



PANDYAN GRAMA BANK
ADMINISTRATIVE OFFICE, VIRUDHUNAGAR

HIGHLIGHTS 2015 – 16

- Deposits went upto **4477.53** crore from **3817.14** crore with a growth rate of 17.30 %
- Demand Deposit reached the level of **1413.05** crore which constitute 31.56 % to the total deposits.
- Bank has posted an operating profit of **101.49 crore**. The Bank has been continuously earning profit since **1997-98**.
- Bank has posted net profit of **65.86** crore.
- Net owned funds have gone up to **532.48 crore** from 466.62 crore.
- Business Mix has grown by **9.66 %** and reached **8598.76** crore.
- Gross Advances rose to **4121.23 crore** from **4023.87** crore.
- Disbursement to Priority Sector advances amounts to **4655 crore**, constituting **95.62 %** of total disbursement.
- Priority Sector advance stands at **3996.65 crore**; accounts for 96.98 % of the total advances.
- Credit Deposit ratio is **92.04 %**, CD ratio net of IBPC is **72.28 %**.
- Gross NPA of the Bank is **1.00 %**.
- Net NPA continues to be **"NIL"** for the thirteenth year.
- **27 New Branches** were opened. Out of which, 7 are in **unbanked area**.
- CRAR of the Bank is **17.10 %**.
- Recovery percentage of advances is **97 %**.
- 1218 New Self Help Groups were linked with a credit flow of **23.44 crore**.
- **111675** accounts opened under PMJDY



DIRECTORS REPORT

Board of Directors of Pandyan Grama Bank is pleased to place the 39th Annual Report of the Bank along with the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March 2016.

01. BRIEF INTRODUCTION

Pandyan Grama Bank was established on 9th March 1977 with its Administrative Office at Sattur, and shifted to Virudhunagar on 16.07.1993. The Administrative Office has started functioning in its own building from 31.10.2000 onwards.

02. BRANCH NETWORK

The Bank is operating in sixteen districts namely, Virudhunagar, Sivagangai, Ramanathapuram, Tirunelveli, Thoothukudi, Pudukottai, Madurai, Dindigul, Kanyakumari, Theni, Tiruchirappalli, Thanjavur, Thiruvarur, Perambalur, Nagapattinam and Ariyalur. During the financial year 27 new branches were opened and 11 branches were shifted to spacious, easy accessible buildings with better ambience.

The District-wise branch network as on 31.03.2016 is given below:

Sl. No.	District	Rural	Semi-Urban	Urban	Total
1	Virudhunagar	23	13	1	37
2	Sivagangai	24	8		32
3	Ramanathapuram	13	12		25
4	Tirunelveli	29	26	1	56
5	Thoothukudi	29	11	1	41
6	Madurai	4	8	2	14
7	Pudukottai	9	1		10
8	Dindigul	2	9		11
9	Kanyakumari	3	14		17
10	Theni	1	8		9
11	Tiruchirappalli	7	1	1	9
12	Thanjavur	4	9	1	14
13	Thiruvarur	3	1		4
14	Perambalur	5	1		6
15	Nagapattinam	7	1		8
16	Ariyalur	2	2		4
	TOTAL	165	125	7	297

03. SHARE CAPITAL

As per the RRB Amendment Act 2015, with effect from 04/02/2016 the authorised Share Capital of the Bank is raised from 5 Crore to 2000.00 crore divided to 200,00,00,000 shares of 10 each. Share Capital Deposit received from the share holders were converted to Share Capital keeping the share holding ratio as per the guidelines of NABARD. Issued, subscribed and Paid-up Share Capital is 40.3967 crore. The details of Share capital by Government of India, Government of Tamil Nadu and Sponsor Bank (IOB) are furnished below:

(in thousands)

DETAILS	Govt. of India	Govt. of T.N.	Sponsor Bank (IOB)	TOTAL
Number of Shares	20198400	6059500	14138800	40396700
Share Capital	201984	60595	141388	403967



04. DEPOSITS

The deposits of the Bank reached the level of ` 4477.53 crore registering a growth of 17.30 % during the year. The break-up details are given below:

(in thousands)

		As on 31.03.2016		As on 31.03.2015	
		No.	Amount	No.	Amount
1	Term Deposits	543170	30644770	505168	25433651
2	Savings Bank	1223673	13347666	1150630	11931915
3	Current Deposits	5550	782880	5407	805860
TOTAL		1772393	44775316	1661205	38171426

The share of demand deposits is 31.56 %. The cost of deposits is 7.43 % during this year against 7.52% in the previous year.

Per branch and Per employee deposits for two years are indicated below:

(in thousands)

	As on 31.03.2016	As on 31.03.2015
Per Branch Deposit	150759	141376
Per Employee Deposit	35424	36423

05. BORROWINGS

a. REFINANCE

Refinance sanctioned by NABARD, Sponsor Bank & National Housing Bank was utilized & channelized into productive lending and for maximizing the bank's profit. Details of refinance drawn and repaid during the year are indicated below:

(in thousands)

Category	Limit sanctioned 2015-16	Outstanding as on 31.03.2015	Limit availed during 2015-16	Repayments Made 2015-16	Outstanding as on 31.03.2016
A. NABARD					
1. ST/SAO	5550000	11300000	5550000	11300000	5550000
2. ST/others	500000	0	500000	0	500000
3. Schematic	8000000*	6014308	5312236	2287632	9038912
Sub - Total	14050000	17314308	11362236	13587632	15088912
B. IOB					
1. ST/SAO	3500000	3892695	9	3892694	9
2. ST/OSAO	1000000	954512	18	954512	18
Sub - Total	4500000	4847207	27	4847206	27
C. NHB					
NHB	0	37380	0	3120	34260
TOTAL	18550000	22198895	11362263	18437958	15123199

*(Automatic Re-Finance there is no limit)

Cost of borrowing is 6.04 %



b. INTER BANK PARTICIPATION CERTIFICATE

During the year the bank has issued 885 crore (Rupees Eight hundred and Eighty Five crore only) of Agricultural advance to our Sponsor Bank & HDFC Bank under Inter Bank Participation Scheme. The outstanding under IBPC as on 31.03.2016 is 885 crore.

Bank	Amount in thousands
Indian Overseas Bank	8350000
HDFC Bank	500000

06. OTHER LIABILITIES – DICGC

Bank has opted out of DICGC in case of Loan accounts. In case of Deposits, bank continues cover under DICGC. No claim was lodged by the Bank for deposits.

07. CASH AND BALANCES WITH BANKS

a. Average Cash Balance of the Bank for the year in comparison to Last 2 years are indicated below:

Details	(in thousands)		
	31.03.2016	31.03.2015	31.03.2014
Average cash held during the year	476085	464517	504976
Percentage of average cash to average deposits	1.17 %	1.49 %	1.75 %

b. Balance held with RBI in comparison to last year are indicated below:

	(in thousands)	
	31.03.2016	31.03.2015
Balance in RBI account	1794777	1657159

c. Balance held with Sponsor Bank (IOB) and other Commercial Banks in comparison to previous year are indicated below:

Banks	(in thousands)	
	31.03.2016	31.03.2015
Sponsor Bank (IOB)	167173	100103
State Bank of India	74576	22490
Other Commercial Banks	130421	55933

d. Income earned on Deposit with other Banks in comparison to previous year are indicated below:

	(in thousands)	
	31.03.2016	31.03.2015
Income earned on Deposit with other Banks	1336646	652429



08. INVESTMENTS

The Investments are made as per Reserve Bank of India directives to meet the SLR requirements. Details of investments and provision held for the last two years are given below:

(in thousands)

Details	31-03-2016				31. 03. 2015			
	Investments		Provision for depreciation during the year	Yield %	Investments		Provision for depreciation during the year	Yield %
	Gross	Net			Gross	Net		
S L R	9422949	9422949	NIL	7.21	7642679	7642679	NIL	7.36
Non-SLR	--	--	NIL		10000	10000	NIL	8.00
Mutual Funds (liquid)	820000	820000	NIL	8.26				
Deposit with Sponsor Bank/SBI & other public sector banks/NBFC/ Private Banks	18215256	18215256	NIL	8.98	21210983	21210983	NIL	8.42

09. LOANS AND ADVANCES OUTSTANDING

Loans and Advances as on 31.03.16 rose to 4121.23 crore from 4023.87 crore in the previous year, registering a growth of 2.42 %. The sluggish growth is due to erosion in value of Jewels and in order to avert NPA, Bank has made to redeem the jewels wherever the outstanding under Jewel loan is having inadequate coverage. However, we have improved the diversification of lending to reduce the over dependence of Jewel Loan portfolio, we have disbursed 1009.95 crores during this year under Agri. Investment, KCC, SME, Education Loan, Housing Loan, Easy Loan, SHG, Construction of Shopping Complex, Marriage Hall, School and Colleges, etc. The priority sector advance is 3996.65 crore against the previous year's position of 3828.65 crore. Share of priority sector advances to the total advances is 96.98%.

