2.00	Nil	-2.00	Nil	-2.00	-2.00	Nil	-2.00	Nil	0
5	Down gradations of restructured accounts during the Year.(Net)	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-8.24	Nil	-8.24	Nil	-8.24	-8.24	Nil	-8.24	Nil	-1.02
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-8.24	Nil	-8.24	Nil	-8.24	-8.24	Nil	-8.24	Nil	-1.02
		Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-8.24	Nil	-8.24	Nil	-8.24	-8.24	Nil	-8.24	Nil	-1.02



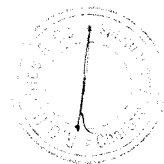
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.45	Nil	0.45	Nil	-0.51	Nil	0.45	Nil	Nil	-0.51	Nil	0.45	Nil	Nil	-0.06
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	7.67	Nil	7.67	Nil	-8.74	Nil	7.67	Nil	Nil	-8.74	Nil	7.67	Nil	Nil	-1.08
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.00	Nil	0.00	Nil	0.00	Nil	0.00	Nil	Nil	0.00	Nil	0.00	Nil	Nil	0.00
		No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-4.00	Nil	-4.00	Nil	-6.00	Nil	-4.00	Nil	-6.00	-2.00	Nil	-4.00	Nil	Nil	-6.00
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-4.81	Nil	-4.81	Nil	-6.83	Nil	-4.81	Nil	-6.83	-2.02	Nil	-4.81	Nil	Nil	-6.83
		Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-0.25	Nil	-0.25	Nil	-0.25	Nil	-0.25	Nil	-0.25	0	Nil	-0.25	Nil	Nil	-0.25
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-5.07	Nil	-5.07	Nil	-7.09	Nil	-5.07	Nil	-7.09	-2.02	Nil	-5.07	Nil	Nil	-7.09
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.00	Nil	0.00	Nil	-0.03	Nil	0.00	Nil	-0.03	-0.03	Nil	0.00	Nil	Nil	-0.03
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0	-0.03	Nil	0.00	Nil	Nil	-0.03
		No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0	0	Nil	0	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-2.16	Nil	-2.16	Nil	-2.16	Nil	-2.16	Nil	-2.16	0.00	Nil	-2.16	Nil	Nil	-2.16
		Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-0.35	Nil	-0.35	Nil	-0.35	Nil	-0.35	Nil	-0.35	0.00	Nil	-0.35	Nil	Nil	-0.35
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-2.51	Nil	-2.51	Nil	-2.51	Nil	-2.51	Nil	-2.51	0.00	Nil	-2.51	Nil	Nil	-2.51
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-0.28	Nil	-0.28	Nil	-0.28	Nil	-0.28	Nil	-0.28	0.00	Nil	-0.28	Nil	Nil	-0.28
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0	0.00	Nil	-0.28	Nil	Nil	-0.28

6

Write-offs /Sale /Closed of restructured accounts during the FY.

7

Changes in the account balance



8	Restructured accounts as on March 31st 2018 (closing figures*)	No. of Borrower	Nil	Nil	1.00	Nil	1.00	Nil																	
		Amount outstanding Restructured facility	Nil	Nil	22.36	Nil	22.36	Nil																	
			Nil	Nil	Nil	Nil	Nil	Nil																	
		Total	Nil	Nil	22.36	Nil	22.36	Nil																	
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil																	
														*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)											
		2	Nil	14.00	Nil	16	Nil	2	Nil	15	Nil	17													
		0.07	Nil	50.94	Nil	51.01	Nil	0.07	Nil	73.30	Nil	73.37													
		0.00	Nil	4.83	Nil	4.83	Nil	0.00	Nil	4.83	Nil	4.83													
		0.07	Nil	55.77	Nil	55.84	Nil	0.07	Nil	78.13	Nil	78.20													
		0.00	Nil	0.03	Nil	0.03	Nil	0.00	Nil	0.03	Nil	0.03													

2.4.2 B Disclosures on Flexible Structuring of Existing Loans - Nil

2.4.2 C Disclosures on Strategic Debt Restructuring Scheme - Nil

2.4.2 D Disclosures on Change in Ownership outside SDR Scheme- Nil

2.4.2 E Disclosures on Change in Ownership of Projects under Implementation - Nil

2.4.2. F Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) - Nil



2.4.3.A. Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction - Nil

2.4.3 B Book value of investments in Security receipts

(₹ in Crore)

Particulars	Backed by NPAs/ SMAs sold by the bank as underlying		Backed by NPAs/ SMA/ SMA2 sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Book value of investments in security receipts	267.87	276.74	---	---	267.87	276.74

2.4.3 C Ageing of investments held as Security receipts and provision held

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
I	Book value of SRs backed by NPAs/SMAs sold by the bank as underlying	267.87	Nil	Nil
	Provision held against (i)	36.46	Nil	Nil
ii	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil	Nil
	Provision held against (ii)	Nil	Nil	Nil
	Total (i+ii)	267.87	Nil	Nil

2.4.4 Details of non-performing financial assets purchased/sold from/to other banks- Nil.

2.4.5 Provisions on Standard Assets

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Provisions held towards Standard Assets	34.32	34.64



2.5 Business Ratio

(As compiled by the management and relied upon by the auditors)

