

HEAD OFFICE : MALAPPURAM

Balance Sheet as at 31.03.2018		Amt in "000	Amt in "000
Capital & Liabilities	Sche dule	As on 31.03.2018	As on 31.03.2017
Capital	1	84143	84143
Reserves & Surplus	2	7844927	7184644
Deposits	3	153383631	150448821
Borrowings	4	43163819	27827397
Other Liabilities & Provisions	5	3766172	3575749
TOTAL	::	208242692	189120754
Assets	Sche dule	As on 31.03.2018	As on 31.03.2017
Cash and Balance with Reserve Bank of India	6	6592573	6848163
Balance with Banks & Money at Call and Short notices	7	15733290	15651652
Investments	8	33665300	41173755
Advances	9	143100924	117602781
Fixed Assets	10	1010869	828294
Other Assets	11	8139736	7016109
TOTAL	::	208242692	189120754
Contingent Liabilities	12	626142	379472
Bills for collection	12	91416	221890
Significant Accounting Policies	17		
Notes on Accounts	18		

Ramesh.P.R
Senior Manager

Muraleedharan.V.C
Chief Manager

Krishnamoorthy.C
General Manager

Nagesh G. Vaidya
Chairman

1.Sri V.PAHALA

2.Smt. S. SUCHITRA

3.Smt. PRASANNA KUMARY.M.C

4.Sri.B.NAGESH KUMAR

5.Sri. S. ANIL KUMAR NAIR



As per our report of even date attached
For **Elias George & Co**
CHARTERED ACCOUNTANTS

Thomson Thomas

Memb No25567,FRN 000801S

THIRUVANATHAPURAM
05.06.2018

KERALA GRAMIN BANK			
HEAD OFFICE : MALAPPURAM			
Statement of Profit and Loss		Amt in "000	Amt in "000
	Sche dule	01.04.17 to 31.03.2018	01.04.16 to 31.03.2017
I. INCOME:-			
Interest earned	13	17089003	15350324
Other Income	14	1341942	1626540
TOTAL	::	18430945	16976864
II. EXPENDITURE:-			
Interest expended	15	11488441	10964306
Operating expenses	16	3896863	3984773
Provisions and Contingencies		1417105	300074
TOTAL	::	16802409	15249153
III. PROFIT / LOSS:-			
Profit for the year before taxation(PBT)		1628536	1727711
Add: Prior period adjustments		-	-
Less: Income tax for the current year		580000	596898
Less: Deferred tax liability		104971	-
Add: Deferred tax Asset		-	11840
Less: Tax Expense for the prior period		405759	113291
Net Profit For the Year after Income Tax	::	537806	1029362
IV. APPROPRIATIONS:-			
<u>Draw down from reserves</u>			
Draw down from Investment fluctuation reserve		196759	-
Net profit for the year available for appropriation		734565	1029362
<u>Appropriation to reserves</u>			
Statutory Reserve		134451	-
Reserve for Long Term Finance		-	-
Floating Reserve Towards Investments		400000	200000
Transfer to Govt. Proposed Dividend		-	-
Floating Reserve Towards NPA		-	-
Capital Reserve		26816	-
General Reserve		131279	785133
Special Reserve u/s 36(1) (viii)		42018	44229
Balance of Profit carried Over to Balance Sheet		-	-
TOTAL	::	734565	1029362
Earnings Per Share -basic & Diluted		63.92	122.33
Significant Accounting Policies	17		
Notes on Accounts	18		

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As per our report of even date attached
For **ELIAS GEORGE & Co**
CHARTERED ACCOUNTANTS

THIRUVANATHAPURAM
05.06.2018

Thomson Thomas
PARTNER (M No.25567,FRN 000801S)

