

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

BALANCE SHEET AS ON 31ST MARCH 2021

(₹ in thousands)

	Schedule	As on 31.03.2021	As on 31.03.2020
CAPITAL & LIABILITIES :			
Capital	1	1425115	1425115
Reserves & Surplus	2	44374709	38371347
Deposits	3	409704168	368250267
Borrowings	4	Nil	3240000
Other Liabilities and Provisions	5	19767693	16301243
	TOTAL	475271685	427587972
ASSETS :			
Cash and balances with Reserve Bank of India	6	16802899	14144050
Balances with Banks and Money at Call and Short Notice	7	10247853	23221447
Investments	8	117032089	94673297
Advances	9	310696034	277157642
Fixed Assets	10	1371762	1284529
Other Assets	11	19121048	17107007
	TOTAL	475271685	427587972
Contingent Liabilities	12	113870824	73096206
Bills for Collection		8959148	7975030
Significant Accounting Policies	17		
Notes form part of Accounts	18		
The Schedules referred to above form an integral part of the Balance Sheet			

Sd/-
K.V.Rama Moorthy
Managing Director & CEO

Sd/-
A.Niranjana Sankar
Director

Sd/-
S.R.Ashok
Director

Sd/-
P.C.G.Asok Kumar
Director

Sd/-
C.Chiranjeeviraj
Director

Sd/-
S.Ezhil Jothi
Director

Sd/-
N.Gopal
Director

Sd/-
B.S.Keshava Murthy
Director

Sd/-
K.Nagarajan
Director

Sd/-
D.N.Nirranjan Kani
Director

Sd/-
B.Prabakaran
Director

Sd/-
S.B.Suresh Kumar
Director

Sd/-
B.Vijayadurai
Director

Sd/-
A.Shidambaranathan
Vice President

Sd/-
D. Inbamani
General Manager

Sd/-
P.Suriaraj
General Manager

Sd/-
R.Arumugapandi
General Manager

Sd/-
C.Sukumaran
Chief Financial Officer

Sd/-
P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073

Thoothukudi
27.04.2021

Sd/-
R.Ravishankar
Partner (M.No.26819)

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2021			
		(₹ in thousands)	
		YEAR ENDED	
	Schedule	31.03.2021	31.03.2020
I. INCOME			
Interest earned	13	36090535	34661117
Other Income	14	6443482	5264169
	TOTAL	42534017	39925286
II. EXPENDITURE			
Interest Expended	15	20715248	21465923
Operating Expenses	16	9796531	8509115
Provisions & Contingencies		5988945	5873318
	TOTAL	36500724	35848356
III. PROFIT / LOSS			
Net Profit for the year		6033293	4076930
Add : Profit brought forward		507138	571984
	TOTAL	6540431	4648914
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		1810000	1230000
Transfer to Other Reserves		3100000	1620000
Transfer to Capital Reserve		384800	207100
Transfer to Investment Reserve		Nil	Nil
Transfer to Investment Fluctuation Reserve		95700	294900
Transfer to Special Reserve 36(1)(viii) <u>Dividend</u>		350000	240000
Interim Dividend & Dividend tax paid		Nil	549776
Balance carried over to Balance Sheet Face value of the equity share is ₹10/-		799931	507138
	TOTAL	6540431	4648914
Earning per share (Basic and Diluted) (Rs)		42.34	28.61
Significant Accounting Policies	17		
Notes form part of Accounts	18		

The Schedules referred to above form an integral part of the Profit & Loss Account.

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S.B.Suresh Kumar
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B.Vijayadurai
Director

Sd/-
A.Shidambaranathan
Vice President

Sd/-
D. Inbamani
General Manager

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P.Suriaraj
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Chief Financial Officer

Sd/-
P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet	(` in Thousands)	
SCHEDULE I - CAPITAL	As on 31.03.2021	As on 31.03.2020
Authorised Equity Capital 28,00,00,000 Equity Shares of ₹10/- each	2800000	5000000
Issued, Subscribed, Called-up and Paid-up Capital 14,25,11,454 Equity Shares of ₹10/- each	1425115	1425115
TOTAL	1425115	1425115

SCHEDULE 2 - RESERVES AND SURPLUS	As on 31.03.2021	As on 31.03.2020
I. Statutory Reserves		
Opening Balance	13627786	12397786
Additions during the year	1810000	1230000
TOTAL	15437786	13627786
II Capital Reserve		
Opening Balance	494935	287835
Additions during the year	384800	207100
Deductions during the year	Nil	Nil
TOTAL	879735	494935
III Revenue and Other Reserves		
Opening Balance	21592488	19590834
Additions during the year	3216478	2022432
Less: Transfer to Provisions	50709	20778
TOTAL	24758257	21592488
IV Special Reserve U/s.36(1)(viii) of I.T.Act		
Opening Balance	2149000	1909000
Additions during the year	350000	240000
Deductions during the year	Nil	Nil
TOTAL	2499000	2149000
V Balance in Profit and Loss Account	799931	507138
TOTAL : (I, II, III, IV & V)	44374709	38371347

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(₹ in Thousands)	
SCHEDULE 3 - DEPOSITS		As on 31.03.2021	As on 31.03.2020
A. I.	Demand Deposits		
	I) From Banks	821	1342
	ii) From Others	35962313	29945366
II.	Savings Bank Deposits	80889520	65233790
III.	Term Deposits		
	I) From Banks	Nil	Nil
	ii) From Others	292851514	273069769
	TOTAL	409704168	368250267
B. I.	Deposits of Branches in India	409704168	368250267
II.	Deposits of Branches outside India	Nil	Nil

SCHEDULE 4 - BORROWINGS		As on 31.03.2021	As on 31.03.2020
I.	Borrowings in India		
	i. Reserve Bank of India	Nil	3240000
	ii. Other Banks	Nil	Nil
	iii. Other Institutions and Agencies	Nil	Nil
II.	Borrowings outside India	Nil	Nil
	TOTAL	Nil	3240000
	Secured borrowings included in I and II above	Nil	3240000

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(₹ in Thousands)	
SCHEDULE 5-OTHER LIABILITIES AND PROVISIONS		As on 31.03.2021	As on 31.03.2020
I.	Bills Payable	2683943	1364191
II.	Inter Office Adjustments (Net)	Nil	Nil
III.	Interest Accrued	2388077	2451507
IV.	Deferred Tax liability	601135	540727
V.	Others (Including Provisions)	14094538	11944818
TOTAL		19767693	16301243

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	As on 31.03.2021	As on 31.03.2020
Cash in hand	2602698	2035178
Balance with Reserve Bank of India in Current Account	14200201	12108872
TOTAL	16802899	14144050

SCHEDULE 7-BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE	As on 31.03.2021	As on 31.03.2020
I. In India		
I) Balances with Banks		
a) In current accounts	182192	22120
b) In other Deposits	25	25
ii) Money at call and short notice		
a)With Banks	6180000	19600000
b)With other institutions	Nil	Nil
TOTAL	6362217	19622145
II. Outside India		
a) In current accounts	789636	759302
b) In other Deposits	3096000	2840000
TOTAL	3885636	3599302
GRAND TOTAL	10247853	23221447

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(₹ in Thousands)	
SCHEDULE 8 - INVESTMENTS		As on 31.03.2021	As on 31.03.2020
I) Investments in India			
i. Government securities		105119995	79483270
ii. Other approved securities		Nil	Nil
iii. Shares		73407	129251
iv. Debentures & Bonds		11838687	13094756
v. Others - Mutual Fund, Commercial Paper		Nil	1966020
	TOTAL	117032089	94673297
Gross Investments		117948800	95541373
Less: Depreciation		916711	868076
	TOTAL	117032089	94673297
II. Investments outside India		Nil	Nil

SCHEDULE 9 - ADVANCES		As on 31.03.2021	As on 31.03.2020
A. i) Bills purchased and discounted		3949154	3218833
ii) Cash credits, overdrafts and loans repayable on demand		207411496	193339563
iii) Term Loans		99335385	80599246
	TOTAL	310696034	277157642
B. i) Secured by tangible assets		307181036	272688779
ii) Covered by Bank / Government Guarantee		1810397	1638329
iii) Unsecured		1704601	2830534
	TOTAL	310696034	277157642
C. Advances in India			
i) Priority Sector		222305632	184874521
ii) Public Sector		2199226	3969770
iii) Banks		Nil	Nil
iv) Others		86191177	88313351
	TOTAL	310696034	277157642

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(₹ in Thousands)	
SCHEDULE 10 - FIXED ASSETS		As on 31.03.2021	As on 31.03.2020
I	Premises		
	At cost as on March 31, preceding year	742011	724343
	Additions during the year		17668
	TOTAL *	742011	742011
	Deductions during the year	Nil	Nil
		742011	742011
	Depreciation to date	237328	228852
	TOTAL	504683	513159
II	Other Fixed Assets (including furniture and fixtures)		
	At cost as on March 31, preceding year	4290395	4106563
	Additions during the year	375901	186140
	TOTAL	4666296	4292703
	Deductions during the year	3029	2308
		4663267	4290395
	Depreciation to date	3796188	3519025
	TOTAL	867079	771370
	* - Includes building under construction at cost (₹in thousands) 0 (Previous year 0)		
	GRAND TOTAL (I & II)	1371762	1284529