Particulars	12 Months ended 31.03.2018	12 Months ended 31.03.2017
(i) Interest Income as a percentage to Working Funds	7.83	8.13
(ii) Non-interest income as a percentage to Working Funds	0.76	1.71
(iii) Operating Profit as a percentage to Working Funds	0.45	0.92
(iv) Return on Assets (%)	(0.59)	0.01
(v) Business (Deposits plus advances) per employee	Rs851.23 Lakhs	Rs859.28 Lakhs
(vi) Profit /(Loss) per employee	Rs(3.45) Lakhs	Rs0.06 Lakhs



2.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

As on 31.03.2018	Day 1	2-7 Days	8 - 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	104.14	163.59	209.01	120.64	222.56	209.25	659.84	461.58	4127.56	424.35	7988.12	14690.65
Advances	17.91	97.26	134.94	217.94	446.72	545.24	1116.68	1671.77	3353.11	894.59	841.21	9337.36
Investments (Net)	0.00	15.69	0.00	30.24	40.18	0.00	0.00	379.02	240.08	115.21	3293.53	4113.95
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.8	0.00	0.00	41.80
Foreign Currency assets	56.21	136.95	2.58	14.68	0	14.95	96.79	15.87	4.42	3.88	0.00	346.33
Foreign Currency liabilities	25.13	22.8	0.68	22.46	0	26.54	101.1	90.59	53.85	10.34	1.68	355.17

Note: Deposits have been classified as per behavioural maturity.



2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

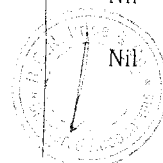
Category	31.03.2018	31.03.2017
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	143.02	142.33
b) Non priority sector	310.09	272.71
(Of which staff housing loans)	(68.59)	(70.77)
c) Total	453.11	415.04
(ii) Commercial Real Estate	409.03	419.17
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	529.35	30.00
Total Exposure to Real Estate Sector	1391.49	864.21

2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Sl No	Items	31.03.2018	31.03.2017
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	0.92	0.05
2	Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.09	0.08
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil
6	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil



9	Financing to stock brokers for margin trading	Nil	Nil
10	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		1.01	0.13

2.7.3 Risk category wise country exposure *

(As compiled by the management and relied upon by the auditors)

Risk Category	(₹ in Crore)			
	Exposure (Net) as at 31.03.2018	Provision held as at 31.03.2018	Exposure (Net) as at 31.03.2017	Provision held as at 31.03.2017
Insignificant	27.64	Nil	27.93	Nil
Low	13.29	Nil	11.19	Nil
Moderately Low	0.68	Nil	0.27	Nil
Moderate	0.16	Nil	Nil	Nil
Moderately High	0.02	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	41.79	Nil	39.39	Nil

* Based on categorization followed by Export Credit Guarantee Corporation of India Ltd

The bank is not having exposure to any country where the net funded exposure is 1 percent or more of the total assets and hence no provisioning is necessary for country risk, in accordance with the RBI guidelines.

2.7.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

Name of Borrower	(₹ in Crore)					
	Exposure as on 31.03.2018			Exposure as on 31.03.2017		
	Advance Exposure	Investment Exposure	Total Exposure	Advance Exposure	Investment Exposure	Total Exposure
Phoenix Trust	Nil	138.87	138.87	Nil	140.74	140.74

2.7.5 Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authorization etc. are available to the bank is Nil.

2.8 Miscellaneous

Amount of Provisions made for Income-tax during the year

(₹ in Crore)

	31.03.2018	31.03.2017
Provision for Income Tax(including Deferred Tax)	(51.90)	(10.47)

2.8.1 Disclosure of Penalties imposed by RBI

(a) The RBI had imposed an aggregate penalty of ₹24,500/- (in 4 different dates) during the Financial Year 2017-18 on account of counterfeit notes detected in the remittance of soiled notes at RBI by Singanellur and Ernakulam Currency Chests.

(b) RBI has imposed penal interest of ₹ 407/- for wrong reporting of currency chest transactions at Singanellur Chest during the year

3. Disclosures as per Accounting Standards where RBI has issued Guidelines in respect of items for 'Notes to Accounts'

3.1 Accounting Standard 15 (Revised) –Employee Benefits

3.1.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹5.43 Crore(Previous Year- ₹4.98 Crore). There is no deficit in the Income & Expenditure of the provident fund.

3.1.2 Disclosures for Defined Benefit Plans - Pension, Gratuity & Long term Compensated Absences (Privilege Leave)

3.1.2.1 Amount recognized in Balance Sheet and Profit & Loss Account

The amount recognized in the balance sheet is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Present Value of Obligations - Closing	282.13	315.52	75.72	80.27	32.53	34.75
Fair Value of Plan Assets - Closing	284.06	286.94	73.82	81.14	N.A.	N.A.
Funded Status	(1.93)	28.58	1.90	(0.87)	32.53	34.75
Net Liability (Asset) recognized in Balance Sheet (included in Item No IV- Others of Schedule 5 - Other Liabilities & Provisions)	(1.93)	28.58	1.90	(0.87)	32.53	34.75

The amount recognized in the statement of profit and loss account is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Current Service Cost	53.32	59.44	3.33	3.44	10.37	10.7
Past Service Cost	N.A.	N.A.	4.54	N.A.	N.A.	N.A.
Interest Cost	20.31	20.03	5.37	5.68	2.02	1.87
Expected Return on Plan Assets	(22.09)	(21.57)	(6.25)	(5.32)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	4.64	3.18	4.63	0.33	2.47	5.62
Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 - Operating Expenses)	56.18	61.08	11.62	4.13	14.86	18.19

3.1.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Fair Value of Plan Assets at the beginning of the year	286.94	287.55	81.14	71.06	N.A.	N.A.
Expected Return on Plan Assets	22.09	21.57	6.25	5.32	N.A.	N.A.
Contributions	86.69	65.43	8.85	19.64	17.08	16.81
Benefits Paid	103.57	106.71	21.07	19.86	17.08	16.81
Actuarial (Loss)/Gain	(8.09)	19.1	(1.35)	4.98	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	284.06	286.94	73.82	81.14	N.A.	N.A.