SCHEDULE – 1 – CAPITAL		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
1	Authorised, Issued, Subscribed, called-up and paid up capital (Eighty four lakh fourteen thousand three hundred shares of Rs.10/- each)	84143	84143
2	Share capital Deposits	-	-
SCHEDULE – 2 – RESERVES & SURPLUS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
1	Statutory Reserve		
	Opening balance	680961	680961
	Add: Appropriation from opening general reserves	1115200	-
	Additions during the year	134451	-
	Less deduction during the year	-	-
	Closing balance	1930612	680961
2	General Reserves		
	Opening balance	5670927	4885795
	Additions during the year	131279	-
	Less: Appropriation to Statutory Reserve	1115200	-
	deduction during the year	-	785133
	Closing balance	4687006	5670928
3	Capital Reserve		
	Opening balance	-	-
	Addition During the year	26816	-
	Closing balance	26816	-
4	Special Reserve		
	Opening balance	44229	-
	Additions during the year	42018	44229
	Less deduction during the year	-	-
	Closing balance	86247	44229
5	Investment fluctuation Reserves		
	Opening balance	788526	588526
	Additions during the year	400000	200000
	Less: Draw down to profit and loss account	196759	-
	Closing balance	991767	788526
6	Revaluation Reserve		
	Opening balance	-	-
	Additions during the year	122478	-
	Less deduction during the year	-	-
	Closing balance	122478	-
7	Balance of P& L a/c	-	-
	T O T A L (1 to 7)	7844927	7184644.00



SCHEDULE – 3 - DEPOSITS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
A	I. Demand Deposits		
	i. From Bank	11804	20940
	ii. From others	2212189	2105944
	II. Savings Bank Deposits	53311597	49521508
	III. Term Deposits		
	i. From Banks	27082486	29270920
	ii. From others	70765555	69529509
	TOTAL (I,II & III)	153383631	150448821
B	i. Deposits of branches in India	153383631	150448821
	ii. Deposits of branches outside India	-	-
	TOTAL	153383631	150448821

SCHEDULE – 4 - BORROWINGS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
I.	Borrowings in India		
	Reserve Bank of India	-	-
	Canara Bank	88167	3520672
	NABARD	36315114	20061690
	Other Banks	3546712	3861415
	Other Institutions & Agencies	3213826	383620
II.	Borrowings outside India	-	-
	TOTAL (I & II) ::	43163819	27827397
	(Secured borrowings included in I&II above)	4065	223587

SCHEDULE – 5 – OTHER LIABILITIES & PROVISIONS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
1	Bills payable	57543	87354
2	Inter-office adjustments(net)	-	528
3	Interest accrued	479659	431232
4	Deferred Tax Liability	111329	6358
5	Others (including provisions)	3117641	3050277
	TOTAL ::	3766172	3575749

SCHEDULE – 6 – CASH & BALANCE WITH RBI		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017



I.	Cash in hand	1336094	1394437
II.	Balance with RBI		
	i. In Current account	5256479	5453726
	ii. In other accounts		
	TOTAL (I & II) ::	6592573	6848163

SCHEDULE – 7 – BALANCE WITH BANKS/MONEY AT CALL AND SHORT NOTICE		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
I.	In India		
	i. Balance with Banks		
	a) In Current accounts	29866	200728
	b) In other deposit accounts	15703424	15450924
	ii. Money at call and short notice	-	-
	TOTAL (I & II) ::	15733290	15651652

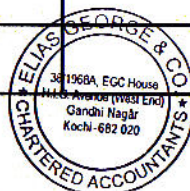
SCHEDULE – 8 – INVESTMENTS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
I.	Investments in India in		
	i. Govt. securities	32969755	37818358
	ii. Other approved securities		
	iii. Debentures & Bonds	150000	250000
	iv. Shares	2897	2897
	v. Others (Mutual Fund Units etc.)	542648	3102500
	TOTAL ::	33665300	41173755