Advances to SC/ST stood at 1900.89 crore as against 1690.01 crore in the previous year. The sector wise outstanding advances are detailed hereunder:

(in thousands)

CATEGORY OF ADVANCE	AS ON 31.03.2016	AS ON 31.03.2015
1. Agriculture	30935400	30550900
2. Industries	4005700	1115642
3. Services	5025463	6619946
4. Others	1245800	1952200
TOTAL	41212363	40238688

The Credit Deposit Ratio of the bank is 92.04 % as on 31.03.2016. The average yield on advance is 9.99%.



10. INCOME RECOGNITION AND ASSET CLASSIFICATION

a. Asset Classification and Provisioning:

The classification of assets for the year 2015 - 16 and 2014 – 15 are furnished below:

(in thousands)

S.No.	Details	31.03.2016			31.03.2015		
		Outstanding	%	Provision	Outstanding	%	Provision
1	Standard	40800503	99.00	126695	39890982	99.14	126695
2	Sub-Standard	126313	0.31	16544	101405	0.25	12175
3	Doubtful	285547	0.69	186213	246301	0.61	144091
4	Loss	0	0	0	0	0	0
	Total	41212363	100.00	329452	40238689	100.00	282961
	Floating Provision			218041			218041
	Total Provision			547493			501002

Gross NPA to Total Advance is 1.00 %.

Net NPA continues to be NIL for Thirteenth consecutive year.

b. Interest Derecognized:

The quantum of interest derecognized during 2015-16 and 2014 – 15 is indicated below:

(in thousands)

SI.No.	Details	2015-16	2014-15
1	Derecognized interest at the beginning of the year	6483	1325
2	Recovery during the year	2761	764
3	Addition during the year	2887	5922
	Derecognized interest at the end of the year	6603	6483

Assets are classified in accordance with RBI norms.

c. Provision

The provision held by the Bank for the last two years is indicated below:

(in thousands)

SI.No.	Details	2015-16	2014- 15
1	Total Provision	547493	501002
2	Statutory Provision for NPA	202757	156266
3	Statutory Provision Standard Assets	126695	126695
	Floating Provision for NPA	218041	218041

Bank has provided 0.89 Crore excess provision in Floating and 1.16 Crores excess in Standard Assets Provision covering the entire outstanding of NPA portfolio.



d. NPA Management:

The movement of NPA during the year under report over the last year's position is indicated as under:

(in thousands)

S.No	Details	2015-16	2014 – 15
1	NPA at the beginning	347705	355194
2	Additions during the year	385957	249881
3	Recovery in NPA during the year	321802	257370
	NPA at the end of the year	411860	347705

- Out of 297 Branches as on 31.03.2016 only 211 branches are having NPA

Strategies adopted for reduction of NPA:

- Instant One Time Settlement Scheme launched and recovered 49.86 Lakhs in 456 Accounts
- Recovered 183.16 Lakhs in 752 Accounts under Regular OTS Scheme
- Seven phases of recovery camps were conducted and recovered 4.49 Crores in the Recovery Campaigns
- Lok Adalats conducted in Four Regions resulting recovery of 44.34 Lakhs in 370 accounts
- Top most importance was given for arresting fresh slippage in SHG & Agri advances.

e). Share of NPA to Net Advances:

(in thousands)

S.No.	Details	2015-16	2014 – 15
1	Net advances	41009606	40082422
2	Net NPA	NIL	NIL
3	Percentage of net NPA to net advances	0 %	0 %

Bank has made full provisions covering the entire outstanding of NPA.

11. LOAN DISBURSEMENT DURING THE YEAR

The sector wise loan disbursements during 2015-16 and 2014-15 are indicated as under.

(in thousands)

CATEGORY OF ADVANCE	2015-16	2014-15
1. Agriculture	35506900	33550200
2. Industries	3116200	2259700
3. Services	7927052	6779265
4. Others	2127037	2140805
TOTAL	48677189	44729970



a. ACHIEVEMENT UNDER ANNUAL CREDIT PLAN

Bank has successfully achieved the District wise allocation made under Annual Credit Plan during 2015-16 as given below.

(in thousands)

CATEGORY OF ADVANCE	Target	Achievement	Percentage
1. Agriculture	31966000	35506900	111.08
2. Industries	2182000	3116200	142.81
3. Services	5420200	7927052	146.25
TOTAL	39568200	46550152	117.65

b. FARMERS' CLUB:

Farmers Club programme implemented by the Bank in co-ordination with NABARD helps to propogate the principles of development through credit and it is the grass root level informal forum aims at creating a cordial relationship between the Bank and farming community for mutual benefit. Bank has 378 Farmers' Clubs as on 31.03.2016.

Farmers clubs brings potential customers into the Bank's fold. They are also well utilized to trace defaulted borrowers for recovery of advances.

c. SWAROJKAR CREDIT CARD:

During the year 1490 new cards to the tune of 7.25 crores disbursed resulting cumulative figures of 27731 cards with an outlay of 120.27 crores.

d. JOINT LIABILITY GROUPS:

The concept of extending credit assistance through JLG especially to clients, who are unable to produce collateral security, has immensely benefited through this scheme, as Mutual guarantee revokes collateral security.

During 2015-16, Bank has disbursed loans to 245 JLGs amounting to Rs 7.26 crores. Both farm sector including Agri & Fishing activities and Non Farm Sector including various MSE activities have been financed.

As on 31.03.2016, the Bank has cumulatively financed 6051 JLGs with an amount of 117.55 crores.

e. GENERAL CREDIT CARD:

During this year we have granted 9.00 lakhs to 38 beneficiaries and the outstanding as on 31.03.2016 is 45.20 lakhs pertaining to 2045 beneficiaries.

f. SOLAR LIGHTING:

Bank has granted a loan of 6.03 lakhs for Solar Lighting System for 12 units.

g. KISAN CREDIT CARD SCHEME:

KCC has emerged as an important credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle-free manner. Bank has implemented the scheme in letter and spirit and thereby, Bank had sanctioned 882.51 crore by issuing 353905 Kisan Credit Cards during the year 2015-16.

As on 31.03.2016, the outstanding under KCC 509.20 crores against 375930 cards. The cumulative disbursement amounting to 2429.18 crores with an outflow of cards numbering 1106246.



h. PMMY

Government of India has launched "Micro Units Development and Regulation Agency" (MUDRA) under Pradan Mantri MUDRA Yojana on 08.04.2015. During this financial year we have granted 103.55 crore to 28814 beneficiaries

i. Startup India and Standup India

Hon'ble Prime Minister Shri.Narendra Modi, during the Independence Day address to the nation on 15.08.2015 has announced launching of the scheme "Startup India Programme"- Scheme for Green Field enterprises setup by SC/ST and women entrepreneur During this financial year we have granted 24.54 crores to 7605 beneficiaries.

j. Relief extended to flood affected persons

During this financial year 2015-16, we have granted 94.29 crore to 18418 Flood Affected beneficiaries.

12. RECOVERY OF LOANS

The bank's recovery percentage is 97.40% to total demand as on 30.06.15 and the details of sector-wise Demand, Collection and Balance as on 30.06.15 are as follows.