3.1.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Present Value of Obligations at the beginning of the year	315.52	320.48	80.27	85.70	34.75	33.37
Interest Cost	20.31	20.03	5.37	5.68	2.02	1.87
Current Service Cost	53.32	59.44	3.33	3.44	10.37	10.7
Past Service Cost	N.A	N.A	4.54	N.A.	N.A	N.A.
Benefits Paid	103.57	106.71	21.07	19.86	17.08	16.81
Actuarial Loss/(Gain)	(3.45)	22.28	3.28	5.31	2.47	5.62
Present Value of Obligations at the end of the year	282.13	315.52	75.72	80.27	32.53	34.75

3.1.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Net Liability at the beginning of the period	28.58	32.93	(0.87)	14.64	34.75	33.37
Add Expenses Charged to Profit & Loss Account	56.18	61.08	11.62	4.13	14.86	18.19
Less Contributions	86.69	65.43	8.85	19.64	17.08	16.81
Net Liability (Asset) at the end of the period	(1.93)	28.58	1.90	(0.87)	32.53	34.75

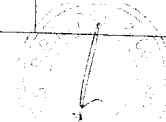
3.1.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Expected Return on Plan Assets	22.09	21.57	6.25	5.32	N.A.	N.A.
Actuarial Gain (Loss)	(8.09)	19.1	(1.35)	4.98	N.A.	N.A.
Actual Return on Plan Assets	14.00	40.67	4.90	10.3	N.A.	N.A.

3.1.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Discount Rate (p.a.)	7.70%	7.50%	7.70%	7.50%	7.70%	7.50%
Expected Return on Plan Assets (p.a.)	7.70%	7.50%	7.70%	7.50%	N.A	N.A
Future Salary Increases (p.a.)	5.50%	5.00%	5.50%	5.00%	5.50%	5.00%



Mortality	In accordance with the standard table LIC (1994-96).	In accordance with the standard table LIC (1994-96).	In accordance with the standard table LIC (1994-96).
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3.1.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2018	As on 31.03.2017	As on 31.03.2018	As on 31.03.2017
Life Insurance Companies	89.31%	86.75%	83.98%	57.86%
Central Govt. Securities	3.67%	3.85%	2.10%	19.99%
State Govt. Securities	4.69%	5.80%	4.66%	10.05%
Other Trust Securities (PSU)/Deposits with Banks etc.	2.33%	3.60%	9.26%	12.10%
Total	100.00%	100.00%	100.00%	100.00%

3.1.2.8 Experience Adjustments

(₹ in Crore)

(i) Pension

	March 31				
	2018	2017	2016	2015	2014
Defined Benefit Obligations	282.13	315.52	320.48	304.66	280.23
Plan Assets	284.06	286.94	287.55	291.84	261.22
Surplus/(Deficit)	(1.93)	(28.58)	(32.93)	(21.82)	(20.06)
Experience adjustments on Plan Liabilities	6.83	(22.11)	(44.83)	(12.11)	(31.30)
Experience Adjustments on Plan Assets	(8.61)	20.53	6.29	6.34	2.16

(₹ in Crore)

(ii) Gratuity

	March 31				
	2018	2017	2016	2015	2014
Defined Benefit Obligations	75.72	80.27	85.70	80.22	81.93
Plan Assets	73.82	81.14	71.06	85.66	76.82
Surplus/(Deficit)	(1.90)	0.87	(14.64)	4.44	(1.96)
Experience adjustments on Plan Liabilities	(2.13)	(4.96)	(18.77)	(0.86)	(7.99)
Experience Adjustments on Plan Assets	(2.27)	5.34	0.53	2.29	(0.83)

3.1.2.9 Expected Contributions

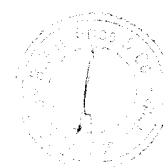
Bank's best estimates of contributions to the funds in of FY 2018-19 are as follows:

Pension: ₹ 60 Crore

Gratuity: ₹ 10 Crore

3.1.3 Other Long term Employee Benefits

- As on 31.03.2018, the Bank holds provision of ₹ 4.22 Crores (Previous Year - ₹ 4.31 Crore) towards provision for Sick Leave and Leave Fare Concession based on actuarial valuation.



3.2 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Business		Total	
	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17
Revenue	356.88	633.17	408.81	307.64	641.82	657.16	14.72	19.53	1,422.23	1,617.50
Result	-164.10	-1.02	32.89	-39.40	203.39	187.16	2.14	4.97	74.33	151.71
Unallocated expenses									Nil	Nil
Operating profit									74.33	151.71
Provisions other than tax									223.69	160.63
Provision for Tax									-51.90	-10.47
Extraordinary profit/ loss										
Net profit / Loss									-97.47	1.55
OTHER INFORMATION										
Segment assets	4,659.49	6,274.05	3,666.36	2,355.20	6,615.00	6,677.47	6.20	8.04	14,947.05	15,314.76
Unallocated assets									923.00	908.47
Total assets									15,870.05	16,223.23
Segment liabilities	57.42	72.52	2,134.95	2,541.96	13,493.73	13,401.49	18.34	13.05	15,704.44	16,029.02
Unallocated liabilities									165.61	194.21
Total liabilities									15,870.05	16,223.23

Part B: Geographic segments

The Bank has no branches outside India.