SCHEDULE – 9 – ADVANCES		Amt in "000	Amt in "000
		As on 31.03.2018	As on 31.03.2017
A	i. Bills purchased and discounted	152	5003
	ii. Cash credits, overdrafts and loans repayable on demand	89842547	72092989
	iii. Term loans	53258225	45504789
	TOTAL ::	143100924	117602781
B	i. Secured by Tangible Assets	128995368	102671294
	ii. Covered by Bank/Govt.guarantees		
	iii. Unsecured	14105556	14931487
	TOTAL ::	143100924	117602781
C	Advances in India		
	1. Priority Sector	129363062	104876421
	2. Public Sector		
	3. Banks		
	4. Others	13737862	12726360
	TOTAL ::	143100924	117602781

SCHEDULE – 10 – FIXED ASSETS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
I	Premises		
	At cost as on 31.03.2017	44594	45740
	Additions during the period	-	527
	Revaluation during the year	122478	-
	Depreciation	1605	1673
	NET BALANCE – (I)	165467	44594
II	Other Fixed Assets(Incl Furniture & Fixtures)		
	At cost as on 31.03.2017	783700	764214
	Additions during the period	210554	163984
	Deductions during the period	2578	3260
	Depreciation	146274	141238
	NET BALANCE – (II)	845402	783700
	Less prior period depreciation	-	-
	TOTAL (I+II)	1010869	828294

SCHEDULE – 11 – OTHER ASSETS		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
I	Inter-office adjustments(net)	372	-
ii	Interest accrued	863300	1081607
iii	Income Tax Advance / refund receivable	507435	438431
iv	current year advance tax	671377	223107
v	Stationery & Stamps	24279	23647
vi	Non-banking assets acquired in satisfaction of claims	-	-



vii	Others	6072973	5249317
TOTAL ::		8139736	7016109
SCHEDULE – 12 – CONTINGENT LIABILITIES			
		Amt in "000	Amt in "000
Particulars		As on 31.03.2018	As on 31.03.2017
(a) Claims against the bank not acknowledged as debts (For tax matters)		300694	64614
(b) Guarantees given on behalf of constituents			
(i) In India		95253	92118
(c) Unclaimed deposits		230195	222740
TOTAL ::		626142	379472
Bills for collection		91416	221890



SCHEDULE – 13 – INTEREST EARNED		Amt in "000	Amt in "000
Particulars		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
I.	Interest/discount on advance/bills	14156848	12125648
	Net Interest as per MOC	257517	59559
	Net: Balance	13899331	12066089
II.	Income on Investments	2448459	2462599
III.	Interest on balances with Reserve Bank of India and other Inter bank funds	741213	821636
IV	Others	-	-
TOTAL ::		17089003	15350324
V	Prior period income	-	-
TOTAL		17089003	15350324
SCHEDULE – 14 – OTHER INCOME		Amt in "000	Amt in "000
Particulars		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
I	Commission, Exchange and Brokerage	1022842	889105
II	Add: Profit on sale of land Buildings and other assets:	1661	1131
	Less: Loss on sale of land Buildings & other assets:	-1735	-1541
III	Profit on sale of investments	275832	701692
	Less: Loss on sale of Investments	-	-
IV	Miscellaneous Income	43342	36153
TOTAL ::		1341942	1626540
V	Prior period income	-	-
TOTAL		1341942	1626540
SCHEDULE – 15 – INTEREST EXPENDED		Amt in "000	Amt in "000
Particulars		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
I	Interest on Deposits	8911579	9124118
II	Interest on Reserve Bank of India/ Inter bank borrowings	2048726	1403026
III	Others (IBPC)	528136	437162
TOTAL ::		11488441	10964306