SCHEDULE 11 - OTHER ASSETS		As on 31.03.2021	As on 31.03.2020
I	Inter-Office adjustments (Net)	Nil	Nil
II	Interest accrued	2914312	2532716
III	Tax paid in advance / tax deducted at source	7600632	5493379
IV	Stationery and stamps	12949	15892
V	Non-Banking Assets acquired in satisfaction of claims	Nil	Nil
VI	Deferred Tax Asset	286469	256334
VII	Other Assets	8306686	8808686
	TOTAL	19121048	17107007

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(₹ in Thousands)	
SCHEDULE 12 - CONTINGENT LIABILITIES		As on 31.03.2021	As on 31.03.2020
I	Claims against the Bank not acknowledged as debts	1353210	1124375
II	Liability on account of outstanding forward exchange contracts	91886907	52976506
III	Guarantee given on behalf of constituents in India	11630021	10635772
IV	Acceptances, endorsements and other obligations	8099073	7575782
V	Estimated amount of contracts remaining to be executed on capital account not provided for and Liab.under DEAF	901613	783771
TOTAL		113870824	73096206

SCHEDULES TO PROFIT AND LOSS ACCOUNT

		For the year ended (₹ in Thousands)	
SCHEDULE 13 - INTEREST EARNED		31.03.2021	31.03.2020
I	Interest / discount on advances / bills	28114421	27010947
II	Income on investments	7504145	7100834
III	Interest on balances with Reserve Bank of India and other inter-bank funds	354502	402288
IV	Others	117467	147048
TOTAL		36090535	34661117

SCHEDULE 14 - OTHER INCOME		31.03.2021	31.03.2020
I	Commission, exchange and brokerage	1700003	1601808
II	Profit on sale of investments Loss on sale of investments	1581638 (30963)	692465 (18221)
III	Profit on revaluation of investments	Nil	Nil
IV	Profit on sale of land, building and other assets Loss on sale of land, building and other assets	2421 (664)	798 (1090)
V	Profit on exchange transactions	253660	199304
VI	Miscellaneous income	2937387	2789105
TOTAL		6443482	5264169

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Profit & Loss Account		For the year ended (₹ in Thousands)	
SCHEDULE 15 - INTEREST EXPENDED		31.03.2021	31.03.2020
I	Interest on deposits	20506903	21415957
II	Interest on Reserve Bank of India / Inter-Bank borrowings	86619	21995
III	Others	121726	27971
TOTAL		20715248	21465923

SCHEDULE16 - OPERATING EXPENSES		31.03.2021	31.03.2020
I	Payment to and provisions for employees	5604953	4355378
II	Rent, taxes and lightings	820576	807441
III	Printing and stationery	93934	93612
IV	Advertisement and publicity	44879	71710
V	Depreciation on Bank's Property	285639	300795
VI	Directors Fees Allowances & Exp.	14568	17688
VII	Auditors' fees and expenses (including branch auditors)	13908	15221
VIII	Law charges	7360	9279
IX	Postages, telegrams, telephones, etc.	147224	186116
X	Repairs and maintenance	106092	160870
XI	Insurance	453669	349913
XII	Other expenditure	2203729	2141092
TOTAL		9796531	8509115

TAMILNAD MERCANTILE BANK LIMITED
57 VE ROAD THOOTHUKUDI-628002

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March 2021.

SCHEDULE – 17: SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL:

A. Basis of Preparation

The financial statements have been prepared on an ongoing concern concept, historical cost convention unless otherwise stated and conform to the Generally Accepted Accounting Principles, (GAAP) which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing in the Banking Industry in India and conform to statutory provisions and practices prevailing within the banking industry.

The financial statements have been prepared in accordance with the requirements prescribed under the Third schedule (Form A and Form B) of the Banking Regulations Act 1949. The items of income and expenditure are taken on accrual basis except where specifically stated and it conforms to the guidelines issued by Reserve Bank of India (RBI) for banks.

B. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statement and the reported income and expenses during the reporting period. Management believes that the estimates and assumptions used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. Significant changes in Accounting policies

Proposed dividend:

In terms of Revised Accounting Standard [AS4] Contingencies and events occurring after Balance sheet date as notified by the Ministry of Corporate affairs through amendments to companies (Accounting Standards) amendment rules 2016, dated 30 March 2016, the company has not accounted for proposed dividend as a liability as at 31st March 2021. The proposed dividend was however accounted for as a liability upto 31st March 2016 in line with the existing accounting standard applicable at that time.

2. FOREIGN EXCHANGE TRANSACTIONS:

- i. Accounting for transactions involving foreign exchange is done in accordance with accounting standard (AS11) issued by the Institute of Chartered Accountants of India and also as per the RBI Guidance circular no. 395 dated 15th March 2005.
- ii. Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of transaction.
- iii. Foreign currency liabilities such as FCNR/EEFC/RFC/MC prepaid card balances and Foreign currency assets such as Nostro bank balances, deposits and foreign currency loans availed by constituents, are translated at the Spot rates announced for quarter ends by FEDAI and the resultant profit / loss is shown as income / loss.
- iv. In respect of outstanding forward contracts, the outstanding foreign currencies are translated at the quarter end rates announced by FEDAI discounted to arrive at Present value. The resultant profit / loss is shown as income / loss.
- v. Contingent liabilities on account of acceptances, endorsements and other obligations including guarantees and Letters of Credit denominated in foreign currencies are translated at year-end FEDAI rates.

3. INVESTMENTS:

A) Classification of investments has been made as per the guidelines of Reserve Bank of India.

i) The entire investment portfolio of the Bank is classified under three categories viz. "Held to Maturity", "Available for sale" and "Held for Trading".

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT Category. Investments that the company intends to hold till maturity are classified under the HTM category or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

- Transfer between the categories – Reclassification of investments from one category to other, if done, is in accordance with RBI guidelines. Transfer of script from AFS/HFT Category to HTM category is made at book value or market value, whichever is lower.

- In 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 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.

The investments are classified for the purpose of Balance Sheet under five groups viz. (i) Government securities, (ii) Other approved securities, (iii) Shares, (iv) Debentures and Bonds and (v) Others.

Brokerage/commission received on subscriptions is reduced from the cost. Brokerage, commission, securities transaction tax etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost. Broken period interest paid / received on debt instruments is treated as interest expense / income and is excluded from cost / sale consideration.

B) Valuation of investments is done as follows:

- i) Investments held under “Held to Maturity” are valued at cost price. Wherever the cost price is more than the face value, the premium paid is amortized over the remaining period of maturity and the amortisation expenses is accounted on quarterly basis as per policy. Profit on sale of securities under “Held to Maturity” category is initially taken to Profit & Loss account and then appropriated to Capital Reserve Account. The amount so appropriated would be net of taxes and the amount required to be transferred to statutory reserves. If there is a loss it is charged to Profit & Loss account.
- ii) Investments classified under “Available for Sale” category are marked to market on quarterly basis. Shares held under “Available for sale” are marked to market on weekly basis. Scrip wise appreciation / depreciation is segregated group-wise. The Net Depreciation category wise is charged to Profit & Loss account. The Net Appreciation in any category is ignored.
- iii) Investments classified under “Held for Trading” category except shares are marked to market scrip-wise on daily basis. Shares held under “Held for Trading” are marked to market on weekly basis. The net depreciation group wise is charged to Profit and Loss account and the net appreciation is ignored.

- iv) Investments received in lieu of restructured advances/under SDR scheme are valued in accordance with RBI guidelines.
- v) Investments are valued at year-end as per RBI guidelines as follows:
 - a. Central Government Securities are valued as per price list of RBI, prices declared by Primary Dealers Association of India (PDAI) jointly with FIMMDA published by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
 - b. State Government Securities and Other Approved Securities are valued after appropriate mark up over Yield to Maturity (YTM) rates for Central Government securities declared by FIMMDA.
 - c. Debenture and Bonds have been valued with appropriate mark up over the YTM rates for Central Government Securities declared by FIMMDA.
 - d. Quoted shares are valued at market rates quoted on NSE.
 - e. Unquoted shares are valued at book value ascertained from the latest available Balance Sheet and in case the latest Balance Sheet is not available, the same is valued at Re.1 per company.
 - f. Preference shares are valued at YTM, if dividend is received regularly. Where dividend is in arrears, appropriate depreciation is provided based on the number of years for which dividend is in arrears as per RBI guidelines.
 - g. Mutual Fund units are valued at market rates/NAV/ Repurchase price as applicable.
 - h. Treasury bills, certificate of deposits and commercial papers are valued at carrying cost.
 - i. Provisions for investments are made as per RBI prudential norms.

C. Prudential norms: Securities guaranteed by the State Government where the principal / interest is due but not paid for a period of more than 90 days are treated as non performing investments and appropriate provision is made and interest in respect of such investments is recognized as income only on cash basis.

D. (i) In terms of the instructions of RBI, the excess of acquisition cost over face value of securities kept under “Held to Maturity” category is amortized up to the date of maturity and the amount amortized is reflected as a deduction in Profit & Loss account Schedule 13 – Interest Earned, under item II – Income on Investments.

(ii) Brokerage / Commission / Stamp Duty paid in connection with acquisition of securities are treated as revenue expenses.

E. Accounting for REPO Transactions

Repo and reverse Repo transactions are accounted in accordance with the extant RBI guidelines. Securities purchased/sold under Liquidity Adjustment Facility (LAF) with RBI are debited/credited to Investment account and reversed on maturity of the transaction. Interest expended /earned thereon is accounted for as expenditure/revenue.