3.3 Accounting Standard 18 – Related Party disclosures

a) Details of Related Parties:

Name of the Party	Nature of Relationship
Shri.C.VR.Rajendran, Managing Director & CEO	Key Management Personnel

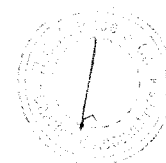
b) Significant transactions with related parties:

Name of the Related Party	Particulars of Transaction (Remuneration Paid)	
	31 March 2018	31 March 2017
Shri.C.VR.Rajendran	₹ 72,00,000/-	₹ 22,45,161/-#
Shri.Anand Krishnamurthy	-	₹ 29,60,000/-@

Remuneration paid to Shri. C. VR. Rajendran for the Period from 09.12.2016 to 31.03.2017.

@Remuneration paid to Shri. Anand Krishnamurthy for the Period from 01.04.2016 to 20.09.2016.

No stock options were granted to MD &CEO During the FY 17-18, However, the Nomination & Remuneration Committee of the Board in its meeting held on April 24, 2017,subject to the approval of Reserve Bank of India; agreed to grant 2 % stock options, equivalent to 16,19,241 shares, as hiring grant to Managing Director &CEO. The exercise price of the options is fixed at Rs.75/- per share and option when granted would be vested and could be exercised only on achieving certain performance parameters.



Note:

1. In accordance with the RBI Guidelines on compliance with Accounting Standards by the Banks, the details of transactions with parent, subsidiaries, associates, jointly controlled entity and relatives of Key Management Personnel have not been disclosed since there is only one entity in the respective category of the Key Management Personnel.
2. The normal transactions of the Bank with the above persons as constituents are not reckoned for the purpose of disclosure.

3.4 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2018, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹180.27Crore, which is included in Item No.5 “Others” of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2018 are as follows:

(₹ inCrore)

	31.03.2018	31.03.2017
Deferred Tax Asset		
Provision for Employee Benefits	11.69	12.33
Provision for Standard Assets	11.99	11.99
Provision for Bad & doubtful debts	74.99	13.72
Carry Forward Loss	90.71*	99.60
Others	3.24	3.43
Total Deferred Tax Asset	192.62	141.08
Deferred Tax Liability		
Depreciation on Fixed Assets	4.05	4.48
Special Reserve u/s 36 (1)(viii)	8.30	8.22
Total Deferred Tax Liability	12.35	12.70
Net Deferred Tax Asset	180.27	128.38

* The percentage of holdings by shareholders as of 31.03.2014 has come down to 42% as on 31.03.2018. Section 79 of the Income Tax Act provides that in the case of closely held companies, the present holding of shareholders as at the end of the year in which the loss was incurred shall not fall less than 51% of the voting power at the close of financial year when set off of carried forward business losses are claimed. Based on favorable legal opinion received, bank has set off Rs.24.74 crore of the carried forward business loss pertaining to FY 14 from the taxable income of FY 18 (with a beneficial impact of Rs.8.65 crore in the provision for tax). The balance business loss of Rs. 22.05 crore pertaining to FY 2014 is being carried forward to be claimed in future. Deferred Tax Asset on carry forward loss includes Rs. 7.71 crores reckoned on the amount of Rs.22.05 crores mentioned above.

3.5 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies, Accounting Standard 9 – Revenue Recognition, Accounting Standard 21 - Consolidated Financial Statements (CFS), Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard 24 - Discontinuing Operations are not applicable to the bank

3.6 Accounting Standard 25 - Interim Financial Reporting

Bank has complied with the disclosures in connection with the half yearly review prescribed by RBI

4 Other Accounting Standards

4.1 Accounting Standard 10 – Property, Plant & Equipment

i) Disclosure related to revaluation of land and building owned by the bank.

(a) the effective date of the revaluation - 31.03.2016

(b) whether an independent valuer was involved - Land and building was valued by two independent valuers. Lower of the value arrived by the valuers is taken as the revalued amount.

(c) the methods and significant assumptions applied in estimating fair values of the items;

Asset	Details	Valuer 1	Valuer 2
Building	Method	Plinth area rates of CPWD	Plinth area method applicable to the type of structure, specification, services, amenities
	Depreciation	Based on the present condition	Based on the age, condition and maintenance of

		and age of building.	the building
	Valuation	Plinth area rates of previous valuation taken as base rate	Composite market rate
Land	Method	Based on local enquiries, transactions in recent, past and valuers best of judgement	Based on location, level/shape/extent of the land, infrastructure /civic amenities availability, width of the abutting road, water potentialty, etc.
	Valuation	Present market value	Prevailing market rate based on the above

(d) the extent to which fair values of the items were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques - Fair value as explained in item (c) above

(e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Revaluation surplus as on 31.03.2018 - Rs159.47 Crores

Change for the period - Rs4.49 Crores (transferred from Revaluation Reserve to General Reserves)

ii) Bank had sold one of its premises during the year and the amount standing in Revaluation Reserve relating to that asset (Rs 2.90 crore) has been transferred to General Reserve as per para 44 of the standard.