SCHEDULE – 16 – OPERATING EXPENSES		Amt in "000	Amt in "000
Particulars		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
I	Payment to and provisions for employees	2666846	2881089
II	Rent, Taxes & Lighting	212739	189642
III	Printing & Stationery	31483	32167
IV	Advertisement & Publicity	11798	13061
V	Depreciation on Bank's property	147879	142911
VI	Directors' fees, allowances & expenses	-	-
VII	Auditors' fees and expenses (including branch auditors)	4970	4818
VIII	Law charges	22794	24715
IX	Postage, Telegrams, Telephones etc.	22015	21661
X	Repairs & Maintenance	9284	9555
XI	Insurance	133409	117002
XII	Other expenditure	633647	548152
TOTAL ::		3896863	3984773



Schedule – 17

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The accounts are prepared under the historical cost convention in line with the generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Banking Regulation Act, 1949, and other statutory provisions, except otherwise stated.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, expenses, income and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from estimates. Any revision to accounting estimates is recognized in current and future periods.

3. Investment:

- a) Investments are grouped and shown in the Balance sheet under the five major heads:
 - 1) Government Securities
 - 2) Other approved securities
 - 3) Debentures and Bonds
 - 4) Shares
 - 5) Others (Mutual Fund Units etc.)
- b) Investments have been made as per the guidelines of the Reserve Bank of India, NABARD and Sponsor Bank (Canara Bank) keeping in view of the statutory obligations.
- c) An Asset Liability Management cum Investment Committee comprising;
 - i. Chairman
 - ii. Two General Managers
 - iii. One Senior Manager (FM Wing)
 - iv. Three Chief Managers (FM Wing, P&D Wing and Credit Wing) are responsible for the overall Investment portfolio of the Bank, subject to the final concurrence of the Board of Directors.
- d) In determining the acquisition cost of investment:
 - 1) Cost such as brokerage, commission etc relating to securities at the time of purchase are charged to Profit & Loss Account.
 - 2) Broken period interest on debt instruments upto the date of acquisition / disposal is treated as revenue.



e) Valuation of Investments:

The Bank has implemented Mark to Market (MTM) norms for valuation of SLR Securities as per the RBI Circular No.BC.No. 74 /03. 05.33/2013-14 dated 07/01/2014 as under,

- i. Entire investment portfolio have been classified in to three categories as Held to Maturity (**HTM**), **Available for Sale (AFS)** and **Held for Trading (HFT)** as per the above guideline.
- ii. Investments classified under **Held to Maturity (HTM)** category are valued at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period in the remaining maturity. The amortized amount is reflected in schedule 13-Interest earned: item II – Income on investments as a deduction. However, the deduction need not be disclosed separately. The book values of the security are reduced to the extent of the amount amortized during the relevant accounting period.
- iii. The scrips in the **Available for Sale (AFS)** and **Held for Trading (HFT)** categories are marked to market. The book value of the individual securities has not undergone any change after the revaluation.
- iv. Securities under AFS & HFT are separately valued scrip-wise and the investment in a particular classification are aggregated for the purpose of arriving at net depreciation/appreciation of investments under that category. As per the policy Net depreciation, if any, shall be provided for. Net appreciation, if any, should be ignored.

f) Profit and loss on sale of investments

Profit on sale of investments in respect of "Available for sale" and "Held for Trading" categories is recognized in profit & Loss account. Profit on sale of Investments in respect of "Held to Maturity" category is first taken to the profit & loss account and an equivalent amount of profit is appropriated to the Capital Reserve.

g) Prudential Norms and Classification of Investments:

As on date of balance sheet, i.e. 31.03.2018, all the Investments, except the UPSYC bonds, are identified and classified as performing and standard. In the case of UPSYC Bonds, amounting to Rs. 18.31 lakhs, interest dues are not accounted since the account is treated as Non-performing.