(` in thousands)

Details	Farm Sector	Non-Farm Sector	Total
Demand	28555452	17081645	45637097
Collection	28048266	16401329	44449595
Balance	507186	680316	1187502
%	98.22	96.02	97.40

13. RISK FUND

Bank has not considered creation of Risk Fund since 100 % provision is held to cover the risk of loss against bad debts, besides an excess provision of 0.89 crore in floating provision.

14. COMPREHENSIVE CROP INSURANCE

During the current year, we have insured 2828 farmers and sum insured for 13.30 crore by remitting a premium of 15.67 lakh. Claims to the tune of 2.28 crore has been settled to 1199 accounts for Rabi & Kharif crops covered during the year 2012-13, 2013-14, 2014-15

15. WRITE-OFF OF LOANS

Bank has written off 2324 accounts to the tune of 6.75 Crores.

16. INCOME EARNED

Details of income earned during the year as compared to the previous year are furnished hereunder.

(` in thousands)

Details	2015 – 16	2014 – 15
Interest received on Advances	4001904	3973847
Interest received on Investments	712426	543412
Other Income	1724103	987540
Others (interest earned)	17622	0
TOTAL	6456055	5504799



17. EXPENDITURE INCURRED

Details of expenditure incurred during this year as compared to the previous year are furnished hereunder:

	(in thousands)	
EXPENDITURE	2015 – 16	2014 – 15
Interest Paid on deposit	3024120	2574878
Interest paid on borrowings	1375747	1050548
Other expenditure	1272877	1070170
	5672744	4695596

18. FINANCIAL RATIOS

The important financial ratios for the current year 2015 - 16 are indicated below in comparison with the previous year:

	2015 – 16	2014 – 15
(in thousands)	71360015	61016483
Average Working Fund		
a) Financial Return	9.47	9.49
b) Financial Cost	6.93	6.73
c) Financial Margin	2.54	2.76
d) Operating Margin	1.08	1.39
e) Misc. Income	2.44	1.62
f) Risk Cost	0.17	0.06
g) Operating Profit as % to working fund:	1.42	1.71
Other cost	0.32	0.39
h) Net Margin	3.10	2.56

19. TRANSFER PRICE MECHANISM

With effect from 01.01.2014, Interest Paid on Deposits to branches was revised, under Transfer Price Mechanism. CASA deposits are given interest at 8 % and Term deposits are given interest at 9% and Interest charged on Advances from branches, for Crop/KCC, Agri Term loan interest is charged at 3 %, Agri Jewel Loan at 5 % and all other loans at 7 %.

20. ACHIEVEMENT UNDER TRIPARTITE MEMORANDUM OF UNDERSTANDING (MOU)

The Bank has achieved the performance obligations of Tripartite MoU signed by Govt. of India, Sponsor Bank (IOB) and Our Bank as detailed below:

	(in lacs)	
CATEGORY	MoU TARGET	ACHIEVEMENT
1. CD Ratio	< 120.38	92.04
CD Ratio Net of IBPC		72.28
2. Per employee Net Profit	10.35	5.41
3. Gross NPA%	0.90	1.00
4. Percentage of Non Int. Income	11.50	27.28
5. Loss Assets	--	--



21. TME CELLS

Bank's Advances Department is looking after the TME cell and technical guidance is provided to the branches wherever necessary and specialized officers are deputed to branches for assisting them in getting sanction of bigger advances.

22. SELF HELP GROUPS-BANK LINKAGE PROGRAMME:

Extending hassle free and repetitive flow of credit to the poor become the hall mark of Micro Finance. During year 2015-16, 1218 groups have been credit linked with an outlay of 23.44 crore. The cumulative disbursement was 925.35 crores towards 122695 groups. The amount outstanding as on 31.03.2016 is 58.10 crores pertaining to 9876 groups.

23. INTEREST RATES

The Rate of Interest of Deposits and Advances as on 31.03.2016 is as under:

Deposit:

Period	General Public	Senior Citizen
21days upto 45 days	6.00	6.50
46 days upto 90 days	6.50	7.00
91 days upto179 days	7.25	7.75
6 months to less than 1 year	7.50	8.00
1 Year	8.00	8.50
Above 1 year to 3 years	7.90	8.40
Above 3 years to 5 years	7.75	8.25
Above 5 years to 10 years	7.75	8.25
PGB Tax Saver	7.75	8.25

Advances:

Priority Sector Advances:

Category	Upto 50,000	50,001 to 2 Lakhs	Above 2 Lakhs
Agri Term Loan	11.00	12.00	12.50
AJL/KCC/Crop Loan	11.00	12.00	13.00
Agri Term loan – Jewel	10.50	10.50	11.00
Self Help Group	12.00	13.00	13.50
SME (WC & TL)	12.50	12.50	13.50
Education Loan	12.50	13.50	14.00



Scheme Loans:

Category	Upto 2 lakh	2 Lakh to 5 Lakhs	Above 5 Lakhs
Government Sponsored Schemes	12.00	12.50	13.00

Housing Loan:

Category	Upto 10.00 Lakhs	Above 10 lakhs & Upto 15.00 lakhs
Rural Housing Loan:(3 - 7 yrs)	9.62	9.62
Urban Housing Loan:(3 - 7 yrs)	9.80	11.25

Trading & Non Priority Sector Advances:

Category	Rate of Interest
CLSP	14.00
Easy Loan	15.00
Loan against NSC/KVP/LIC Trade Credit/MCC/Liquirent	14.50
Grameen Tatkal Scheme	13.00
JLG	14.50
Clean Overdraft/DBP	15.00
Pushpavahanam	12.50

24. NON-FUND BUSINESS

Non-Fund based business like Western Union Money Transfer Business, Cross selling insurance products of LIC & Universal Somp General Insurance Company Ltd is done in all branches. We have signed Agreement with Express Money Transfer during this year. Apart from exclusive extended Locker units at Karaikudi and Devakottai branches, Locker facility is extended in select branches.

25. OTHER PARTICULARS

I. MANPOWER

STAFF PARTICULARS AS ON 31-03-2016

CATEGORY	STRENGTH	OF WHICH				
		GENERAL	OBC	SC	ST	LADIES
Chief Manager – Scale IV	12	-	11	1	-	-
Senior Manager – Scale III	63	8	38	17	-	2
Manager – Scale II	82	22	48	12	-	5
Assistant Manager – Scale I	464	126	246	87	5	157
Sub Total	621	156	343	117	5	164
Office Assistant (Multi Purpose)	598	170	303	119	6	264
Office Attendant (Multi Purpose)	45	5	35	5	-	6
GRAND TOTAL	1264	331	681	241	11	434



II. TRAINING

Training imparted during the year 2015-16

Cadre	Number of staff Members	Training provided by STC, IOB and also by external Faculty	Training provided by BIRD
Officers	144	114	30
Office Assistants(MP)	146	146	-
Office Attendants(MP)	-	-	-
Total	290	260	30

Various Training programmes conducted are

1. Programme on Financial Inclusion
2. Programme on KYC / AML Norms for Regional Rural Banks
3. Programme on Asset Liability Management (ALM) for RRBs
4. Programme on Entrepreneurial Assessment, Project Appraisal and Financing of MSMEs
5. Programme on Investment Portfolio Management for Regional Rural Banks
6. Management Development Programme for Women Officer
7. Exposure Programme on Group Mode of Financing with emphasis on Financing Joint Liability Groups
8. Exposure Programme on Financing JLGs
9. Programme on "Legal Aspects of banking"
10. Programme on "NPA and Recovery Management"
11. Training Programme on Cyber Crime and Prevention of Cyber Frauds
12. Training Programme on Upscaling Group Mode of financing
13. Programme on Branch Management
14. Vigilance Training
15. Induction Training

Apart from these training, Special workshops on Advances, LRD and FI were given to Officers at our Head Office and Regional Offices.

III. PROMOTION

Promotion process for 2014-15 has been initiated and written examination scheduled to be held on 10-04-2016.

IV. RECRUITMENT

Staff recruitment during the year 2015-16, as follows

OAS(MP)	:150
Scale I	:167
Scale II	: 08

The recruitment process for vacancies as on 01-04-2015 has been initiated through IBPS and allocation list was received from IBPS. Also we have planned to post them during MAY 2016.

V. STAFF WELFARE MEASURE

1. As a Recognition of Contribution done by the Staff, Board pleased to facilitate every staff with 4gm Gold coin on their retirement (2nd Milestone Award).