4.2 Accounting Standard 19 - Leases

The properties taken on lease/rental basis are renewable/ cancellable at the option of the Bank.

4.3 Accounting Standard 20 - Earnings per Share

Particulars	2017-18	2016-17
EPS-Basic /Diluted	₹(12.04)	₹0.21
Amount used as numerator- Profit / (Loss) after Tax (in crore)	(97.47)	1.56
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	8,09,62,082	7,57,13,866

4.4 Accounting Standard 26 - Intangible Assets

The bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:

	(₹ in Crore)	
	31.03.2018	31.03.2017
a) Acquired Application Software		
Opening Balance at cost	16.99	13.70
Add Additions during the year	3.86	3.29
Less Disposals during the year	Nil	Nil
Less Amortisation to date	12.45	9.73
Net Carrying Amount	8.40	7.26
b) Internally Generated Software		
Opening Balance at cost	12.70	11.75
Add Additions during the year	1.96	0.95
Less Disposals during the year	Nil	Nil
Less Amortisation to date	11.17	10.17
Net Carrying Amount	3.49	2.53
Total Carrying Amount	11.89	9.79

4.5 Accounting Standard 28 - Impairment of Assets

In the opinion of the bank/as per valuation reports from approved valuers, there is no material impairment to the fixed assets as at 31.03.2018 requiring recognition in terms of Accounting Standard 28 - Impairment of Assets.



4.6 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

Movements in significant provision heads have been disclosed at appropriate places in the Notes forming part of the accounts.

4.6.1 Description of Contingent Liabilities

a) Claims against the bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by Income tax and other statutory authorities and disputed by the bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.

c) Guarantee given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes income tax/service tax appeals filed by the bank, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

f) The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Refer schedule 12 for amounts relating to contingent liability.

5. Additional Disclosures as per RBI Guidelines

5.1 Details of provisions and contingencies debited in Profit and Loss Account during the Year

	(₹ in Crore)	
	31.03.2018	31.03.2017
a Provisions towards NPA/write offs	191.07	182.79
b Depreciation and write off of investments	33.59	(16.76)
c Provision for Income tax (Including Deferred Tax)	(51.89)	(10.46)
d Provision for Standard Assets	(0.32)	(7.19)
e Provision for diminution on Restructured Advances	(0.40)	(1.32)
f Other provisions	(0.25)	3.10
Total	171.80	150.16

5.2 Floating Provisions

a) Opening Balance in floating provisions account	Nil
b) Quantum of floating provisions made in the accounting year	Nil
c) Purpose & amount of draw down made during the accounting year	Nil
d) Closing balance in floating provisions account	Nil

5.3 Draw Down from Reserves -

The Bank has not drawn from Reserves any amount other than from general reserves as detailed in paragraphs 10



5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

	31.03.2018	31.03.2017
a) No. of complaints pending at the beginning of the year	29	22
b) No. of complaints received during the year	432	392
c) No. of complaints redressed during the year	436	385
d) No. of complaints pending at the end of the year	25	29

B. ATM Complaints

	31.03.2018	31.03.2017
a) No. of ATMs complaints pending at the beginning of the year	Nil	Nil
b) No. of ATMs complaints received during the year	9270	4391
c) No. of ATMs complaints redressed during the year	9270	4391
d) No. of ATMs complaints pending at the end of the year	Nil	Nil

C. Awards passed by the Banking Ombudsman

	31.03.2018	31.03.2017
a) No. of unimplemented Awards at the beginning of the year	Nil	Nil
b) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
c) No. of Awards implemented during the year	Nil	Nil
d) No. of unimplemented Awards at the end of the year	Nil	Nil

5.5 Disclosure of Letter of Comforts (LOCs) issued by banks

Not applicable since the bank has no subsidiaries.

5.6 Provisioning Coverage Ratio

	As on 31.03.2018	As on 31.03.2017
Provisioning Coverage Ratio	61.86%	53.13%

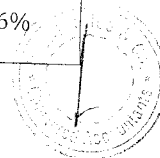
5.7 Income from Bancassurance

Sl.No.	Nature of Income	(₹ in Crore)	
		12 months ended 31.03.2018	12 months ended 31.03.2017
1.	From Selling Life Insurance Policies	6.60	4.82
2.	From Selling Non Life Insurance Policies	0.31	0.28
3.	From Selling Mutual Fund Products	0.00	0.00
4.	Others	Nil	Nil
5.	Total	6.91	5.10

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2018	As on 31.03.2017
Total Deposits of twenty largest depositors (₹ in Crore)	751.39	1052.30
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	5.11%	7.06%



5.8.2 Concentration of Advances

	As on 31.03.2018	As on 31.03.2017
Total Advances of twenty largest borrowers (₹ in Crore)	1454.37	1004.18
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	12.85%	10.71%

5.8.3 Concentration of Exposures

	As on 31.03.2018	As on 31.03.2017
Total Exposures to twenty largest borrowers/customers (₹ in Crore)	1651.16	1183.56
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	14.00%	11.39%

5.8.4 Concentration of NPAs

	(₹ in Crore)	
	As on 31.03.2018	As on 31.03.2017
Total Exposures to top four NPA Accounts	97.38	105.19

5.9 Sector-wise advances

(As compiled by the management and relied upon by the auditors)(Amount in Crore)