4. Fixed Assets / Depreciation:

a) Premises

Freehold land and building are originally capitalized at cost. Revaluation of these properties shall be done every 5 years after obtaining specific permission of the board of directors, commencing from the year ended 31-03-2018. The appreciation on revaluation shall be credited to revaluation reserve. Depreciation shall be applied on pro rata basis under the WDV method in accordance with rates prescribed by the management. The depreciation on the original cost of the asset shall be debited to profit & loss



account and that on revalued amount shall be debited to revaluation reserve. The entire amount of revaluation reserve shall be adjusted towards depreciation over the economic useful life of the assets. On sale of these assets, the entire amount under revaluation reserve shall be first adjusted. The resultant profit/loss shall be transferred to profit and loss account.

b) Other Fixed assets and Intangible Assets

Other Fixed Assets & Intangible assets are shown at historical cost less depreciation/ amortization written off to date on WDV method in accordance with rates prescribed by the management.

c) Impairment of Assets

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.

5. **Accounting for Government Grant:**

Government grants received on specific fixed assets are deducted from cost of the fixed assets

6. **Advances:**

Advances are classified as performing and non-performing advances in accordance with prudential norms and guidelines issued by Reserve Bank of India.

- Performing Assets are treated as Standard Assets and non-performing assets are further classified for provisioning as:
 1. Sub-standard Assets
 2. Doubtful Assets – I, II, & III, and
 3. Loss Assets.
- Advances shown in the Balance sheet are net of provisions in respect of non-performing Assets and Inter Bank Participation Certificates (IBPC) issued.

Provisions are as follows:

- | | |
|----------------------|--|
| 1. Standard Assets : | @ 0.25% of the balance outstanding on direct agricultural advances and SME sector; @ 0.40% of the advances outstanding under other sectors except commercial real estate sector, for which 1% of the advances outstanding is provided. |
|----------------------|--|



2. On non-performing assets as per the rates given below.

Type of Non Performing Assets	Secured	unsecured
	rate	rate
Sub Standard Assets	15%	25%
Doubtful Assets -I	35%	100%
Doubtful Assets -II	60%	100%
Doubtful Assets -III	100%	100%
Loss Assets	100%	100%

- In case of NPA accounts, periodical interest is debited to such accounts by giving corresponding credit to interest suspense account. Balance in NPA account is disclosed net of the amount of interest suspense account in the Balance Sheet.

7. Revenue Recognition:

Income/expenditure is accounted on accrual basis except for:

- Income is recognized on cash basis in case of non-performing assets as per guidelines issued by Reserve Bank of India.
- Expenditure on account of claims/settlements – employee cost under dispute or negotiation etc is accounted in the year of final settlement as per the instructions received from appropriate authorities.
- Commission on Bank guarantees and Locker rent.
- In case of NPA accounts, the interest not realized in cash is reversed by giving corresponding credit to interest suspense account: balance in NPA accounts is shown after netting of the amount in interest suspense account.

8. Employee benefits:

(a) Defined Contribution Plans:

Defined Contribution Plans such as Provident fund are recognized as an expense and charged to Profit & Loss account.

(b) Defined Benefit Plans:

Bank had made arrangement with Life Insurance Corporation of India and Canara HSBC OBC Life Insurance Co for Gratuity and Privilege leave encashment payments. Premium paid is charged to the Profit & Loss Account. At the year end, the obligation is determined on actuarial valuation basis determined by Life Insurance Corporation of India and the fair value of plan assets is reduced from gross obligation to recognise net obligation, if any, on a net basis. Actuarial losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Profit & Loss Account in the period in which they arise.



9. Taxes on Income :

- Tax expense for the year comprise of current tax and deferred tax.
- Deferred Tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognised using the rates and laws that have been enacted or substantively enacted as on the balance sheet date.
- Deferred tax assets are not recognised unless there is virtual certainty that sufficient future taxable income would be available against which such deferred tax assets can be recognised
- In cases of demand, the provision for tax is made after due consideration of judicial pronouncements and legal opinion. Disputed tax not provided for are disclosed under contingent liabilities.

10. Earnings Per Share :

The Bank reports basic and diluted Earnings Per Share in accordance with AS 20. Basic Earnings Per Share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the Year.