2. Flood relief loan has been sanctioned to all staff members (including Probationers) as a gesture of sharing the grief of staff affected by Flood.
3. Eye Awareness programme was conducted by Dr Agarwal's Eye Hospital, Madurai in Administrative Office for HO staffs on 06-02-2016.

VI. INDUSTRIAL RELATIONS

The Industrial relations in the Bank continued to be cordial and harmonious. Meetings were conducted with all Trade Unions / Associations to sort out the differences of opinion, if any.

VII. BLOCKED ACCOUNTS:

Other liability include an amount of 7,08,584.45 as Blocked Accounts (net) representing an un-reconciled balance. This has been done in line with the RBI Circular letter dated 27.07.1998.

VIII. INTER BRANCH ACCOUNTS:

Inter Branch Accounts have been brought under CBS as IBSA since 01.04.2012.

1) DRAA: DRAA account is the reimbursement agency arrangement Demand Draft issued by our branches on selected IOB branches. Reconciliation process of the above accounts have been completed as at the year end. The bank is taking effective step to eliminate the entries. Since the outstanding entries to be eliminated are considered insignificant, no material consequential effect is anticipated.

Additional Disclosures : under Schedule 12 "Contingent Liability- Others

The Depositor Education and Awareness Fund Scheme, 2014 – DEAF Account

As per the RBI Circular DBOD No. DEAF Cell. BC. 101/30.01.002/2013-14 dated March 21, 2014, paragraph 3(iv) of the Scheme, we calculate the cumulative balances in all accounts along with interest accrued as on 31.03.2016 and such amount due has been transferred to Depositor Education and Awareness Fund (Fund) upto 31.03.2016 to the tune of 86,81,122.71.

	(in actual)	
	Current Year	Previous Year
Opening balance of amount transferred to DEAF	85,86,251.71	0.00
Add: Amount Transferred to DEAF during the year	94,871.00	85,86,251.71
Less: Amount reimbursed by DEAF towards claims	0.00	0.00
Closing balance of amounts transferred to DEAF	86,81,122.71	85,86,251.71

IX. AADHAAR & DBTL

Linking of our customer accounts with Aadhaar and DBTL is being done by the bank from 31.12.2013. So far 59,77,543 accounts have been linked and benefit to the tune of 161.45 crore through Aadhaar and DBTL up to March 2016.

X. CHEQUE TRUNCATION SYSTEM (CTS)

Our Bank is also participating in CTS clearing at Madurai and Tirunelveli. City Back Office (CBO) at Madurai covers inward and outward clearing. CBO at Tirunelveli covers only outward clearing. All settlement is made through RBI principal account and no separate account is maintained for this purpose. Reconciliation of CTS account is made up to 31.03.2016.



XI. ATM

We have introduced ATM (Rupay card) facility in our Bank on 13.11.2014 and also reconciled with settlement file up to 31.03.2016. So far with 110403 transactions 9.04 crore has been paid.

XII. NEFT

National Electronic Funds Transfer (NEFT) facility has been introduced in our Bank from 8.08.2011 and customers utilizing the facility increasing steadily:

The NEFT facility is made free upto 1 Lakh from 21.01.2013

As on March 2016 NEFT Transactions are as follows

Details	Outward		Inward		Total	
	Entries	Amount	Entries	Amount	Entries	Amount
April 2015 to March 2016	119721	664	167261	530	286982	1194
Monthly Average	9977	55.33	13938	44.17	23915	99.50
Per day Average	328	1.82	458	1.45	786	3.27

XIII. RTGS

RTGS facility has been introduced in our Bank from 17.07.2014 and customer utilizing the facility increasing steadily.

As on March 2016 RTGS Transaction are as follows:

Details	Outward		Inward		Total	
	Entries	Amount	Entries	Amount	Entries	Amount
April 2015 to March 2016	4754	495.09	2135	288.10	6889	783.19
Monthly Average	396	41.25	178	24.00	574	65.25
Per day Average	13	1.36	6	0.79	19	2.15

XIV. WESTERN UNION – MONEY TRANSFER:

We have introduced the WESTERN UNION – MONEY TRANSFER facility in our Bank on 01.02.2014.

Details	No. of TRANSACTIONS	AMOUNT TRANSACTED	(Amt in Lakh)
			Commission Earned
April 2015 to March 2016	2272	553.64	2.04



XV. FINANCIAL INCLUSION

SLBC has allotted 698 villages as follows for implementation of FI in our bank.

Particulars	No. of villages allotted by SLBC
Villages with population above 2000 (Phase –I)	179
Villages with population 1600-2000 (Phase –II)	70
Villages with population 0-1600 (Phase –III)	431
Villages with population 0-1600 (Phase –III)	18
PACB/PACS are functioning	698
No. of wards allotted under Urban FI	144

After deletion of some villages due to repetition/ existence in other phases, the revised No. of villages is **620**.

Brick and mortar Branches have been opened in 9 FI villages.

Remaining villages and all the urban wards have been covered through BC outlets.

Local persons have been engaged as BCs.

TCS is the Technical Service Provider for the entire FI project of the Bank. Issuance of Smart Cards is in progress.

In addition to the 4 Financial Literacy Centres (FLCs) already established, 10 more FLCs have been established with the grant support from NABARD

Retired bank staff / other suitable candidates have been engaged as FLC counselors.

Financial Literacy Camps and Awareness programmes have been conducted in rural locations, in schools and in colleges.

Mobile Van with Demo ATM has been purchased for financial literacy and demonstrating Banking Technology.

As a National Mission on Financial Inclusion, **Pradhan Mantri Jan Dhan Yojana (PMJDY)** has been taken as an assignment of primacy by the Bank.

As advised by MOF, GOI, our Bank has taken initiatives for implementation of Social Security Schemes viz. PMJJBY, PMSBY and APY.

Performance

No. of villages allotted by SLBC	698
No. of wards allotted by SLBC	144
No. of BSBD accounts in the Bank	373924
Of which no. of accounts opened under PMJDY	111675



No. of Aadhaar seeded accounts	101249 (of which 8155 pertain to PMJDY accounts).
RuPay Debit cards Issued under PMJDY	43844
No. of EBT transactions	980977
Amount of transactions (In 000's)	1004048
No. of Other transactions	31145
Amount of transactions (In 000's)	84556
Total No. of transactions	1012122
Amount of total transactions (In 000's)	1088604

XII. DIGNITARIES VISIT TO OUR BANK:

- Our 267th Branch at Nagamalai Pudukottai was declared open by Dr. L.Subramanian I.A.S., District Collector, Madurai in the presence of our Chairman.
- Our 270th Branch at Nithiravilai was decalred open by Shri. Pon Radhakrishnan Hon'ble Union Minister of State Road Transport, Highways and Shipping Transport in the presence of our Chairman.
- Our 272nd Branch at Chatrapatti was declared open by Shri T.N.Hariharan, I.A.S., District Collector, Dindigul in the presence of our Chairman on 23.04.2015.
- Sponsor Bank CVO Shri N.S.Narayana Rao visited our Srivilliputhur Branch on 30.04.2015.
- Coin Mela was inaugurated by Shri Neethi Ragavan, GM Issue Department, RBI in the presence of our Chairman at NGO Colony, Nagercoil on 09.05.2015.
- Shri. R.Amalorpavanathan D.M.D., NABARD visited our Administrative Office on 15.05.2015.
- Our 273rd Branch at Muthalukurichi was declared open by Shri Pon Radhakrishnan Hon'ble Union Minister of State Road Transport, Highways and Shipping Transport on 01.11.2015.
- Soiled Note exchange Mela conducted at Virudhunagar Branch in the presence of Shri Neethiragavan, GM, issue department, RBI on 17.11.2015.
- Shri. V.Chelladurai, General Manager, NABARD visited our Administrative Office on 23.02.2016.
- Our Bank's Profile was reviewed by NABARD Chairman at Hotel Germanus, Madurai on 10.03.2016.

XIII. COMPUTERISATION

01. AEPS On us and AEPS Off Us were implemented
02. RuPay POS is implemented
03. We have developed bank's in-house Payroll .
04. EMV Chip based RuPay Card is in the verge of completion.