4. ADVANCES AND PROVISIONS:

a) Advances are classified into Standard, Sub-standard, Doubtful and Loss Assets and provisions for possible losses on such advances are made as per prudential norms/directions of the Board of Directors/directions issued by Reserve Bank of India from time to time. With regard to the Standard Advances, Provisions are made as per extant RBI guidelines. In addition to the specific provision made towards identified NPAs, the bank also holds floating provision.

b) In addition, the bank adopts an approach to provisioning that is based on past experience evaluation of security and other related factors.

c) Provisioning on categorized assets are made as follows:

Asset Classification	Provisioning
Sub-standard	Secured 15%
	Unsecured 25%
Doubtful 1	Secured 25%
	Unsecured 100%
Doubtful 2	Secured 40%
	Unsecured 100%
Doubtful 3	100% on outstanding
Loss	100% on outstanding
NCLT referred loans	As per RBI instruction

Education loans were provided at 100% irrespective of NPA asset classification.

The Bank in respect of creation of provision for Sub-Standard assets (NPA), hitherto had been creating provision for such assets @ 25%. With effect from October 1, 2020, the bank has changed the said policy as approved by its Board on 8th September 2020, as mentioned above. (See Notes to Accounts Sch18-5.E.ii.b)

d) Sufficient incremental provisioning for Unhedged Foreign currency exposure is made as per RBI guidelines.

Reserve Bank of India has given methodology to arrive at UFCE and for introduction of incremental provision and capital requirements.

e) Advances disclosed are net of provisioning made for non performing assets and floating provisions, provisioning on diminution in fair value of assets on restructured accounts.

f) In case of loan accounts classified as NPA, an account may be reclassified as per performing asset if it confirms to the guidelines prescribed by RBI.

g) Accounts are written off in accordance with bank's policies. Recoveries from bad debts written off are recognized in profit and loss account and included under other income.

5. FIXED ASSETS AND DEPRECIATION

- a) Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, applicable duties, taxes and incidental expense related to the acquisition and installation of the asset, except for items on which input credit is available.
- b) Depreciation on fixed assets is provided in accordance with estimated useful lives as specified in Schedule II to the Companies Act, 2013, and reckoning the residual value at 5% of the original cost of the asset except for the following:
- c)

Class of Asset	Rates of depreciation per annum
Computer Hardware & Software	33.33%

Prescribed rate

Class of Asset	Rates of depreciation per annum
Building	1.67%
Office equipment	20%
Computer Hardware & Software	33.33%
Vehicles	12.50%
Furniture and Electrical Fittings	10%

- d) Depreciation on additions is pro rata basis, from the date of capitalization.
- e) Expenditure during construction/capital works pending completion is shown at cost.

6. EMPLOYEE BENEFITS

The bank is following Accounting Standard 15 (Revised 2005) "Employee Benefits" as under:

- (1) In respect of contributory plans viz – Provident Fund and Contributory Pension Scheme, the bank pays fixed contribution at pre-determined rates to a separate entity, which invests in permitted securities. The obligation of the bank is limited to such fixed contribution.
- (2) In respect of Defined Benefit Plans, viz. Gratuity and pension as well as for leave encashment, provision has been made based on actuarial valuation as per the guidelines.
- (3) The summarized position of Post-employment benefits and long term employee benefits have been recognized in the profit and loss account and balance sheet, as required in accordance with the Accounting Standard-15.
- (4) The actuarial gain / loss is recognized in the profit and loss account.

7. TAXES ON INCOME

- 1. Income tax expense is the aggregate amount of current tax and deferred tax. Current taxes are determined in accordance with the provisions of tax laws prevailing in India. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the period and Deferred Tax is determined in terms of Accounting Standard-22 issued by ICAI.
- 2. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. Deferred tax assets and liabilities are recognized on a prudent basis for future tax consequences of timing differences by adoption of Profit and Loss approach with their respective tax bases. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.
- 3. Deferred tax assets are recognized at each reporting date, based upon management's judgment as to whether realization is considered 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 assets can be realized against future profits.

4. No withdrawal is made from the Special Reserve created and maintained under the provisions of Section 36(1)(viii) of the Income Tax Act, 1961.

8. REVENUE RECOGNITION:

Income and expenditure is generally accounted on accrual basis except in the following cases:

- i) In the case of NPAs, S4A and SDR schemes, income is recognized on realization basis, in terms of guidelines of Reserve Bank of India. Where recovery is not adequate to upgrade the NPA accounts by way of regularization, such recovery is being appropriated towards interest in the first instance and towards the principal/book values thereafter, except in the case of suit filed accounts. In case of Non-performing investments (NPIs), the same accounting treatment as above is followed except otherwise agreed.
- ii) Dividend on investments in shares, units of mutual fund, income from sale of mutual fund products, locker rent, insurance claims, commission on LCs, income on auxiliary services and other services, overdue charges on bills, commission on Government business and insurance business are accounted on cash/realization basis.
- iii) Income related to credit card is accounted on the basis of the bills raised.
- iv) In the case of suit filed accounts, legal expenses are charged to the profit and loss account. Similarly, at the time of recovery of legal expenses, in respect of such suit filed accounts, the amount recovered is accounted as income.
- v) Funded Interest on Standard Restructured Advances and Interest on FITL are accounted as per the guidelines of Reserve Bank of India.
- vi) Expenditure is charged on accrual basis.

9. EARNINGS PER SHARE

The bank reports basic and diluted earnings per share in accordance with applicable Accounting Standard-20. For the year under reference, both Basic and diluted earning per share being the same, is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the period.

10. CASH FLOW STATEMENT

The Bank has adopted the respective Accounting Standard prescribed under Companies (Accounting Standard) Rules, 2006 and follows indirect method.

11. SEGMENT REPORTING

As per RBI guidelines on enhancement of disclosures relating to segment reporting under AS-17, the reportable segments have been divided into treasury, corporate / wholesale, retail banking operations.

(a) The Bank recognizes the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

(b) Business Segment is classified into (i) Treasury (ii) Corporate and Wholesale Banking (iii) Retail Banking and (iv) Other Banking Operations.

(c) Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branches.

12. LEASES

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as Operating Leases. Operating Lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term in accordance with AS19 Leases.

13. CONTINGENCIES

Loss, if any from contingencies arising from claims, litigation, assessment, fines, penalties etc are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

14. IMPAIRMENT OF ASSETS

Impairment losses, if any, on fixed assets are recognized in accordance with the Accounting Standard 28 'impairment of assets' and charged to profit and loss account.

15. NET PROFIT

The net profit is arrived at after provisions for:

- i) direct taxes;
- ii) possible losses on standard assets, restructured advances, NPAs and other contingencies;
- iii) depreciation / diminution on investments ;
- iv) employee retirement benefits and
- v) Other usual and necessary provisions.

16. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash in hand, Balance with RBI, Balance with other Banks and Money at Call at Short Notice including cash in ATM, Coin Vending Machine and Cash Deposit Machine.

17. INTANGIBLE ASSETS

In respect of Intangible Assets, the Bank has adopted the respective Accounting Standard (AS26)

18. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) As per the Accounting Standard 29, the bank recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources is required to settle the obligation and when a reliable estimate of the amount can be made. The required disclosure for contingent liability is made on possible obligation that arises from past events, the existence of which depends on occurrence or non occurrence of future event not under control.

b) Contingent assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized.

Sd/-
K.V.Rama Moorthy
Managing Director & CEO

Sd/-
A.Niranjana Sankar
Director

Sd/-
S.R.Ashok
Director

Sd/-
P.C.G.Asok Kumar
Director

Sd/-
C.Chiranjeeviraj
Director

Sd/-
S.Ezhil Jothi
Director

Sd/-
N.Gopal
Director

Sd/-
B.S.Keshava Murthy
Director

Sd/-
K.Nagarajan
Director

Sd/-
D.N.Nirranjan Kani
Director

Sd/-
B.Prabaharan
Director

Sd/-
S.B.Suresh Kumar
Director

Sd/-
B.Vijayadurai
Director

Sd/-
A.Shidambaranathan
Vice President

Sd/-
D.Inbamani
General Manager

Sd/-
P.Suriaraj
General Manager

Sd/-
R.Arumugapandi
General Manager

Sd/-
C.Sukumaran
Chief Financial Officer

Sd/-
P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
FRN No.000376S /S200073

Thoothukudi
27.04.2021

Sd/-
R.Ravishankar
Partner (M.No.26819)

TAMILNAD MERCANTILE BANK LIMITED
57, V.E ROAD, THOOTHUKUDI-628002

SCHEDULE – 18:

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2021

1. The Financial Statements have been prepared in conformity with Forms A & B of the Schedule III to the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.
2. During the year, all the 509 branches have been subjected to statutory audit.
3. Reconciliation of inter branch / office adjustment accounts has been completed up to 31.03.2021
4. (i). In accordance with RBI guidelines, the investments portfolio of the Bank has been classified into three categories as given below:

Category	Book Value (Rs. in crore)	% to total investments
Held to Maturity	8383.91*	71.08%
Available for Sale	3410.97	28.92%
Held for Trading	0.00	0.00%
Total	11794.88	100.00 %

* During the year ended 31st March 2021, the bank has sold securities from HTM category exceeding 5% of the book value of the investments held at the beginning of the year, with due approval. The market value of the HTM securities held as on 31st March 2021 is Rs.8,498.74 crore.