Priority Sector	Outstanding Total Advances	Gross NPA	Gross NPA (%)
Agriculture and allied activities	1608.77	96.15	5.98
Advances to industries sector eligible as priority sector lending	643.40	115.64	17.97
Services	1310.43	258.89	19.76
Personal loans	304.51	80.40	26.40
Sub-total(A)	3867.11	551.07	14.25
Non Priority Sector			
Agriculture and allied activities			
Industry	656.69	86.32	13.15
Services	2908.04	70.75	2.43
Personal loans	2253.40	55.99	2.48
Sub-total(B)	5818.14	213.06	3.66
Total (A+B)	9685.25	764.13	7.89

5.10 Movement of NPA

(₹ in Crore)

Particulars	2017-18	2016-17
Opening Balance of Gross NPA	600.10	446.91
Additions (Fresh NPAs) during the year	281.16	367.00
Sub-total (A)	881.26	813.91
Less:-		
(i) Upgradations	9.08	23.23
(ii) Recoveries (excluding recoveries made from upgraded accounts)	103.02	51.83
(iii) Technical/ Prudential Write-offs	0	135.79
(iv) Write-offs other than those under (iii) above	5.03	2.96
Sub-total (B)	117.13	213.81
Closing balance of Gross NPA (A - B)	764.13	600.10

5.11 Movement of technical write offs and recoveries:

(₹ in Crore)

Particulars	2017-18	2016-17
Opening balance of technical/prudential written off accounts	354.91	225.03
Add: Technical/Prudential write-offs during the year	Nil	135.79



Sub-total(A)		
Less-Recoveries/ write off made from previously technical/Prudential written offs accounts during the year (including sale to ARCs)(B)(1)	354.91	360.82
Closing balance (A-B)	27.71	5.91
	327.20	354.91

5.12 Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Total Assets	27.26	19.12
Total NPAs	Nil	Nil
Total Revenues	0.62	0.32

5.13 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms)

Nil

5.14 Disclosure on Remuneration

Qualitative disclosures	(a)	<p>Information relating to the composition and mandate of the Nomination & Remuneration Committee.</p> <p><u>Composition</u></p> <p>The Nomination & Remuneration Committee of the Board comprises of independent directors.</p> <p><u>Function and mandate</u></p> <p>The Nomination & Remuneration Committee of the Board inter alia, oversee the framing, review and implementation of compensation policy of the Bank including ESOS of the bank on behalf of the Board.</p> <p>The Committee should ensure that:-</p> <ul style="list-style-type: none"> the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio; the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
	(b)	<p>Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p> <p><u>Process</u></p> <p>The Nomination & Remuneration Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Nomination & Remuneration Committee will study the business and industry environment, analyze and categorize the risks and streamline the components of the compensation plan like proportion of the total variable compensation to be paid to MD & CEO, WTD's and Senior executives to ensure financial stability of the organization.</p>



Authority to invoke clawback arrangement

The Nomination & Remuneration Committee of the Board also have the authority to ascertain whether the decision taken by the MD& CEO, WTD, Senior executives/ officers (Non IBA Package) have brought forth a negative contribution to the Bank. The Committee has vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.

Objectives

The objectives of the remuneration policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organization.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

Key features

- To actively oversee the compensation systems design and operation.
- To monitor and review the compensation system to ensure that the system operates as intended.
- Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.
- Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action.
- Firms must disclose clear comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.

- 1) Managing Director & CEO
- 2) Senior Executives (Risk control and compliance staff) -Non IBA Package
- 3) Senior / Other Officers - Non IBA Package
- 4) Other officers and staff -On IBA package

Clawback Arrangement/Compensation Recovery

A clawback arrangement or a compensation recovery is provided in the



policy[MD & CEO, WTD's and Senior executives/ officers (Non IBA Package)] which will entail the Bank to recover proportionate amount of variable compensation paid to the functionaries on account of an act or decision taken by the official which has brought forth a negative contribution to the bank at a prospective stage. The clawback arrangement is subject to the relevant statutory and regulatory stipulations as applicable.

Limit on variable pay

As per the policy, the variable compensation offered to an official would not exceed 70% of the total fixed compensation in a year.

Severance pay and guaranteed bonus

As per the policy, severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute.

Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options.

Hedging

As per the policy, no compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and clawback arrangements) embedded in their compensation arrangement.

Committees to mitigate risks caused by an individual decision

In order to further balance the impact of market or credit risks caused to the organization by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the bank, as a promoted practice, has constituted various committees to take decisions on various aspects.

Credit limits are sanctioned by committees at different levels.

Investment decisions of the Bank are taken and monitored by Treasury & Investment Management Committee and there is an upper limit cut in treasury dealings where individual decisions can be taken.

Interest rates on Asset and liability products for different buckets are decided and monitored by the ALCO. Banks' exposure to liquidity risk are also monitored by ALCO.

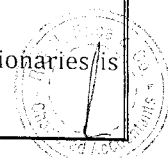
Compensation of risk control staff

Members of staff engaged in financial and risk control would be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation.

- (d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

Compensation of MD & CEO, whole time directors and senior executives (Non IBA), performance linkage

As per the policy, the compensation paid out to the referred functionaries is divided into three components



1. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span.
2. The variable compensation for MD & CEO and senior executives on Non – IBA package basis are fixed based on performance and responsibility in the bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance.
3. Employees Stock options as per the CSB Employees Stock Option Scheme 2013 (CSBESOS-2013) as approved by the Board.