XIV. BOARD OF DIRECTORS

During the year Shri. V.S. Venkataraman, CRM, IOB, Karaikudi, Shri. M.Valayapathy, CRM, IOB, Tuticorin, Shri. M.Prabahar, Project Director, Virudhunagar, Shri. S.Thyagarajan, G.M., RBI, Chennai, Shri. J.Vijayakumar, AGM, FIDD, RBI, Chennai and Shri. G.Ananthakrishnan, G.M. NABARD, Chennai had ceased to be the Board of Directors. Bank places on record its gratitude for the valuable contribution made by them for the development of the Bank during their tenure as Directors.

Shri.S.Suresh, Project Director, Virudhunagar, Shri. M.Sankar, AGM, RBI, Chennai, Shri. S.N.Mallick, DGM, NABARD, Chennai has been appointed as Board of Director of the Bank during this year. The bank welcomes the incoming Directors.

ACKNOWLEDGEMENT

The Board conveys its gratitude to the Government of India, the Government of Tamil Nadu, Indian Overseas Bank, Reserve Bank of India and NABARD for their valuable guidance and support. The Board also places on record its appreciation for the devoted services rendered by all sections of staff members of the Bank. The Board is thankful to the customers, well wishers, District Administrations and Non-Governmental Organisations for their support and patronage. The Board also acknowledges the valuable guidance and suggestions given by M/s. V. Senthilnathan & co, Chennai, the Statutory Central Auditors of the Bank, in finalising the Balance Sheet and Profit and Loss Account for the year ended 31st March 2016 within a short period and giving value added suggestions for the Bank.

For and on behalf of Directors

Place: VIRUDHUNAGAR
Date : 23.06.2016

CHAIRMAN



V.Senthilnathan & Co.,
Chartered Accountants
No.71/1, 2nd Floor, Sai Kripa Flats,
12th Avenue, Ashok Nagar,
Chennai - 600 083

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Tele fax : 044-24744375
Email : aksegar@gmail.com
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Auditor's Report

To

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of PANDYAN GRAMA BANK, which comprises the Balance Sheet as at 31st March 2016, the Profit & Loss Account, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information, incorporated in these financial statements are the return of 21 unaudited branches and 260 branches audited by branch auditors and the balance 16 branches audited by us. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by Reserve Bank of India. Also incorporated in the Balance Sheet and the Statement of profit and loss are the returns from 21 branches which have not been subjected to audit.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India and NABARD from time to time.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility



4. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the applicable provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

We draw attention to the following points:

- (i) Note (B) (23) on Schedule 17 : Transaction carried out with the Sponsor Bank and NABARD by the Bank attracts the provisions of the Income Tax Act, 1961 as Specified Domestic Transactions U/s. 92 BA. The Bank claims that the transactions were in Arm's Length Price only.
- (ii) Note (B) (24) on Schedule 17 : Sec 21 of the RRB Act 1976 read with the amended RRB(Amendment) Act 2015, stipulates the norms to prepare annual financial statements of the bank . Bank did not provide provision for Corporate Social Responsibility , against the earning declared as per the Profit and Loss account , which provision were adopted by other banks.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as RRB Act 1976 read with the amended RRB (Amendment) Act 2015, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March 2016;



- b) In the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date; and
- c) In the case of the Cash Flow Statements, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 8. The Balance Sheet and the Profit and Loss Account have been drawn in Forms “A” and “B” respectively of the Third Schedule to the Banking Regulation Act, 1949. in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and other applicable Acts and Rules.
- 9. As required by Sub section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) During the course of our audit we have visited 16 branches. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
- 10. Further, as required by the act, we further report that:
 - i. We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
 - iii. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally and at the processing centers as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 16 branches;
 - iv. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - v. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;
 - vi. On the basis of written representations received from the Directors as on 31st March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of RRB Act 1976 read with the amended RRB (Amendment) Act 2015;
 - vii. With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, the



management opined that the existing design, implementation, monitoring etc of internal control are sufficient to fulfill the requirement of Interim Financial Control Over Financial Reporting and no additional audit for the same is required.

viii. With respect to the other matters to be included in the Auditor's Report, in our opinion and to the best of our information and according to the explanations given to us:

- a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements.
- b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For V.SENTHILNATHAN &Co.,
Chartered Accountants
ICAI F.NO.: 003711S

Place : Chennai
Date : 23.06.2016

(V. SENTHILNATHAN)
Partner
M.No:024244



Balance Sheet as at March 31, 2016

(`Thousands)

Capital and Liabilities			
	Schedule	As at 31 Mar, 2016	As at 31 Mar, 2015
Capital	1	4,03,967	10,000
Share Capital Deposit		0	3,93,967
Reserves and Surplus	2	49,20,841	42,62,194
Deposits	3	4,47,75,317	3,81,71,427
Borrowings	4	1,51,23,200	2,21,98,895
Other Liabilities and Provisions	5	23,92,681	21,98,177
Total		6,76,16,006	6,72,34,660
Assets			
Cash on hand and Balance with Reserve Bank of India	6	22,38,329	20,73,992
Balances with Banks and Money at Call and Short Notice	7	1,85,87,426	2,13,89,509
Investments	8	1,02,42,949	76,52,679
Advances	9	3,21,59,606	3,25,82,261
Fixed Assets	10	1,44,087	1,39,042
Other Assets	11	42,43,609	33,97,187
Total		6,76,16,006	6,72,34,660
Contingent Liability	12	39,670	36,579
Notes on Accounts	17		



Profit & Loss Account for the year ended March 31, 2016
(Thousands)

Income			
	Schedule	Year ended 31 Mar, 2016	Year ended 31 Mar, 2015
Interest earned	13	60,68,598	51,69,688
Other Income I.T. provision no more required	14	3,87,457	3,35,111
Total		64,56,055	55,04,799
Expenditure			
Interest expended	15	43,99,867	36,25,426
Operating Expenses	16	12,72,877	10,70,170
Provisions and Contingencies (Net)		1,24,664	36,866
Total		57,97,408	47,32,462
Net Profit for the year		6,58,647	7,72,337
Profit / Loss Brought forward		21,01,621	16,39,284
Total		27,60,268	24,11,621
Appropriations			
Provision for taxation of earlier year		-	-
Transfer to Investment Fluctuation Fund			
Transfer to Statutory Reserve		1,32,000	1,55,000
Balance amount of profit carried over to the Balance Sheet		3,94,647	24,11,621
Transfer to General Reserve		1,32,000	1,55,000



Schedules forming part of Balance Sheet as at March 31, 2016

(Rs. Thousands)

Schedule 1: Capital

	As at 31 Mar, 2016	As at 31 Mar, 2015
Authorised Capital (2000000000 shares of Rs. 10 each)	20000000	50000
Issued, Subscribed, Called-up and Paid-up Capital (40396700 shares of Rs. 10 each)	403967	10000
Share Capital Deposit	0	393967

Schedule 2: Reserves and Surpluses

	As at 31 Mar, 2016	As at 31 Mar, 2015
General Reserve:		
- Opening Balance 1601102		
- Add: Addition during the year 132000	1733102	1601102
Capital Reserves		
Statutory Reserves		
- Opening Balance 559000		
- Add: Addition during the year 132000	691000	559000
Investment Fluctuation Reserve	471	471
Balance in Profit & Loss Account 2101621 + 394647	2496268	2101621
Total	4920841	4262194

Schedule 3: Deposits

	As at 31 Mar, 2016	As at 31 Mar, 2015
Demand Deposits:		
- From Banks		
- From Others	782880	805861



Savings Bank Deposits	13347666	11931915
Term Deposits:		
- From Banks		
- From Others	30644771	25433651
Total	44775317	38171427



Schedule 4: Borrowings

	As at 31 Mar, 2016	As at 31 Mar, 2015
i. Borrowings in India:		
- From Reserve bank of India	-	-
- From Other banks	34287	4847207
- Other Institutions and Agencies	15088913	17351688
Total	15123200	22198895
ii. Borrowings outside India	-	-
Secured Borrowings included in i & ii above	-	-