SLR securities under 'Held to Maturity' category accounted for 20.82% of Bank's Demand and Time Liabilities as on 31.03.2021 as against the ceiling of 22.00 % stipulated by Reserve Bank of India.

(ii) During the year, the excess of acquisition cost over face value of securities kept under 'Held to Maturity' category was amortized up to the date of maturity and the amortized amount for the year aggregates to Rs.52.30 crore (previous year Rs.30.19 crore). As per Reserve Bank of India guidelines, the said amount has been reflected as a deduction in Schedule 13 – Interest Earned under item II – 'Income on Investments'.

(iii) Interest received on sale of securities for Rs.402.32 crore (previous year Rs.440.55 crore) and interest paid on purchase of securities Rs.384.58 crore (previous year Rs.452.38 crore) have been netted and shown under the head 'Income on Investments'.

(iv) There was shifting of securities to the tune of Rs.1,568.86 crore (face value Rs.1,536.98 crore) from/to HTM category. Previous year, there was shifting of securities to the tune of Rs.421.56 crore (face value Rs.405.55 crore).

(v) During the year ended 31st March, 2021, the bank has sold government securities from Held to Maturity category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. The profit booked out of sale of HTM securities has been transferred to Capital Reserve. As the market value of investment under HTM category as on 31.03.2021 was higher than the book value, the provision thereof is not required to be made.

vi) As per RBI circular Ref.No.RBI/2017-18/147 DBR.No.BP.BL.102/21.04.048/ 2017-2018 dated 02.04.2018, the bank has created an Investment Fluctuation Reserve (IFR) for an amount of Rs.9.57 crore during the year 2020.21.

	Transfer to Investment Fluctuation Reserve	Rs. in Crore
a	Net Profit on sale of investments during the year	156.90
b	Net Profit for the year less mandatory provisions	603.33
c	(a) or (b) lower of the above	156.90
d	Total HFT & AFS portfolio as on 31 st March 2021	3410.97
e	2% on (d)	68.22
f	Investment Fluctuation Reserve created as at 31 st March 2021 upto a maximum of (e)	68.22

5. Additional disclosures

A. Capital

Items	31.03.2021		31.03.2020	
	Basel II	Basel III	Basel II	Basel III
Common Equity Tier I capital ratio (%)	17.95	17.93	15.89	15.87
Tier I capital (%)	17.95	17.93	15.89	15.87
Tier II capital (%)	1.01	1.01	0.87	0.87
Total Capital Ratio (CRAR %)	18.96	18.94	16.76	16.74
Percentage of the shareholding of the Government of India in public sector banks	NA		NA	
Amount of equity capital raised				
Amount of Additional Tier 1 capital raised of which; PNCPS : PDI :	Nil		Nil	
Amount of Additional Tier 2 capital raised of which; Debt capital instruments : Preference capital instruments : (Perpetual cumulative preference shares/ Redeemable non cumulative preference shares /Redeemable cumulative preference shares)	Nil		Nil	

B. i. Investments

(Rs. in Crore)

Items	31.03.2021	31.03.2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	11794.88	9554.14
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	91.67	86.81
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments		
(a) In India	11703.21	9467.33
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	86.81	85.86
(ii) Add: Provisions made during the year	5.00	0.95
(iii) Less: Write-off/ write-back of excess provisions during the year	0.14	-
(iv) Closing balance	91.67	86.81

ii. Repo Transactions during the year 2020-21 (In face value terms):

	Minimum outstanding	Maximum outstanding	Daily average outstanding	Outstanding as on 31.03.21
Securities sold under Repos				
a) Govt Securities	197.00	324.00	149.50	Nil
b) Corporate debt Securities	--	--	--	--
Securities sold under MSF				
a) Govt Securities	Nil	Nil	Nil	Nil
b) Corporate debt Securities	--	--	--	--
Securities sold under TREPS				
a) Govt Securities	7.00	502.00	39.86	Nil
b) Corporate debt Securities	--	--	--	--
Securities sold under Market Repo				
a) Govt Securities	4.82	343.01	40.15	Nil
b) Corporate debt Securities	--	--	--	--
Securities purchased under Reverse Repos				
a) Govt Securities	30.00	2230.00	741.67	618.00
b) Corporate debt Securities	--	--	--	--

Securities purchased under Market Reverse Repos				
a) Govt Securities	Nil	Nil	Nil	Nil
b) Corporate debt Securities	--	--	--	--
Securities purchased under TREPS				
a) Govt Securities	50.00	950.00	104.27	Nil
b) Corporate debt Securities	--	--	--	--

iii. Non-SLR Investment Portfolio

a) Issuer composition of Non SLR investments (Rs. 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)
1.	PSUs	412.96	95.00	--	--	2.00
2.	FIs	671.99	105.00	5.81	--	1.04
3.	Banks	107.60	50.00	10.00	--	--
4.	Private Corporate	90.33	--	--	--	37.98
5.	Subsidiaries/ Joint Venture	--	--	--	--	--
6.	Others	--	--	--	--	--
7.	Provision held towards depreciation	(91.67)	--	--	--	(37.98)
	Total*	1191.21	250.00	15.81	--	3.04

Note:

(1) *Total under column 3 should tally with the total of investments included under the following categories in Schedule 8 to the balance sheet:

- Shares
- Debentures & Bonds
- Subsidiaries / joint ventures
- Others

(2) Amount reported under columns 4, 5, 6 and 7 above may not be mutually exclusive

Break up particulars for Non SLR Investments:

(Rs. in Crore)

	31.03.2021	31.03.2020
Shares	7.34	12.93
Debentures and Bonds	1183.87	1309.47
Subsidiaries and Joint Ventures	0	0
Others (CD, CP, MF)	0	196.60
Total	1191.21	1519.00

b) Non performing Non-SLR investments

(Rs. in Crore)

Particulars	Amount
Opening Balance as on 01.04.2020	80.63
Additions during the year	5.00
Reductions during the year	-
Closing balance as on 31.03.2021	85.63
Total provisions held	85.63

Break up for NPI

(Rs. in Crore)

Category	Nature of Investment	Name of the Issuer	Amount
Non SLR Investment under AFS Category	Equity Shares	M/s BRG Iron & Steel P Ltd.	28.51
Non SLR Investment under AFS Category	Equity Shares	M/s IVRCL Infrastructure Ltd.	38.18
Non SLR Investment under AFS Category	Equity Shares	M/s IVRCL Indore Gujarat Tollways Ltd.	9.47
Non SLR Investment under AFS Category	Equity Shares	M/s Gujarat NRE Coke Ltd.	3.66
Non SLR Investment under AFS Category	Private sector Bond	M/s Dewan Housing Finance Corporation Ltd.	0.81
Non SLR Investment under AFS Category	Private sector Bond	M/s. Lakshmi Vilas Bank Ltd	5.00
		Total	85.63

C. Forex Operations

1.The overdrafts resulting with Overseas banks – NOSTRO account due to un responded transactions, as on 31/03/2021 is NIL (previous year Rs. 80,62,167) have been grouped and shown by way of deduction under - Balances with banks – outside India.

2. The Bank is having integrated domestic and foreign operations.

D. SWAPS & Derivatives

The Bank has not entered into any forward rate agreement/interest rate swap or exchange traded interest rate derivative during the year.

E. Asset Quality

i. a. Non-Performing Asset

(Rs. in Crore)

Items	31.03.2021	31.03.2020
(i) Net NPAs to Net Advances (%)	1.98%	1.80%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1020.98	1168.11
(b) Additions during the year	574.96	554.66
(c) Reductions during the year	511.16	701.79
(d) Closing balance	1084.78	1020.98
(iii) Movement of Net NPAs		
(a) Opening balance	497.47	636.51
(b) Additions during the year	284.11	174.98
(c) Reductions during the year	167.76	314.02
(d) Closing balance	613.82	497.47
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	523.51	531.60
(b) Provisions made during the year	337.45	361.59
(c) Write-off/ write-back of excess provisions	390.00	369.68
(d) Closing balance	470.96	523.51

i.b. Non-performing Loan Provisioning coverage Ratio is 79.53%

ii.a Movement of NPAs

(Rs. in Crore)

Particulars	Amount as on 31.03.2021	Amount as on 31.03.2020
Gross NPAs as on 1 st April 2020 (Opening Balance)	1020.98	1168.11
Additions (Fresh NPAs) during the year	574.96	554.66
Sub-total (A)	1595.94	1722.77
Less:-		
(i) Upgradations	5.62	116.26
(ii) Recoveries	112.95	219.62
(iii) Technical/Prudential write-offs	392.59	365.91
(iii) Write-offs	---	---
Sub-total (B)	511.16	701.79
Gross NPAs as on 31 st March 2021 (closing balance) (A-B)	1084.78	1020.98

ii.b The financial statements of the Bank has been prepared following the same accounting policies and practices as those followed in the Annual Financial Statement of the Bank for the earlier year ended 31st March 2020. The bank has amended the policy on provisioning of substandard assets in line with the IRAC norms of the RBI guidelines. However, the Bank in respect of creation of provision for sub-standard assets (NPA), has passed during the year, a Board Resolution modifying the existing 25% provision on all the Sub-Standard (NPA) assets into 25% on unsecured portion and 15% on secured portion of such assets, in conformity to the guidelines prescribed in IRAC norms. In spite of the Board Resolution, however the Bank has continued in the current year also, the provision of 25% for all Sub-Standard NPA accounts. This has resulted in making additional provision of a sum of Rs.46,83,30,524.53, than the amount ought to have been provided under the IRAC norms, being the extra debit to the Profit and Loss account for the year.