11. Provisions, Contingent Liabilities and Contingent Assets :

a) In conformity with AS 29, "Provisions, Contingent Liabilities & Contingent Assets" issued by the Institute of Chartered Accountants of India, the bank recognizes provision only when:

- It has a present obligation as a result of 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.

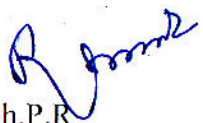
b) No provision is recognized


- For any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank.
- Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- When a reliable estimate of the amount of obligation cannot be made


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

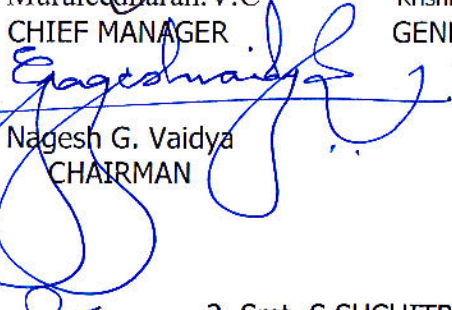
c) Contingent assets are not recognized in the financial Statements.



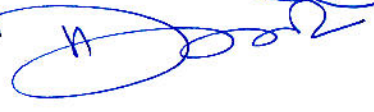

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CHAIRMAN

DIRECTORS

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2. Smt. S.SUCHITRA

3. Smt. PRASANNA KUMMARY M.C

4. Sri.B.NAGESH KUMAR 


5. Sri S. ANIL KUMAR NAIR

AS PER OUR REPORT OF EVEN DATE
ATTACHED
For ELIAS GEORGE & CO
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 000801S


CA. THOMSON THOMAS
PARTNER
Membership No. 25567

Thiruvananthapuram
05.06.2018



NOTES FORMING PART OF ACCOUNTS:

1. Share Capital:

- Kerala Gramin Bank was constituted by the amalgamation of erstwhile South Malabar Gramin Bank and erstwhile North Malabar Gramin Bank as per Govt. Notification No.1581 dated 8th July, 2013. The Share Capital of the new Bank stands at Rs.8,41,43,000 (Rupees Eight crore forty one lakhs and forty three thousand only), divided into 84,14,300 shares of Rs. 10 each, held by Govt. Of India, Canara Bank and Govt. of Kerala in the proportion of 50:35:15.

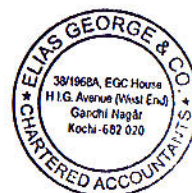
- During FY 2015-16, share capital deposit of Rs.6,41,43,000/- (Rupees six crore forty one lakhs and forty three thousand only) was transferred to Share capital as per RRB (Amendment) Act 2015 passed by the parliament and notified in GoI Gazette dated 12 May 2015. Also, as per the amended Act, the Authorized share Capital of RRBs had been raised from Current level of Rs 5 crore to Rs 2,000 Crore. In view of the amendment, NABARD vide its letter No NB:IDD:RRBCBD/637/316 (Gen)2015-16 dated 30th March 2016 advised the bank to convert the share capital deposit into share capital at a face value of Rs10/ each.

2. Inter-Branch Transactions:

The reconciliation of inter branch and various other accounts including inter Office accounts, SA-Suspense, SL-Suspense is an ongoing process and system based in the CBS (Core Banking Solutions) platform. The impact of the above if any, on the Profit and Loss account and Balance Sheet in the opinion of the management is not material.