Schedule 5: Other Liabilities and Provisions

	As at 31 Mar, 2016	As at 31 Mar, 2015
i. Bills Payable	149796	156207
ii. Inter Branch Adjustment (Net) – Credit Balance		4466
iii. Interest Accrued	253756	222084
iv. Others (including Provisions)	1989129	1815420
Total	2392681	2198177

Schedule 6: Cash on hand and Balance with Reserve Bank of India

	As at 31 Mar, 2016	As at 31 Mar, 2015
i. Cash on hand	443552	416833
ii. Balance with Reserve Bank of India		
• In Current Accounts	1794777	1657159
• In Other Accounts		
Total	2238329	2073992



Schedule 7: Balances with Banks and Money at Call and Short Notice

	As at 31 Mar, 2016	As at 31 Mar, 2015
I. In India		
- Balance with Banks		
• In Current Accounts	372170	178526
• In Other Deposit Accounts	18215256	21210983
Total	18587426	21389509
II. Outside India		
Grand Total	18587426	21389509

Schedule 8: Investments

	As at 31 Mar, 2016	As at 31 Mar, 2015
I. Investments In India		
i. Government Securities	9422949	7642679
ii. Other Approved Securities		
iii. Shares		
iv. Debentures and Bonds		10000
v. Subsidiaries and/or Joint Ventures		
vi. Others (Mutual Funds)	820000	
Total	10242949	7652679
II. Investments Outside India		
Grand Total	10242949	7652679



Schedule 9: Advances

	As at 31 Mar, 2016	As at 31 Mar, 2015
I. Advances In India		
A.		
i. Bills Purchased and Discounted	1335	3952
ii. Cash Credits, Overdrafts and Loans repayable on Demand	23519725	26333841
iii. Term Loan (net of unexpired discount Rs. 195 Thousands –[Last year Rs. 197 Thousands])	8638546	6244468
Total	32159606	32582261
B.		
i. Secured Tangible Assets	32011824	32397432
ii. Covered by Bank/Govt. Guarantees		
iii. Unsecured	147782	184829
Total	32159606	32582261
C.		
I. Advances in India		
i. Priority Sectors	30497429	30932894
ii. Public Sector		
iii. Banks		
iv. Others	1662177	1649367
Total	32159606	32582261
II. Advances outside India		
Grand Total	32159606	32582261



Schedule 10: Fixed Assets

	As at 31 Mar, 2016	As at 31 Mar, 2015
I.		
i. Land		
At cost on 31 st March	345	345
Additions	--	--
Deductions	--	--
Sub Total	345	345
ii. Premises		
At cost on 31 st March	44003	44003
Additions	--	--
Deductions	--	--
Depreciation to date	11935	9826
Sub Total	32068	34177
II. Other Fixed Assets (including Furniture and Fixtures)		
At cost on 31 st March	358325	303679
Additions	48731	54727
Deductions	412	81
Depreciation to date	294970	253815
Sub Total	111674	104510
Total	144087	139032

Schedule 11: Other Assets

	As at 31 Mar, 2016	As at 31 Mar, 2015
i. Inter Branch Adjustment (net) – Debit Balance	146759	
ii. Interest Accrued	1658098	1285065
iii. Tax paid in Advance	1430665	1241161
iv. Stationery and Stamps	2810	2319



v.	Non-banking assets acquired in satisfaction of claims		
vi.	Accumulated Loss		
vii.	Others	1005277	868642
Total		4243609	3397187

Schedule 12: Contingent Liability

	As at 31 Mar, 2016	As at 31 Mar, 2015
i. Claims against bank not acknowledged as debt	1504	1504
ii. Liabilities for partly paid investments		
iii. Liabilities on account of outstanding forward exchange contract		
iv. Guarantee given on behalf of constituents		
a. in India	4042	951
b. Outside India		
v. Acceptance, Endorsements and Other Obligations		
vi. Other items for which the Bank is contingently liable	34124	34124
Total	39670	36579

Schedule 13: Interest Earned

i.	Interest/Discount on Advances/Bills	4001904	3973847
ii.	Income on Investments	712426	543412



iii.	Interest on balance with Reserve Bank of India and other Inter Bank Funds	1336646	652429
iv.	Others	17622	
Total		6068598	5169688

Schedule: 14: Other Incomes

	As at 31 Mar, 2016	As at 31 Mar, 2015	
vii.	Commission, Exchange and Brokerage	247316	215067
viii.	Profit on Sale of Investments (net)	111209	72440
ix.	Profit on sale of land, building and other assets	945	676
x.	Profit on exchange transactions		
xi.	Miscellaneous Income	27987	46928
Total		387457	335111

Schedule 15: Interest Expended

	As at 31 Mar, 2016	As at 31 Mar, 2015	
i.	Interest paid on Deposits	3024120	2574878
ii.	Interest on Reserve Bank of India/Inter Bank Borrowings	1375747	1050548
iii.	Others		
Total		4399867	3625426



Schedule 16: Operating Expenses

	As at 31 Mar, 2016	As at 31 Mar, 2015
i. Payment to and provisions for employees	917802	782052
ii. Rent, Taxes and Lighting	81567	61793
iii. Printing and Stationery Others	7186	5628
iv. Advertisement and Publicity	258	28
v. Depreciation on Bank's Property	43264	37826
vi. Board Expenses	170	83
vii. Auditors Fee and Expenses	3981	3270
viii. Law Charges	1106	901
ix. Postages, Telegrams, Telephone etc	26646	25646
x. Repairs and Maintenance	2240	936
xi. Insurance	42796	35336
xii. Other Expenditure	145861	116671
Total	1272877	1070170



Schedule 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR 2015-16

A BACKGROUND

Pandyan Grama Bank was established on 9th March 1977 with its Administrative Office at Sattur and subsequently shifted to Virudhunagar on 16.07.1993. The Bank constructed its own new building for their operation in Virudhunagar and occupied the same on 31.10.2000. The Bank is governed by the Regional Rural Bank Act 1976 and the bank entity has been defined in different categories for different purpose in the said Act. The Management adopts the respective status for each activity of the bank as per the Act only.

B Significant Accounting Policies of the Bank:

1. *AS - 1: Disclosure of Basis of Accounting*

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), RRB Act 1976 as amended Regional Rural Bank (Amendment) Act 2015, the guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) notified under the Companies (Accounting Standards) Rules, 2015, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention. Except for the transaction relating to Financial Literacy Center run on grant received from NABARD.

2. *Use of estimates*

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

3. *AS - 5: Net profit / Loss for the period and the prior period items:*



All items of income and expenses pertaining to the year are included in arriving at the net profit / loss for the year, unless specifically mentioned elsewhere in the financial statement or as required by any accounting standard.

4. AS – 6 & 10: Depreciation Accounting & Fixed Assets :

(i) Depreciation is provided at the rates mentioned below even for assets purchased during the year. The Assets are depreciated at the following rates:-

a.	Building	5%
b.	Furniture & Fixtures	10%
c.	Electrical Installation	20%
d.	Motor Vehicle	20%
e.	Computers	33.33%

Premises and other fixed assets are accounted for on the historical cost basis less accumulated depreciation.

Fixed assets are stated at cost less accumulated depreciation.

Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use.

The depreciation has not been claimed on the assets put to use but shown under the head sundry creditors during the financial year since the same has not been capitalized in the financial statements.

5. AS - 9: Revenue Recognition

i) Income:

1. Income is recognized on accrual basis on performing assets and on realization basis in respect of non-performing assets.
2. Recovery in NPA accounts is to be first appropriated towards interest and the balance, if any, towards principal except in the case of Suit Filed Accounts, Stagnant Advances and Advances settled under one time settlement scheme.
3. Commission including Commission on Life Insurance, Exchange and Brokerage are recognized on realization & accrued basis.
4. Locker Rentals are recognized on realization basis.
5. Insurance Claims are recognized on realization basis.



6. In respect of proposals involving compromise settlement of dues under One Time Settlement (OTS), accounting for write off, if any is done on realization of settled dues.

ii) Expenditure:

Expenditure is accounted for on accrual basis.

iii) Net profit:

The net profit is arrived at after:

1. Provisions on Non Performing Assets
2. Adjustments to the value of investments,
3. Provision for Standard Assets.
4. Other usual and necessary provisions.