iii) Stock of Technical write-offs and the recoveries made thereon:

(Rs. in Crore)

Particulars	31.03.2021	31.03.2020
Opening balance of Technical/Prudential written-off accounts as at 1 st April 2020	1563.17	1243.82
Add: Technical/Prudential write-offs during the year	392.59	365.91
Sub-total (A)	1955.76	1609.73
Less: Recoveries made from previously technical/prudential written-off accounts during the year	42.37	46.56
Closing balance as at 31st March 2021	1913.39	1563.17

iv) Sector-wise NPAs

(Rs. in Crore)

Sl. No.	Sector*	31-03-2021(Fy 2020-21)			31-03-2020(Fy 2019-20)		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	8645.61	117.79	1.36	6993.90	123.18	1.76
2	Industry	4535.55	231.64	5.11	3836.61	139.88	3.65
2a	Of which; Textile	1708.28	77.68	4.55	1453.65	43.32	2.98
3	Services	7521.76	327.26	4.33	6359.84	179.81	2.83
4	Personal loans	1837.40	46.72	2.54	1521.38	29.18	1.92
	Sub-total (A)	22540.32	723.41	3.20	18711.73	472.05	2.52
B	Non Priority Sector						
1	Agriculture and	0.13	0	0	1.14	0	0

	allied activities						
2	Industry	2202.44	153.86	6.99	2939.56	413.80	14.08
2a	Of which; Textile	1070.89	41.16	3.84	1368.92	94.71	6.92
3	Services	2190.56	167.88	7.39	2594.00	120.09	4.63
4	Personal loans	4426.32	39.63	0.89	3825.70	15.04	0.39
5	Food Credit	181.26	0	0	164.04	0	0
	Sub-total (B)	9000.71	361.37	3.95	9524.44	548.93	5.86
	Total (A+B)	31541.03	1084.78	3.44	28236.18	1020.98	3.62

(v) Concentration of NPAs

(Rs. in Crore)

	As on 31.03.2021	As on 31.03.2020
Total Exposure to top four NPA accounts	177.56	301.38

(vi) Disclosure on Divergence in the Asset Classification and Provisioning (RBI /DBR. BP.BC.NO.63/21.04.018/ 2016-17 dated 18th April 2017)

In terms of RBI circular DBR.BP.BC.NO.32/ 21.04.018/ 2018-19 dated 1st April 2019 banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's Annual Supervisory Review process in the "notes to accounts" to the financial statements if such divergence exceeds the threshold prescribed by RBI.

(vii) Provisioning pertaining to Fraud Accounts

As per RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016, where the bank chooses to provide for the fraud over two to four quarters and this results in the full provisioning being made in more than one financial year, banks should debit "other reserves" [i.e., reserves other than the one created in terms of section 17(2) of the Banking Regulation Act 1949] by the amount remaining un-provided at the end of the financial year by credit to provisions. However, banks should proportionately reverse the debits to "other reserves" and complete the provisioning by debiting profit and loss account, in the subsequent quarters of the next financial year.

To comply with the above instructions of Reserve Bank of India, unamortized provision for NPA for fraud accounts is given below.

(Rs. in Lakh)

Sl. No	Name of the Borrower	Amount Involved	Provision made during the year	Unamortised Provision
1	A.K.Yarn Traders	56.38	28.19	28.19
2	A.K.Textiles	57.80	28.90	28.90
3	SKF Traders	600.00	300.00	300.00
4	Udayam Potatos	300.00	150.00	150.00
	Total	1014.18	507.09	507.09

	standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	borrowers																				
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Down gradation of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	-28	9	19	0	0	0	0	0	0	-28	9	19	0	0	
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-42.95	17.09	25.78	0.00	-0.08	0.00	0.00	0.00	0.00	-42.95	17.09	25.78	0.00	-0.08	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	-1.81	4.27	9.26	0.00	11.72	0.00	0.00	0.00	0.00	-1.81	4.27	9.26	0.00	11.72	
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	-10	-7	7	0	-10	0	0	-3	0	-3	-10	-7	4	0	-13
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	-13.86	-16.44	10.02	0.00	-20.28	0.00	0.00	-	0.00	-154.71	-13.86	-	-	0.00	-174.99
														154.71				16.44	144.69			
7	Restructured as on March 31 of the FY(closing figure*)	No. of borrowers	0	0.00	0	0	0	96	9	28	0	133	6	0	15	4	25	102	9	43	4	158
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	138.93	17.09	56.56	0.00	212.58	18.22	0.00	0.34	0.01	18.57	157.15	17.09	56.90	0.01	231.15

		Provis ion thereo n	0.00	0.00	0.00	0.0 0	0.00	7.30	4.27	25.11	0.0 0	36.68	1.82	0.00	0.32	0.01	2.15	9.12	4.27	25.43	0.01	38.83
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*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight

ix) Disclosure on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances (RBI/DBR.BP.BC.No.18/21.04.048/ 2018-19 dated 1st January 2019

(Rs. in Crore)

Year	No.of Accounts Restructured – MSME	Amount
2019-20	80	118.67
2020.21	135	82.20

1. Disclosure on Resolution Plan Implemented

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	5	4.59	--	--	0.46
Corporate persons*	1	13.63	--	--	1.36
Of which, MSMEs	1	13.63	--	--	1.36
Others	--	--	--	--	--
Total	6	18.22	--	--	1.82
*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

2. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on 31.03.2021

There were no accounts during the year which were restructured under the S4A scheme.

3. Disclosures on Flexible Structuring of Existing Loans:

No borrowers had opted for flexible structuring of the loans during the year.

4. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

No borrowal accounts were restructured under the SDR scheme during the year.

5. Disclosure on change in ownership outside SDR Scheme (accounts which are currently under the stand still period)

No accounts were restructured outside the SDR scheme involving change in ownership.

6. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

There were no project loan accounts during the year where bank has decided to effect change in ownership.

7. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction

Item	(Rs. in Crore)	
	31.03.2021	31.03.2020
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/loss over net book value.	Nil	Nil

x). Details of non performing financial assets purchased/sold

a. Details of non performing financial assets purchased: (Rs. in Crore)

Particulars	31.03.2021	31.03.2020
1.a) No of accounts purchased during the year	Nil	Nil
b) Aggregate outstanding	Nil	Nil
2.a) Of these number of accounts restructured during the year	Nil	Nil
b) Aggregate outstanding	Nil	Nil

b. Details of non performing financial assets sold: (Rs. in Crore)

Particulars	31.03.2021	31.03.2020
1. No of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

xi) Provisions on Standard Asset (Rs. in Crore)

Item	31.03.2021	31.03.2020
Provisions towards Standard Assets	144.67	113.57
Provisions towards Restructured Standard Assets	9.23	6.16
Total	153.90	119.73

xii) Movement in Floating Provisions (Rs. in Crore)

SI No	Particulars	31.03.2021	31.03.2020
A	Opening Balance	35.66	34.44
B	Additions during the year	3.31	1.22
C	Deductions during the year	--	--
D	Closing Balance	38.97	35.66

F. Draw Down from Reserves

The bank has not drawn any amount from Reserves during the year. (Previous Year – NIL)

G. Business Ratios

Items	31.03.2021	31.03.2020
(i) Interest Income as a percentage to Working Funds \$	8.04%	8.42%
(ii) Non-interest income as a percentage to Working Funds \$	1.43%	1.28%
(iii) Operating Profit as a percentage to Working Funds \$	2.68%	2.42%
(iv) Return on Assets@	1.34%	0.99%
(v) Business (Deposits plus advances) per employee # (Rs. in lakhs)	1662.97	1498.85
(vi) Profit per employee (Rs. in lakhs)	13.96	9.47
(vii) Earnings per share (in Rs.)	42.34	28.61

\$ Working funds is reckoned as an average of total assets (excluding accumulated losses, if any).

@ 'Return on Assets' is with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).

For the purpose of computation of business per employee (deposits plus advances) interbank deposits is excluded.

H. Asset Liability Management (As certified by management)

Maturity pattern of certain items of assets and liabilities:

(Rs. in Crore)

	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day	253.37	907.90	4498.48	0.00	425.53	32.46
2 to 7 days	697.74	411.34	276.88	0.00	34.35	3.10
8 to 14 days	499.06	322.19	78.28	0.00	36.63	1.68
15 to 30 days	1292.53	538.92	176.87	0.00	96.35	5.22
31 days to 2 months	1079.38	704.42	172.56	0.00	120.85	11.10
Over 2 months and up to 3 months	1396.78	804.20	185.88	0.00	86.35	11.30
Over 3 months and up to 6 months	2307.53	2635.11	399.03	0.00	100.50	33.45
Over 6 months and up to 1 year	13679.21	5393.19	2001.16	0.00	2.17	163.08
Over 1 year and up to 3 years	16479.42	12642.91	2552.72	0.00	4.11	206.19
Over 3 years and up to 5 years	1931.93	2004.35	837.25	0.00	47.92	26.66
Over 5 years	1353.47	4705.07	524.10	0.00	4.45	0.00
TOTAL	40970.42	31069.60	11703.21	0.00	959.21	494.24

I. Lending to Sensitive Sector

i. Exposure to Real Estate Sector

(Rs. in Crore)

Category	31-03-2021	31-03-2020
<i>I) Direct exposure</i>		
(a) Residential Mortgages –		
Lending fully secured by Mortgages on residential properties that are or will be occupied by the borrower or that is rented	3854.34	3049.20
of which		
Individual housing loans eligible for inclusion in priority sector advances	1816.58	1482.81
(b) Commercial Real Estate –		
Lending fully secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure included non-fund based (NFB) limits also;	204.44	207.72
(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –	Nil	Nil
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
<i>II) Indirect Exposure</i>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	1.20	3.03
Total Exposure to Real Estate Sector	4059.98	3259.95

ii. Exposure to Capital Market

(Rs. in Crore)

Particulars	31.03.2021	31.03.2020
i) 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;	13.38	18.97
(ii) advances against shares/bonds/ debentures or 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;	1.51	1.54
(iii) 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
(iv) 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;	0.36	1.91
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	28.95	25.53
(vi) 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
(vii) bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) 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
(ix) financing to stockbrokers for margin trading;	Nil	Nil
(x) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	44.20	47.95

iii. Risk Category wise Country Exposure

As the country-wise net funded exposure does not exceed 1% of the Bank's total assets for any country, no provision is required for the risk involved.