Approval from RBI is to be obtained to decide compensation for MD & CEO/ whole time directors. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank's Articles of Association read with the Section 197 of the Companies Act, 2013.

Compensation paid to Other Officers and staff members on IBA package

The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Banks Association. The variable compensation paid to functionaries is based on the Performance/Target Linked incentive scheme which has been formulated on the basis of performance parameters. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme.

- (e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

Deferred compensation and Performance Linkage (Non-IBA)

In case of deferral arrangements of variable pay to MD & CEO, WTD's, Senior/other executives (Non IBA Package), the deferral period should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis.

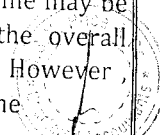
Clawback and deferral arrangements

The provisions of clawback and deferral arrangements applicable to the referred functionaries (all Non IBA Package) are subject to relevant statutory and regulatory stipulations as applicable.

- (f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Bank uses an optimum mix of cash, ESOPS and variable pay to decide the compensation to MD & CEO /WTD and senior executives on Non – IBA package. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments.

The Officers in Scale I-VII as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. The variable compensation paid to functionaries is based on the Target/ Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However, the grant of stock option is as per CSB Employees Stock Option Scheme



			Current Year (FY 2017-18)	Previous Year (FY 2016-17)
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)	Number of meetings held by the Nomination & Remuneration Committee during the year and remuneration paid to its members.	6 `2,40,000	9 `4,60,000
	(h)	(i) Number of employees having received a variable remuneration award during the year.	Nil	Nil
		(ii) Number and total amount of sign-on awards made during the year.	Nil	Nil
		(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
		(iv) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
		(ii) Total amount of deferred remuneration paid out in the year.	Nil	Nil
	(j)	Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non-deferred (on payment basis).	`72,00,000 (Fixed)*@ Nil (Variable) Nil (Deferred& Non - Deferred)	`52,05,161# (Fixed)* Nil (Variable) Nil (Deferred& Non - Deferred)
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
		(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
		(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation, Leave travel concession and Bank's contributions towards Provident fund.

Includes remuneration paid to Shri. Anand Krishnamurthy for the period from 01.04.2016 to 20.09.2016 and to Shri. C. VR. Rajendran for the period from 09.12.2016 to 31.03.2017.

@1. The Bank has subject to the approval of Reserve Bank of India; agreed to grant 2 % stock options, equivalent to 16,19,241 shares, as hiring grant to Managing Director & CEO. The exercise price of the options is fixed at Rs.75/- per share and option when granted would be vested and could be exercised only on achieving certain performance parameters.

2. The Bank has also subject to the approval of Reserve Bank of India agreed to grant additional stock options equivalent to upto 2(two) per cent of the enhanced paid up equity capital of the Bank as on the date of the grant, as reduced by the hiring grant stock options already agreed/granted to him as stated in point No 1 above. The grant of said option is further subject to fresh equity investment in the Bank over a period of the next three years from 09.12.2016 i.e, date of joining in the Bank as Managing Director & CEO. The exercise price of the options is fixed at Rs.75/- per share.

5.15 Disclosures relating to Securitisation - Not applicable to the Bank at this stage.

5.16 Credit Default Swaps – Nil

5.17 Intra-Group Exposures - NA

5.18 Transfers to Depositor Education and Awareness Fund (DEAF)

Unclaimed liabilities where amount due has been transferred to DEAF is reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the financial statements.

Particulars	(Rs in Crores)	
	31.03.2018	31.03.2017
Opening balance of amounts transferred to DEAF	29.23	16.96
Add : Amounts transferred to DEAF during the year	7.42	12.55
Less : Amounts reimbursed by DEAF towards claims	0.79	0.28
Closing balance of amounts transferred to DEAF	35.86	29.23

5.19 Unhedged Foreign Currency Exposure

(A) Provisioning

In terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular DBOD No.BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, based on the available data, available financial statements and declarations from borrowers wherever received, the bank is holding a provision of Rs 0.38Crore (Previous Year –Rs0.87Crore) towards Unhedged Foreign Currency Exposures.

(B) Capital Held

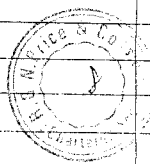
In terms of the aforementioned circulars, an additional capital of –Rs 0.52Crore(Previous Year –Rs2.21Crore) has been held towards unhedged foreign currency exposures.

6 Liquidity Coverage Ratio

(As compiled by the management and relied upon by the auditors)

a) Quantitative Disclosures

		(incrore)	
		Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)		2705.56
	Cash Outflows		
2	Retail deposits and deposits from small business customers, of which:	11656.12	1157.39
(i)	Stable deposits	164.49	8.22
(ii)	Less stable deposits	11491.63	1149.16
3	Unsecured wholesale funding, of which:	1102.99	266.94
(i)	Operational deposits (all counterparties)	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	1102.99	266.94
(iii)	Unsecured debt	0.00	0.00
4	Secured wholesale funding	0.00	0.00
5	Additional requirements, of which	818.96	77.93
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00
(ii)	outflows related to loss of funding on debt products	0.00	0.00
(iii)	Credit and liquidity facilities	818.96	77.93
6	Other contractual funding obligations	0.00	0.00
7	Other contingent funding obligations	283.14	8.49
8	TOTAL CASH OUTFLOWS		1510.75
	Cash Inflows		
9	Secured Lending (e.g. reverse repos)	262.40	0.00
10	Inflows from fully performing exposures	723.08	399.66
11	Other cash inflows	0.00	0.00
12	TOTAL CASH INFLOWS	985.48	399.66
13	TOTAL HQLA		2705.56
14	TOTAL NET CASH OUTFLOWS		1111.09
15	LIQUIDITY COVERAGE RATIO (%)		243.50%



b) Qualitative disclosures

(i) Main drivers of LCR and evolution of contribution of inputs

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario, by which time it is assumed that proper corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(ii) Intra period changes

The intra period changes are mainly on account of changes in unencumbered excess SLR positions.