6. AS - 15: Accounting for Retirement Benefits

(i) Leave Encashment

The actuarial valuation for Leave Encashment liability has been valued by LIC and amount valued is paid to LIC for maintenance of funds. Based on their actuarial valuation our bank has made full provision of 6,19,03,947 for the year 2015~~15~~16.

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilized leave.

(ii) Gratuity

The fund requirement for the year 2015-16 for PGBSGT was ascertained by LIC by actuarial valuation and an amount of 14,37,95,014~~7~~ has been paid to LIC with whom the Gratuity fund account is maintained.

(iii) Provident Fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the bank contribute monthly at a pre determined rate. The Bank has no liability for future provident fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

7. AS - 28: Impairment of Assets:

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount and impairment loss is charged to the profit and loss account in the year in which



an asset is identified as impaired. An impairment loss recognized in a prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

For the disclosure as per Accounting Standard (AS) -28 information received from branches/offices, Impairments of Assets and in the opinion of the management of the Bank there is no such Assets whose realizable value is less than its carrying value.

8. AS -29: Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to the financial statements. Provisions, Contingent Liabilities and Contingent Assets are revised at each Balance Sheet date and are adjusted to reflect current best estimate.

9. Share Capital

Consequent to the amendment of RRB Act,2015 by the parliament, the authorized share capital of the Bank is raised from `5 Crore to ` 2000 Crore. The entire amount ` 39.40 Crore in share capital deposit is transferred to share capital keeping the share holding ratio as 50:15:35 for Government of India, Government of Tamilnadu and Indian overseas Bank respectively with face value of ` 10/- per share as per the guidelines of NABARD. After conversion of Share capital deposit to share capital, the bank received from Government of India, Government of Tamilnadu and sponsor Bank (IOB) are as under

(` In thousands)

DETAILS	Govt. of India	Govt. of T.N.	Sponsor Bank (IOB)	TOTAL
Share Capital	201984	60595	141388	403967

The Bank has initiated the process of converting the existing Share Certificates with face value of 100/- each into 10/- per share.

10. Interest Provision on Borrowings from NABARD

The interest provision on the NABARD Schematic Refinance Loans/Borrowings is made in accordance with the instructions of NABARD.

11. Investments

Investments are stated in the Balance Sheet on gross value of the investments at the acquisition cost effective up to the Balance Sheet date including unamortized value of premium paid. Investments are stated in the Balance Sheet in accordance with the Prudential Norms prescribed by the Reserve bank of India from time to time.



- (i) Investments are categorized into SLR investments and Non-SLR investments. Mark to market norms is introduced w.e.f April 1, 2014 as per RBI circular No. RPCD.CO.RRB.BC.No./74/03.05.33/2013-14 dated 07.01.2014. Accordingly SLR investments are to be classified into 3 categories viz. a) Held to Maturity, b) Available for sale and c) Held for Trading. In the Balance sheet, the investments will continue to be disclosed as per the existing viz. i) Government securities ii) Other approved securities iii) Shares iv) Debentures & Bonds v) Others (Mutual Fund Units, etc). All the investments are classified as HTM as on 31.03.2016.
- (ii) Investments included under 'Held to Maturity' is permitted to exceed 25 per cent of the bank's total investments provided
 - a. The excess comprises only of SLR securities.
 - b. The total SLR securities held in the HTM category is not more than 23.00 per cent w.e.f April 4, 2015, 22.50 per cent w.e.f July 11, 2015, 22.00 per cent w.e.f Sep 19,2015 & 21.50 per cent w.e.f January 16, 2016 of DTL as on the last Friday of the second preceding fortnight. The Bank adheres to the guidelines.
- (iii) The investments under the Available for Sale and Held for Trading categories should be marked to market periodically. As on 31.03.2016 there are no investments under these categories.
- (iv) The investments under the Held to Maturity category need not be marked to market.
- (v) Classification of investments, valuation of the investments, methodology for booking profit/loss on sale of investments and providing for depreciation are in accordance with the guidelines in RBI circular no. RPCD.CO.RRB.BC.No./74/03.05.33/2013-14 dated 07.01.2014. Shifting to/from HTM to be done with the approval of the Board of Directors at the beginning of January, April, July and September. Accordingly the Bank has made shifting of investment from HTM category to AFS category a sum of 98.91 Crore in April 2015 & 93.29 Crore in July 2015.
- (vi) SLR Investments have been valued at cost and Non-SLR investments are valued at cost or NAV whichever is lower.
- (vii) In view of the circular issued by RBI vide its No: RPCD BRD No.BC37A 03.05.34/2000-01, Depreciation/Appreciation shall be aggregated for each classification and net depreciation has to be fully provided for.
- (viii) Profits on sale on investments are recognised in the financials in accordance with the standards applicable to the bank.
- (ix) The provision for loss on investments, if any, as per the above formula, is to be charged to Profit and Loss Account under the head "Provisions and Contingencies"



and the same to be shown in the Balance Sheet. As on 31.3.2016 there is no such loss.

- (x) All investments are under 'Held to Maturity' category and are carried at acquisition cost vide RBI RPCD.RRB.BC. No 59/03-05 34/2010-11 Dated 11.4.2011. Wherever the book value is higher than the face value / redemption value, the excess amount is amortised equally over the remaining year of maturity of the security including the current year. During this year an amount of 41,16,262/has been amortised.
- (xi) The investments are held in dematerialized form for the year under review.

12. Advances

All Advances by the Bank are stated in the Balance Sheet in accordance with the Prudential Norms prescribed by the Reserve bank of India from time to time and accordingly:

(i) All advances are classified under four categories i.e. (a) Standard Assets, (b) Sub-standard Assets (c) Doubtful Assets and (d) Loss Assets in accordance with the Prudential Norms prescribed by the Reserve Bank of India.

(ii) Provisions are made on all outstanding balances, net of interest amount not realized, as under:

1. On Sub-standard Assets at 10 % on secured and 20 % on unsecured loan outstanding.
2. On Doubtful Assets at 20%, 30% and 100% of the secured portion based on the number of years the account remained as 'Doubtful Assets' (i.e.)

(In thousands)

Details	31.03.2016			31.03.2015		
	OUTSTANDING	%	PROVISION	OUTSTANDING	%	PROVISION
1.Standard	40800503	99.00	126695	39890982	99.14	126695
2.Sub-Standard	126313	0.31	16544	101405	0.25	12175
3.Doubtful	285547	0.69	186213	246301	0.61	144091
4.Loss	0	0	0	0	0	0
T O T A L	41212363	100	329452	40238689	100	282961
Floating provision			218041			218041
Total provision			547493			501002

3. Loss Assets at 100% of the outstanding.



4. Unsecured portion of Sub standard assets are provided on at an additional 10% of such value and the unsecured portion of doubtful assets are to be provided on at 100% of such advances.
 5. General provision on Standard assets made @ 0.25% on advances to the Agricultural and SME sectors and at 0.40% on others.
- iii) Advances are shown in the balance sheet net of provisions made on advances in accordance with the income recognition and Assets Classification norms except for the provision on Standard Assets.
- (iv) Non-interest bearing loans/advances granted to bank's own staff are included in as "Others" under the heading "Other Assets".
- (v) NPA provisions are made on incremental basis, net of differences between the previous year's provision and the current year's provision after netting of bad debts written off during the year.
- (vi) Recoveries made in accounts written-off by the Bank are treated as "Other Income".
- (vii) During the yester year, coverage of loans under CGTMSE to the tune of 47,34,43,592/- were left out during re-registration period. This was brought to the notice of CGTMSE, and they have now agreed to lodge all the applications sanctioned after 01.10.2015 and the process was completed on 31.05.2016. After a prolonged discussion, and various correspondence made with CGTMSE, they have also permitted to upload all other loans sanctioned from 02.01.2014 to 30.09.2015 and it is in process. It will be completed before June 2016.