(Rs. in Crore)

Risk Category wise Country Exposure				
Risk Category	Exposure(Gross) as at March 31,2021	Provision held as at March 31,2021	Exposure(Gross) as at March 31,2020	Provision held as at March 31,2020
Insignificant Risk	296.73	NIL	241.17	NIL
Low Risk	462.63	NIL	364.85	NIL
Moderately Low Risk	6.58	NIL	0.71	NIL
Moderate Risk	1.28	NIL	2.58	NIL
Moderately High Risk	0.00	NIL	1.11	NIL
High Risk	0.97	NIL	0.00	NIL
Very High Risk	0.00	NIL	0.00	NIL
Total	768.19	NIL	610.42	NIL

iv. Details of single borrower limit (SBL)/group borrower limit (GBL) exceeded by the Bank.

Single Borrower limit / Group Borrower limit has not been exceeded during the year.

v. Unsecured Advances-

Advances secured by intangible securities such as Rights, Licenses, authorizations, etc – NIL

J. Miscellaneous

i. Amount of Provisions made for Income-tax during the year;

(Rs. in Crore)

Particulars	31.03.2021	31.03.2020
Provision for Income Tax – Current Year	192.00	156.00

ii. Penalties imposed on the Bank by RBI :

a) During the year RBI has imposed monetary penalty of Rs.4,950/- (Rupees four thousand nine hundred and fifty only) on discrepancies detected towards Soiled notes remittance.

b) The Directorate of Enforcement vide its order dated 14.08.2020 had levied a penalty of Rs.16.99 Crores for recording share transfers, which took place on 13.05.2007, 26.12.2011 and 11.06.2012 in violation of the Regulation 4 of Foreign

Exchange Management (Transfer or Issue of security by a person resident outside India) Regulations, 2000. The Bank had made an application for compounding and post facto approval in this regard to RBI vide its letter dated 12.10.2020. The Bank had also requested Directorate of Enforcement vide its letter dated 12.10.2020 and 24.11.2020 to keep in abeyance the order of penalty imposed on bank till the decision of the RBI regarding compounding application.

RBI vide its letter dated 27.01.2021 returned the Bank's compounding application by stating that as the contravention sought to be compounded has been adjudicated by the order of the Special Director, Directorate of Enforcement dated August 14, 2020, the compounding application is not maintainable. On 22.02.2021, the Bank had once again, requested RBI to review their decision regarding its compounding application dated 12.10.2020.

The Bank has not paid the penalty amount, but however, necessary provision for the amount has been made in the books of account.

iii. Special reserve: As per section 36(1) (viii) of Income Tax Act 1961, the bank has created a special reserve of Rs. 35.00 Crore during the year 2020-21.

iv. Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account (Rs. in Crore)

	31.03.2021	31.03.2020
Diminution on Investment	5.63	9.74
Provision towards NPA	337.45	359.63
Provision towards Standard Asset	53.50	28.59
Floating provision for Advances	3.31	1.22
Provision made for Taxation	192.00	156.00
Deferred Tax	3.03	21.20
Provision for MSME Advances	---	---
Provision for Restructured Advances	3.07	3.94
Provision for Covid Relief Advances	-	7.01
Diminution in Fair value for Restructured Advances	0.90	
Total	598.89	587.33

v. Details of complaints / unimplemented awards of Banking Ombudsman

1. Enhanced disclosures on complaints and grievance redress as per RBI Circular No.CEPD.CO.PRD.Cir.No.01/13.01.013/2020-21 dated 27/01/2021

Summary information on complaints received by the bank from customers and from the OBOs.

Sr.No		Particulars	Previous year	Current year
	Complaints received by the bank from its customers			
1.		Number of complaints pending at beginning of the year	124	51
2.		Number of complaints received during the year	24867	24324
3.		Number of complaints disposed during the year	24991	24375
	3.1	Of which, number of complaints rejected by the bank	-	-
4.		Number of complaints pending at the end of the year	51	318
	Maintainable complaints received by the bank from OBOs			
5.		Number of maintainable complaints received by the bank from OBOs	146	176
	5.1	Of 5, number of complaints resolved in favour of the bank by BOs	146	176
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	1	1
	5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6.		Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
Ground – 1	13	16982	131%	318	-
Ground – 2	-	1	-100%	-	-
Ground – 3	34	6963	-59%	-	-
Ground – 4	-	-	-	-	-
Ground – 5	-	-	-	-	-
Others	4	378	143%	-	-
Total	51	24324		318	
Previous Year					
Ground – 1	124	12931	143%	13	-
Ground – 2	-	2	200%	-	-
Ground – 3	-	11670	199%	34	-
Ground – 4	-	-	-	-	-
Ground – 5	-	-	-	-	-
Others	-	264	160%	4	-
Total	124	24867		51	-

B. Awards passed by the Banking Ombudsman

Number of Unimplemented awards at the beginning of the year	--
Number of awards passed by the Banking Ombudsman during the year	--
Number of awards implemented during the year	--
Number of unimplemented awards pending at the end of the year	--

vi. Letter of Comfort disclosure

(Rs. in Crore)

Particulars	31.03.2021	31.03.2020
Letter of comfort issued in earlier years and outstanding as on 01.04.2020	Nil	Nil
Add: Letter of comfort issued during the year	55.46	Nil
Less: Letter of comfort expired during the year	4.27	Nil
Letter of comfort outstanding as on 31.03.2021	51.19	Nil

vii. The details of fees / remuneration received during the year in respect of Banc assurance business undertaken.

(Rs. in Lakhs)

Commission on Banc assurance	31-03-2021	31-03-2020
Non – Life Insurance – Net of GST	517.92	571.23
Mutual Fund Products	12.11	11.19
Life Insurance – Net of GST	171.70	153.37

viii. Concentration of Deposits

(Rs. in Crore)

	31-03-2021	31-03-2020
Total Deposits of twenty largest depositors	2994.35	2656.70
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	7.31%	7.21%

ix. Concentration of Advances

(Rs. in Crore)

	31-03-2021	31-03-2020
Total Advances to twenty largest borrowers	1686.67	1861.94
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	5.35%	6.59%

x. Concentration of Exposures

(Rs. in Crore)

	31-03-2021	31-03-2020
Total Exposure to twenty largest borrowers/customers	3308.01	3357.23
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	8.10%	8.88%

xi. Inter Bank Participation Certificates (IBPC)

There is no Inter Bank Participation Certificate (IBPC) purchased / sold during the year 2020-21.

xii. a) COVID -19

The spread of COVID 19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets. WHO had declared COVID 19 as global pandemic. The Government of India had announced a series of lock-down measures from March 24, 2020 onwards which has been extended from time to time upto June 30, 2020. Govt. of India has directed a calibrated and gradual withdrawal of lock down and partial resumption of economic activities in spite of some of the major economic centres still continuing under regional lockdown after the significant increase in COVID 19 cases under the second wave. The situation continues to be uncertain and the bank is evaluating the situation on an ongoing basis. The revival of economic activities largely depends upon the intensity and spread of the disease, Govt. stimulus packages and regulatory measures. Major challenges for the Bank would arise from extended working capital cycle and waning cash flows. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including among things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. Anyhow, the Bank has satisfactory capital and adequate liquidity to support its business growth, and hence the Bank does not expect any significant impact on the profitability of the Bank.

b) Supreme Court rulings on NPA classification:

The Hon'ble Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Pending disposal of the case, the Bank, as a matter of prudence, had made in respect of these accounts a contingent provision, which was included in 'Provisions (other than tax) and Contingencies'. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

c) Disclosure on COVID-19 Regulatory package- Asset Classification and Provisioning, as per RBI Circular No.DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 read with RBI circular No. DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020.

S.No	Particulars	Amount Rs (in Crore)
I	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of RBI Circular No.DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020	6842.34
II	Respective amount where asset classification benefits is extended.	140.25
III	Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of RBI Circular No.DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 :	7.01
IV	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular No. DOR. No. BP.BC. 63/21.04.048/2019-20 dated 17 April 2020.	7.01

d) RBI Instructions on Compounded interest:

In accordance with the RBI guidelines relating to Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, dated 26th Oct 2020, the Bank has paid an amount of Rs.11.67 crores to the concerned borrowers which is to be received from GOI and shown under sundry assets accordingly.