(iii) The composition of High Quality Liquid Assets (HQLA)

Banks' High Quality Liquid Assets consists of the following

- i. Cash
- ii. Balance with RBI in excess of CRR requirement
- iii. Unencumbered portion of investments in Government securities in excess of SLR requirement.
- iv. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility (MSF)
- v. Investment in Government Securities held up to 9% of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

(iv) Concentration of funding

Banks' concentration from top 20 depositors stood at 5.11% of total deposits as on 31st March 2018.

(v) Derivative exposure and potential collateral calls

Bank does not have derivative business except forward contracts.

(vi) Currency Mismatch in LCR

The bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the bank's total liabilities and hence LCR in other currencies is not computed.

(vii) Centralisation of liquidity management

Banks' liquidity management and monitoring is centralized. Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines.

(viii) Other Inflows and outflows in the LCR calculation that are not captured in the template but which the bank considers relevant for its liquidity profile

Inflows and outflows are comprehensively captured in LCR template

7. Employee Stock Option Scheme (ESOS)

The shareholders of the Bank in the 92nd Annual General meeting of the Bank held on 23.09.2013 accorded sanction to frame and implement the Employees Stock Option Scheme and grant/issue options to eligible present and future employees of the Bank, such that the offer, issue and allotment of such shares pursuant to the option shall not exceed 5% of issued equity shares of the Bank from time to time. Accordingly, the Bank formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme") as per Board resolution dated April 8, 2014 and the same has been approved by shareholders vide postal ballot on August 18, 2014. The ESOS is equity settled where the employees will receive one equity share per option. The period of vesting shall range from a minimum of three years from the date of Grant and normally shall not exceed a maximum of five years ("Vesting Period"), unless the Nomination & Remuneration Committee decides for a longer/ shorter vesting period, subject to applicable laws. The Committee may, at its sole discretion, decide the proportion of shares, which shall vest each year during the vesting period ("Vesting Schedule"). The Stock option granted to employees vest over the period as decided by the Nomination & Remuneration Committee. The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.

Stock option activity under the scheme during the year ended 31.03.2018 has been as follows:

Outstanding at the beginning of the year	330000
Granted during the year	Nil
Forfeited during the year	Nil
Exercised during the year	Nil
Outstanding at the end of the year	330000
Options exercisable at the end of the year	220064



Options outstanding at the beginning of the year carry an exercise price of Rs. 147.25

Under intrinsic value method, since exercise price of the stock options granted under the ESOS is more than the underlying value of the shares, it has not resulted in any charge to the Profit and Loss Account for the year. If the Bank had adopted the Black-Scholes model based fair valuation, staff cost for the year would have been higher by Rs 0.95 crore and profit before tax would have been lower by the same extent.

The fair value of options granted during the period has been estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Average Dividend Yield	0%
Expected Volatility	31.81%
Risk free interest rate	6.40%
Expected life of options	10 years
Expected forfeiture	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of returns on the shares over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in CNX Bank Nifty over the last 10 years.

Impact of fair value method on net profit and EPS

Particulars	12 months ended 31.03.2018
Net Profit (Loss) as reported (Rs in Cr)	(97.47)
Proforma Net Profit (Loss) based on fair value approach (Rs in Cr)	(98.42)
Basic/Diluted EPS as reported (Rs)	(12.04)
Basic/Diluted EPS (Proforma) (Rs)	(12.16)

8. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

9. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements

10. Disclosure for frauds

(Amount in Crores)	
No of frauds reported during FY 2017-18	30
Amount involved in such frauds	116.88
Balance outstanding as on 31.03.2018	56.25
Quantum of provision made by debiting P&L	36.93
Unamortised provision debited from General Reserve	19.33

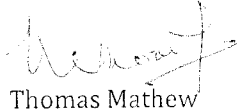
11. Details of Priority Sector Lending Certificate Purchased & Sold during the year

(Amount in Crores)	
Scheme Type	PSLC General
PSLCs purchased during the year	Nil
PSLCs sold during the year	900.00
Net PSLCs outstanding as on 31.03.2018	(900.00)

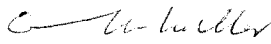


12. Comparative Figures

The previous year's figures have been regrouped and recast wherever necessary to conform to current year's classification.



Thomas Mathew
Chairman-Audit
Committee



Alok Kochhar, Director



Bobby Jos C, Director



Madhavan Nambiar M,
Director



Radha Unni, Director



C.V.R. Rajendran,
Managing Director & CEO



Sijo Varghese

Company Secretary




P.V. Antony

Chief Financial Officer

As per our report of even
date

For R G N Price & Co
Chartered Accountants
FRN No:002785S



G. Surendranath Rao
Partner
(M. No. 22693)

Thrissur
30.04.2018