3. Fraud, Burglary and misappropriations:

- On 29.12.2007 there was a burglary in Chelembra branch of erstwhile South Malabar Gramin Bank in which an amount of Rs.24,93,809 (Rupees twenty four lakh ninety three thousand eight hundred nine only) and gold ornaments weighing 77883 grams were lost. Of the above, 63848 gms of gold and cash amounting to Rs.77,13,800 (Rs. Seventy seven lakh thirteen thousand eight hundred only) have been retrieved by the police and trial was conducted by Fast Track court, Manjeri. An amount of Rs.9,81,09,716 (Rs. Nine crore eighty one lakh nine thousand seven hundred sixteen only) was paid to 1720 customers (3295 accounts/claimants) of Chelembra branch who lost their ornaments due to the burglary at the branch and the amount is outstanding in the sundry assets of the branch. On submitting a letter of undertaking cum bond of indemnity, the insurance company made a "partial immediate on account payment" of Rs.77,60,895 (Rs. Seventy seven lakh sixty thousand eight hundred ninety five only) keeping the Bank's option open to make further claim on completion of court proceedings. The amount is lying under the sundry liability of the Bank. Final verdict of the Fast Track Court, Manjeri has been pronounced on 23.03.2013 convicting the accused. The accused as well as Bank have filed appeal before the High Court of Kerala and the case is pending there as on 31-03-2018. Meanwhile The High Court directed The Fast Track Court, Manjeri to release the gold ceased to the Bank for interim custody. Bank took interim possession of 63848 gm gold by executing a bond. Parappanangadi Judicial First Class Court and Manjeri Fast Track Court released Rs.48,53,869 (Rs.46,68,691 and Rs.1,83,000 respectively) which is kept in the sundry liability of the Bank.



• In connection with the robbery at the Periya Bazar branch of erstwhile North Malabar Gramin Bank, Bank has received recovery of Rs.10 lakh, through The First Class Majistrate Court, Hosdurg, which is kept in sundry liability account. Efforts are still on to recover 11548gm of gold ceased from the accused. Loss incurred by the Bank on this account is Rs.522.65 lakh, out of which Rs.258.96 lakh has been recovered as insurance claim till the end of the period under audit and the balance amount except Rs. 22.51 lakh lying in the sundry assets of the bank was charged to profit and loss account of earlier years. In FY 2017-18, a provision of Rs. 12.51 lakh has been made corresponding to the net amount lying in the sundry assets.

4. Investment in Bonds of UPSYC amounting to Rs. 18.31 lakhs has been treated as Non-performing investment. Full provision has been made in earlier years for investments in bonds of UPSYC amounting to Rs. 18.31 Lakhs. No accrued income in respect of this investment has been accounted as the item is treated as non-performing asset amounting to Rs.40.87 Lakhs.
5. Premium paid on purchase of investments classified under HTM category has been amortized as per RBI guidelines and adjusted from interest income to the tune of Rs. 7,98,00,191.27 during the period.
6. The bank has written off an amount of Rs 9,74,43,421.50 (Rupees Nine crore seventy four lakh forty three thousand four hundred twenty one and fifty paise only) in 6260 accounts during the year as Bad debts.
7. Pension:

The Hon. Supreme Court of India vide verdict dtd 25-04-2018 in the case of Union of India Vs Gramin Bank Pensioners Samiti & Others directed the Union Government to formulate and implement a pension scheme in all Regional Rural Banks in par with the nationalized banks as per the bipartite settlement in 1993. Since the government is yet to announce the details of the scheme, corresponding liability arising in the FY 2017-18 could not be quantified and hence not provided for.

8. Wage revision and 11th bipartite settlement:

Ministry of Finance vide its Order No: F/No./4/2/2015-IR dtd 12th January 2016 directed all public sector banks to initiate negotiations on next wage revision of employees. Since the negotiations are still in preliminary stage, the liability arising out of the revision could not be quantified and hence not provided for in the books.



9. Revaluation of Land and Building:

Land and Building of the bank were revalued for the first time during FY 2017-18. The bank formulated a policy for revaluation of fixed assets and as per the policy, the land and buildings of the bank will be subjected to revaluation in every 5 years.