In accordance with the instructions in RBI circular dated April 07, 2021, (relating to the Supreme Court ruling dt.23.3.2021) the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' is finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies and informed to us on 19.04.2021, the amount is computed as Rs.12.24 crores and we had already made a provision of Rs.12.53 crore in the Profit and Loss Account for the year ended March 31, 2021.

6. Disclosure Requirements as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for Notes on Accounts:

6.1. Prior Period Items - AS-5:

There were no material pertaining to prior period Income /Expenditure requiring disclosure as per AS 5.

6.2. Revenue Recognition – AS-9:

The heads of income recognized on cash basis are neither material enough nor do they require disclosure under AS 9 on Revenue Recognition.

6.3 Accounting Standard -15: Employee Benefits

(Rs. in Crore)

	2020-21		2019-20	
	Gratuity	Pension	Gratuity	Pension
(i) Principal actuarial assumption used				
Discount Rate	6.90%	6.90%	6.84%	6.84%
Rate of return on Plan Assets	7.00%	7.00%	7.25%	7.25%
Salary Escalation	6.50%	2.00%	6.50%	6.50%
(ii) Change in Benefit Obligation:				
Liability at the beginning of the year	160.69	489.24	147.72	472.37
Interest Cost	10.59	30.68	9.77	29.81
Current Service Cost	13.86	25.68	12.86	24.72
Benefit paid	-14.52	-89.20	-9.81	-73.06
Actuarial (gain) / loss on obligation	4.10	88.26	0.15	35.4
Liability at the end of the year	174.72	544.66	160.69	489.24
(iii) Fair value of Plan Assets:				
Fair value of Plan Assets at the beginning of the year	159.39	489.63	148.51	473.89
Expected return on Plan Assets	11.68	35.11	11.16	34.93
Contributions	18.85	80.86	10.35	56.52
Benefit paid	-14.52	-89.20	-9.81	-73.06
Actuarial Gain / (loss) on Plan Assets	-1.08	-3.02	-0.82	-2.65
Fair value of Plan Assets at the End of the year	174.32	513.38	159.39	489.63
(iv) Actual return on Plan Assets:				
Expected Return on Plan Assets	11.68	35.11	11.16	34.93
Actuarial gain / (loss) on Plan Assets	-1.08	-3.02	-0.82	-2.65
Actual return on Plan Assets	10.60	32.09	10.34	32.28
(v) Amount recognized in the Balance Sheet:				
Liability at the end of the year	174.72	544.66	160.69	489.24
Fair value of Plan Assets at the End of the year	-174.32	-513.38	-159.39	-489.63
Amount Recognized in the Balance Sheet	0.40	31.28	1.30	-0.39
(vi) Expenses recognized in The Income Statement:				
Current Service Cost	13.86	25.68	12.86	24.72
Interest Cost	10.59	30.68	9.77	29.81
Expected Return on Plan Assets	-11.68	-35.11	-11.16	-34.93
Actuarial Gain or Loss	5.18	91.28	0.97	38.05
Past Service Cost	0	0	0.00	0.00
Expenses Recognized in P & L	17.95	112.53	12.44	57.65

Details of Provisions made for Other Long term Employee Benefits:

(Rs. in Crore)

S.no	Other Long Term Benefits	31.03.2021	31.03.2020
1	Leave Encashment	7.76	7.90
2	Sick Leave	2.33	8.52

6.4 Accounting Standard-17: Segment Reporting**PART A: Operational Segments:**

(Rs. in Crore)

Particulars	For the year ended 31.03.2021				For the year ended 31.03.2020			
	Treasury	Corporate/Wholesale Banking	Retail Banking	Total	Treasury	Corporate/Wholesale Banking	Retail Banking	Total
Revenue	952.31	715.12	2585.97	4253.40	824.02	645.68	2522.83	3992.53
Result (Profit(+)/Loss(-))	281.79	111.90	404.66	798.35	188.56	80.76	315.57	584.89
Unallocated income /Expenses				0.00				0.00
Operating Profit				798.35				584.89
Income Tax				195.03				177.20
Extraordinary Profit								
Net Profit				603.33				407.69
Other Information	As at 31.03.2021				As at 31.03.2020			
Segment assets	12912.25	8623.85	25202.36	46738.46	12046.82	8316.27	21820.66	42183.75
Unallocated assets				74.52				52.86
Total assets				46812.98				42236.61
Segment Liabilities	14221.38	7007.98	25341.92	46571.28	11519.82	6206.96	24252.07	41978.85
Unallocated liabilities				241.70				257.76
Total liabilities				46812.98				42236.61

Note:

1. Assets and Liabilities wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of segment revenue.

2. The Bank operates only in Domestic Segment.

PART B –Geographic Segments

Particulars	Domestic		International		Total	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Revenue	4253.40	3992.53	--	--	4253.40	3992.53
Assets	46812.98	42236.61	--	--	46812.98	42236.61

6.5 Related Party disclosures (AS-18)

i) The Bank has identified the following person to be the key management person as per AS-18 on Related Party Disclosures:

Thiru. K.V. Rama Moorthy – Managing Director and Chief Executive Officer –
01.04.2020 to 31.03.2021

A. Emoluments:

(Amount in Rs.)

Particulars	01.04.2020 to 31.03.2021	01.04.2019 to 31.03.2020
Salary	45,00,000.00	45,00,000.00
Bank Contribution to Provident Fund	5,40,000.00	5,40,000.00
Other Benefits	2,35,844.30	2,08,522.60
Total	52,75,844.30	52,48,522.60

B. Others: Nil

C. There is no other transaction with the Managing Director & CEO.

ii) TMB Foundation (Associate) :- Payment made for CSR expenditure
Rs.5,60,00,000/- (Previous year : Rs. 17,42,76,848/-)

Closing Balance Payable / Receivable : Nil (Previous year : Nil)

6.6. Earnings per Share (AS – 20)

Items	Amount	Amount
	31.03.2021	31.03.2020
Net Profit after Tax available for equity share holders (Rs. in Lakhs)	60 332.93	40 769.30
Average number of shares	142511454	142511454
Basic and Diluted EPS (in Rs.)	42.34	28.61
Nominal value per share (in Rs.)	10.00	10.00

6.7. Consolidated Financial Statements (AS – 21)

The Bank has no subsidiaries/Joint ventures/ Associates. Hence reporting under CFS is not applicable.

6.8 Accounting for Taxes on Income (AS – 22)

In respect of Income Tax, the assessment has been completed up to the Assessment Year 2018-19 (Year ended 31.03.2018). Appeals are pending with appellate authorities /High Court for various assessment years. The income tax demand disputed on appeal is Rs.312.78 crore (previous year Rs.266.00 crore). There were various demands raised by Service Tax Department for the years from 2007-08 amounting to Rs.151.99 crore (previous year Rs.151.99 crore), which the Bank has disputed on appeals. The management does not envisage any liability in respect of disputed issues and consider that provision held at Rs. 182.78 crores (Previous Year Rs.144.00 crores) is adequate. Further Tamilnadu Commercial Tax Department has raised a demand for Rs.17.72 crore for the financial years from 2007-08 to 2016-17, for which the bank has filed appeal before appellate authorities. The Bank has been advised a fair chance of their succeeding these appeals and hence no provision has been made.

The major components of deferred tax assets/liabilities as at 31.03.2021 arising out of timing difference are as follows;

(Rs. in Crore)

Particulars	Deferred tax Asset	Deferred tax Liability	Deferred tax Asset	Deferred tax Liability
	31.03.2021	31.03.2021	31.03.2020	31.03.2020
Depreciation on Fixed Assets	5.20		5.12	
Provision for NPAs/Bad Debts	--		--	
Special Reserve u/s 36 (1) (viii)	--	60.11	--	54.07
Provisions on retirement benefit, Leave encashment etc	20.78		17.72	
Others	2.67		2.80	
Deferred tax asset/liability	28.65	60.11	25.64	54.07
Net Deferred Tax Asset/Liability		-31.46		-28.43

6.9.Accounting for Investment in associates in CFS –AS 23

The Bank has no associates. Hence reporting under CFS –AS 23 is not applicable.

6.10. Discontinuing Operation – AS 24:

The bank has not discontinued any operations. Hence reporting under CFS- AS 24 is not applicable.

6.11. Intangible assets (AS – 26)

Depreciation on software is calculated on straight line method at 33.33% in compliance with RBI guidelines.

6.12 Impairment of Assets (AS – 28)

In the opinion of the management, there is no impairment to the assets to which AS 28 –“ Impairment of Assets” applies.

6.13 Contingent Liabilities and Provisions (AS – 29)

The details of provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investment which are considered material are disclosed elsewhere under the appropriate headings as per RBI guidelines.

a) Provisions:

(Rs. in Crore)

Particulars	Provisions as at the beginning of the year	Additions During the year	Amount used during the year	Unused Amounts Reversed During the year	Provisions As at the Close of the year
A. Provision for Interest sacrifice on restructured accounts(DFV)	1.52	0.91	---	--	2.43
B.Provision for Frauds	13.19	19.98	0.51		32.66

b) Contingent Liabilities:

(Rs. in Crore)

PARTICULARS	As on 31.03.2021	As on 31.03.2020
1. Claims not acknowledged as debt		
a)Counter suits filed by the borrowers against the Bank has initiated legal action.	Nil	Nil
b)Cases filed in Consumer/Civil Courts for deficiency in services	1.72	1.15
c)Any other claims against the bank not Acknowledged as debts.	133.60	111.28
2. Forward exchange contracts	9188.69	5297.65
3.Guarantees issued on behalf of constituents	1163.00	1063.58
4.Acceptance, endorsements & other obligations	809.91	757.58
5. Other items for which the Bank is contingently liable.	90.16	78.38
TOTAL	11387.08	7309.62

6.14 Dues to Micro and Small Enterprises

Under MSMED Act 2006 certain disclosures are required to be made relating to micro small and medium enterprises. There have been not reported cases of interest payments due to delays in such payments to micro small and medium enterprises. Auditors have relied upon the above management assertion.

6.15 Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Rs. in Lakhs)

Particulars	31.03.2021	31.03.2020
Opening balance of amount transferred to DEA Fund	7795.43	6896.90
Add: Amounts transferred to DEA Fund during the year	1321.56	971.19
Less: Amounts reimbursed by DEA Fund towards claims	138.28	72.66
Closing Balance of amounts transferred to DEA Fund	8978.81	7795.43

6.16 Un hedged Foreign Currency Exposure:

The bank has a board approved policy dated 16.03.2021 on Un hedged Foreign Currency Exposure.

6.17 Proposed dividend:

a) In terms of Revised Accounting Standard [AS4] Contingencies and events occurring after Balance sheet date as notified by the Ministry of Corporate affairs through Amendments to Companies (Accounting Standards) Amendment Rules 2016, dated 30 March 2016, the company has not accounted for proposed dividend as a liability as at 31st March 2020. The proposed dividend was however accounted for as a liability up to 31st March 2016 in line with the accounting standard applicable at that time.

b) In terms of RBI Notification DOR.BP.BC.No.29/21.02.067/2020-21 dated December 4, 2020, read with their earlier Notification dt.17.4.2020, stated that in view of ongoing and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The Notification also said that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended 31st March 2020. The Bank also did not declare and dividend for the financial year ended 31st March 2020. Keeping in view the continuing uncertainty caused by the ongoing second wave of COVID-19 in the country, and stating that it is crucial that banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses, RBI had reviewed the dividend declaration norms for the year ended 31st March 2021, and had stated that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021 vide recent notification DOC.ACC.REC.7/21.02.067/2021-22 dated 22nd April 2021, keeping in mind, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in paragraph 4 of their earlier circular DBOD.NO.BP.BC.88/ 21.02.067/2004-05 dated May 4, 2005.

c) For the Financial Year 2018-19, the Bank had declared Interim Dividend of 32% (3.20 per equity share of Rs.10 each) amounting to Rs.45.60 crore on May 30 2019 and paid dividend distribution tax of Rs.9.37 crore on 06.07.2019. The Bank has received a letter dated 11.06.2019 from Reserve Bank of India restricting the Bank from declaring or distributing any interim or final dividend till further order. Hence the Board decided not to distribute the declared dividend till removal of restrictions by RBI. In the current year, RBI vide its letter dt.25th March 2021, had lifted the restriction and the Bank has then distributed the above said undistributed interim dividend, except for the shares, which are under litigation or dispute.

6.18 Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar days liquidity stress scenario. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. The LCR is calculated by dividing a bank's stock of HQLA by its total net cash outflows over a 30-days stress period. HQLA of bank is in the form of Government Securities and highly marketable and liquid securities / bonds. The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements.

The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60%, which would rise in equal annual steps to reach 100% on January 1, 2019. In order to accommodate the burden on banks cash flows on account of the Covid19 pandemic, RBI had permitted the banks to maintain LCR as under: vide their circular Ref DOR.BP.BC.No.65/21.04.098/2019-20 dated 17.04.2020.

Date	LCR to be maintained
17.04.2020 to 30.09.2020	80%
01.10.2020 to 31.03.2021	90%
01.04.2021 onwards	100%

The present requirement, as on March 31, 2021 is 90%. Bank prepares daily Liquidity Coverage Ratio statement to assess the liquidity needs of the Bank on an ongoing basis. A number of data points are used in calculating the average figures in the template since January 01, 2017 and a simple average is calculated on daily observations over the previous quarter. Bank has been publishing information on LCR in annual financial statements under Notes to Accounts. LCR related information based on simple averages of daily observations for the year ended March 2021 is furnished below:

(Rs. in Crores)

LCR Disclosure Template (Consolidation)					
		Current Year 2020-21		Previous Year 2019-20	
Particulars		Total Unweighted \$ Value (Average)	Total Weighted# Value (Average)	Total Unweighted \$ Value (Average)	Total Weighted# Value (Average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	9856.22	9804.29	7324.86	7265.90
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	11833.71	824.68	10227.44	842.88
(i)	Stable deposits	7173.75	358.68	3597.30	179.87
(ii)	Less stable deposits	4659.96	466.00	6630.14	663.01
3	Unsecured wholesale funding, of which:	5260.16	2462.85	5156.03	2777.69
(i)	Operational deposits (all counterparties)	122.45	30.62	109.82	27.46
(ii)	Non-operational deposits (all counterparties)	5137.71	2432.23	5046.21	2750.23
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured wholesale funding	0.00	0.00	27.12	0.00
5	Additional requirements, of which	1582.63	1582.63	1568.00	1568.00
(i)	Outflows related to derivative exposures and other collateral requirements	1582.63	1582.63	1568.00	1568.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	0.00	0.00	0.00	0.00
6	Other contractual funding obligations	4890.02	356.43	4709.10	348.18
7	Other contingent funding obligations	2144.54	397.56	2106.89	282.68
8	TOTAL CASH OUTFLOWS	25711.06	5624.15	23794.58	5819.43
Cash Inflows					
9	Secured lending (e.g. reverse repos)	798.94	0.00	405.00	0.00
10	Inflows from fully performing exposures	638.54	319.27	671.72	327.01
11	Other cash inflows	1664.80	1664.80	1630.70	1630.70
12	TOTAL CASH INFLOWS	3102.28	1984.07	2707.42	1957.71
		Total Adjusted@ Value		Total Adjusted@ Value	
21	TOTAL HQLA	9804.29		7265.90	
22	TOTAL NET CASH OUTFLOWS	3640.08		3861.72	
23	LIQUIDITY COVERAGE RATIO (%)	269.3427%		188.1519%	

\$ Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template.

Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

@ Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on Level 2B and Level 2 assets for HQLA and cap on inflows).

B Qualitative disclosure about LCR:**The main drivers of LCR Results:**

The bank is having an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in markets into cash to meet liquidity needs for a 30 calendar days under liquidity stress scenario.

The net cash outflows for the next 30 days has been calculated after deducting the cash inflows from the outflows for the period. The inflows and outflows have been calculated based on RBI prescribed haircuts and run-off factors.

The Bank's LCR has been more than the minimum regulatory requirement for all the dates from April'20 to March'21. The average LCR of the bank for the Annual Financial Year 2020-21 stood at 269.3427%.

Composition of HQLA

The Level 1 Assets of our bank comprises of Cash in hand & Cash at ATM, Excess CRR and SLR, MSF & FALLCR are as per permitted extent. Level 1 asset is the main driver of HQLA, contributing around 98.39% in the total HQLA of the Bank.

Level 2A and Level 2B assets are well within the regulatory cap of 40% and 15% of the stock of HQLA respectively after the required haircut.

Corporate Bonds not issued by a Bank/Financial/NBFC which have been rated AA- or above by an Eligible Credit Rating Agency have been classified under Level 2A assets. Similarly Bonds not issued by a Bank/FI/NBFC which have been rated not lower than BBB- have been classified under level 2B Assets.

Outflows & Inflows:

Deposits are the main source of funds for the Bank.

Currency mismatch in LCR:

LCR is expected to be met and reported in a single currency. The bank is not having significant liabilities and HQLAs in any foreign currency.

Description of the degree of centralization of liquidity management and interaction between the group's units:

The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc.

7. Fixed assets (Land and Building) include property held in Chennai, land (UDS 753.117 sqft Rs.10.76 lakh) and building (Rs.11.10 lakh) purchased during January 1993. While the UDS of land was registered in Bank's name, the building was to be handed over to the Bank after construction, by the corporate debtor, who are in corporate insolvency resolution process, which they failed to do so and the bank had preferred a suit in Madras High Court against them for specific performance and damages which is pending.

8. In respect of certain branches/offices where additional information was required, the data available at Controlling/Head office was considered.

9. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

10. Figures have been rounded off to the nearest thousand rupees in the Financial Statements.

Sd/-
K.V.Rama Moorthy
Managing Director & CEO

Sd/-
A.Nirranjan Sankar
Director

Sd/-
S.R.Ashok
Director

Sd/-
P.C.G.Asok Kumar
Director

Sd/-
C.Chiranjeeviraj
Director

Sd/-
S.Ezhil Jothi
Director

Sd/-
N.Gopal
Director

Sd/-
B.S.Keshava Murthy
Director

Sd/-
K.Nagarajan
Director

Sd/-
D.N.Nirranjan Kani
Director

Sd/-
B.Prabaharan
Director

Sd/-
S.B.Suresh Kumar
Director

Sd/-
B.Vijayadurai
Director

Sd/-
A.Shidambaranathan
Vice President

Sd/-
D.Inbamani
General Manager

Sd/-
P.Suriaraj
General Manager

Sd/-
R.Arumugapandi
General Manager

Sd/-
C.Sukumaran
Chief Financial Officer

Sd/-
P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
FRN No.000376S /S200073

Thoothukudi
27.04.2021

Sd/-
R.Ravishankar
Partner (M.No.26819)