The bank holds two properties - one at Malappuram and the other at Kannur both of which were revalued along with the structures as on 31-03-2018 and the total appreciation in value credited to Revaluation reserve amounts to Rs. 1224.78 lakh as detailed below,

	Particulars	Land (Rs.)	Building (Rs.)
A	Opening WDV as on 01-04-2017	1,24,87,881.00	3,21,06,183.15
B	Additions during the year	-	-
C	Deletions during the year	-	-
D	Depreciation for the year	-	16,05,309.17
E	Closing WDV as on 31-03-2018	1,24,87,881.00	3,05,00,873.98
F	Revalued amount as on 31-03-2018	6,92,00,000.00	9,62,66,820.00
G	Surplus credited to Revaluation reserve	5,67,12,119.00	6,57,65,946.02

10. The total Advances shown in the balance sheet is net of provision for NPA and Interbank participation certificates issued. The following Inter Bank Participation Certificates (IBPC) are outstanding as on 31-03-2018,

Participating Bank	Dt.of Issue	Due date	IBPC Amt. in Crores
HDFC Bank	31.01.2018	30.07.2018	220
HDFC Bank	21.12.2017	19.06.2018	580
HDFC bank	31.03.2018	27.09.2018	400
City Union Bank	26.03.2018	22.09.2018	200
City Union Bank	26.03.2018	22.09.2018	350
Total			1750

11. Auditor's remuneration for the period ended 31.03.2018 provided for – Rs. 49.7 lakh.

12. Vide DBOD circular RBI/2013-14/527 DBOD. No. DEAF Cell.B.C.101/30.01.002/2013-14 dated March 21, 2014 RBI has formulated a new scheme viz Depositor Education and Awareness Fund Scheme (DEAF), 2014. The Scheme has come into force with effect from 24th May, 2014 i.e. the date on which it is notified in the Official Gazette. Each bank shall calculate the cumulative balances along with the interest accrued in all the accounts as per the scheme, as on the day prior to the 'effective date' i.e. 23rd May, 2014 and transfer such amounts to the Fund on the last working day of subsequent month. Subsequently, all balances along with interest accrued becoming due in each calendar month are being transferred to the Fund on the last working day of the subsequent month. The details of amounts transferred is furnished below.



Rs. in Crores

	Particulars	2017-18	2016-17
A	Opening Balance of the Amount transferred to DEAF	22.27	15.46
B	Add: Amount transferred to DEAF (2017-18 & 2016-17)	3.51	6.81
C	Less: Amount transferred by DEAF towards claims	2.77	-
D	Closing Balance of the amount transferred to DEAF	23.01	22.27

13. Previous year figures have been regrouped to match the current year's presentation.

14. Additional information

(i)	Average Working Fund (Rs. in crores)	20596.78
(ii)	Interest income to working fund	8.30%
(iii)	Non-interest income to working fund	0.65%
(iv)	Operating Profit to working fund	1.48%
(v)	Return on Assets	0.36%
(vi)	Business per employee	Rs.9.32 crore
(vii)	Gross Profit per employee	Rs.8.97 lakhs
(viii)	Net Profit per employee	Rs.2.16 lakhs
(ix)	Net Non-Performing Assets to Net advance	2.09%
(x)	Provision towards Non Performing Assets(Rs. in crores)	234.50
(xi)	Capital Adequacy Ratio	9.10%

Ramesh.P.R
SENIOR MANAGER

Muraleedharan.V.C
CHIEF MANAGER

Krishnamoorthy.C
GENERAL MANAGER

Nagesh G. Vaidya
CHAIRMAN

DIRECTORS

1.SRI V. PAHALA

2 Smt.S.Suchitra

3.Smt. PRASANNA KUMARY M.C

4. Sri.B.NAGESH KUMAR

5. Sri. S. ANIL KUMAR NAIR



AS PER OUR REPORT OF EVEN DATE ATTACHED
For ELIAS GEORGE & CO
CHARTERED ACCOUNTANTS

CA. THOMSON THOMAS
PARTNER (M No. 25567)
FRN 000801S

Thiruvananthapuram
05.06.2018