Income tax provision for the year:

- i) Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and rules framed there under) and the net change in the deferred tax asset or liability in the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax base and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.
- ii) The Bank has to be treated as Co-operative Society for Income Tax Act purpose and accordingly Sec 80 P (2)(a)(i) of the Income Tax Act 1961 is applicable to this Regional Rural Bank, as per Sec 22 of the Regional Rural Banks Act 1976 read with the Amendment RRB (Amendment) Act



2015. As per the RRB Act, 1976 read with the Amendment RRB (Amendment) Act 2015, the RRBs have to be considered as Co-operative Society only and not as Co-operative Bank. Hence, the deduction u/s. 80 P (2)(a)(i) of the Income Tax Act 1961 for the Co-operative Societies is fully applicable to this RRB. The Income Tax liability on the earning of the Bank, after the deduction Us/ 80 P (2)(a)(i) of the Income Tax Act will be Nil and so no provision for Income Tax is required.

- iii) As per the explanation given in the earlier paragraph, the application of Accounting Standard 22 for determination of Deferred Tax Asset and Liability does not arise and effect of the same will be nullified by the application of relevant section under the Income Tax Act 1961.

13. Expenditure

Salary and allowances paid to staff deputed from Indian Overseas Bank:

(Amount in)

Name Sharvashri	Designation	Current year	Previous Year
S.Karthikeyan	Chairman	12,29,482	10,48,311
AL.Ramanathan	General Manager	---	1,54,636
K.Ramasubbu	General Manager	2,62,324	9,51,073
P.Paulchamyraj	General Manager	11,74,893	4,86,238
M.Periasamy	General Manager	1,84,892	4,88,170
G.Mohan	General Manager	7,67,550	
M.R.Sridharan	General Manager	1,00,356	
Total		37,19,497	31,28,428

14. Additional disclosures in terms of guidelines of the Reserve Bank

1. Financial Data:

(` Lakhs)

Sl.No	Particulars	2015-16	2014-15
1	Share Capital - Govt. of India	2019.84	50.00



2	Share Capital - Govt. of Tamil Nadu	605.95	15.00
3	Share Capital - Indian Overseas Bank	1413.88	35.00
4	Share Capital Deposit – Govt. of India	---	1969.84
5	Share Capital Deposit – Govt. of Tamil Nadu	---	590.95
6	Share Capital Deposit - Indian Overseas Bank	---	1378.88
7	Interest income as a percentage of working funds	6.61	7.40
8	Non-interest income as a percentage of working funds	2.42	1.62
9	Operating profit as a percentage of working funds:	1.42	1.71
10	Gross income to assets	9.05	9.02
11	Business (Dep.+Adv.) per employee	680	748
12	Operating profit per employee	8.02	10.01

2. SLR Investments held by the Bank as at the yearend:

(₹ Lakhs)

Sl.No	Particulars	2015-16	2014-15
1	SLR INVESTMENTS		
	Gross	94229	76427
	Provision for Depreciation		
	Net	94229	76427
	NON – SLR INVESTMENTS		
	Gross	8200	100
	Provision for Depreciation		
	Net	8200	100

3. Additional Disclosure of Capital Adequacy

Sl.No	Particulars	2015-16
1	Capital Adequacy Ratio	17.10
2	Capital Adequacy Tier I Capital	16.06
3	Capital Adequacy Tier II Capital	1.04
4	Amount of Subordinated Debt raised as Tier II Capital (in Crores)	--
5	Amount of Perpetual Debt raised as Tier-I Capital (in crores)	--



6	Percentage of shareholding of	
A	Government of India	50%
B	State Government	15%
C	Sponsor Bank	35%

4. Repo Transactions : NIL

(in lakhs)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on 31 March 2016
Securities sold under Repos		Not applicable		
Securities purchased under reverse repos		Not applicable		

5. Issuer composition of non-SLR investments

(in Crores)

No.	Issuer	Total Amount	Extent of Private placement	Extent of 'below investment grade' securities already invested	Extent of 'unrated' securities already invested	Extent of 'unlisted' securities
1	PSU	82.00	--	--	--	--
2	FIs	--	--	--	--	--
3	Banks	--	--	--	--	--
4	Private Corporate	--	--	--	--	--
5	Others	--	--	--	--	--
6	Provision held towards depreciation	--	--	--	--	--

6. Non – performing Non – SLR investments



Particulars	(` in Crores)
Opening Balance	Nil
Additions during the year since 1 st April	Nil
Reductions during the above period	Nil
Closing Balance	Nil
Total Provisions held	Nil

7. Asset Quality

7.1 Non – Performing Asset

(in lakhs)

Sr No	Particulars	Current	Previous year
i	Net NPAs to Net Advances (%)	0%	0%
ii	Movement of NPAs (Gross)		
a	Opening balance	3477.05	3551.94
b	Additions during the year	3859.57	2498.81
c	Reductions during the year	3218.02	2573.70
d	Closing balance	4118.60	3477.05
iii	Movement of Net NPAs		
a	Opening balance	NIL	NIL
b	Additions during the year	---	---
c	Reductions during the year	---	---
d	Closing balance	Nil	Nil
iv	Movement of provisions for NPAs (excluding provisions on standard assets)		
a	Opening balance	1562.66	1742.71
b	Provisions made during the year	1246.64	368.66
c	Write-off /write-back of excess provisions	781.73	548.71
d	Closing balance	2027.57	1562.66

7.2 Details of Loan Assets subject to Restructuring

NIL

(in lakhs)



Sr.	Particulars	Current Year	Previous year
i	Total amount of loan assets subject to restructuring , rescheduling renegotiation	--	--
ii	The amount of Standard assets subjected to restructuring rescheduling renegotiation	--	--
iii	The amount of Sub standard assets subjected to restructuring rescheduling, renegotiation	--	--
iv	The amount of doubtful assets subjected to restructuring rescheduling, renegotiation	--	--
	Note (i=(ii) + (iii) + (iv))	--	--

7.3 Details of financial assets sold to Securitisation (SC) / Reconstruction Company (RC) for Assets Reconstruction: NIL

Sr.No	Particulars	Current Year	Previous year
I	No.of accounts	--	--
ii	Aggregate Value (net of provisions) of accounts sold to SC/RC	--	--
iii	Aggregate consideration	--	--
iv	Additional consideration realized in respect of accounts transferred in earlier years	--	--
V	Aggregate gain / loss over net book value	--	--

7.4 Details of non-performing financial assets purchased / sold Nil

A. Details of non-performing financial assets purchased Nil

(in lakhs)

Sr.No	Particulars	Current Year	Previous year
1 (a)	No.of accounts purchased during the year	--	--
b)	Aggregate outstanding	--	--



2 (a)	Of these, number of account restructured during the year	--	--
b)	Aggregate outstanding	--	--

B. Details of non-performing financial assets sold:

Nil

(` in lakhs)

Sr.No	Particulars	Current Year	Previous year
1	No.of accounts sold	--	--
2	Aggregate outstanding	--	--
3	Aggregate consideration received	--	--

7.5 Provisions on Standard Asset

(` in lakhs)

Sr.No	Particulars	Current Year	Previous year
	Provisions towards standard assets	1266.95	1266.95

7.6 Business Ratio

(` in lakhs)

Sr.No	Particulars	Current Year	Previous year
I	Interest Income as a percentage to working funds	6.61	7.40
ii	Noninterest income as a percentage to working funds	2.43	1.62
iii	Operating profit as a percentage to working funds	1.41	1.71
iv	Returns on Assets	0.92	1.27
V	Business (Deposits + Advances) per employee	680	748
Vi	Net Profit per employee	5.21	7.37

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

(` in Cr)



Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	322.14	94.30	437.82	564.16	1196.25	1806.94	30.15	25.77	4477.53
Advances	506.87	71.69	475.73	701.39	1698.80	342.57	122.83	201.35	4121.23
Investments	14.86	--	--	4.94	60.12	145.90	311.76	404.71	942.29
Borrowings	--	--	122.34	291.75	451.77	410.79	234.32	1.24	1512.21
IBPC	--	--	620.00	265.00	--	--	--	--	885.00
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency liabilities	--	--	--	--	--	--	--	--	--

9. Exposures – Exposures to Real Estate Sector

(in Cr)

Sr.No	Category	Current Year	Previous year
A	Direct exposures	--	--
(i)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan up to 20 lakh may be shown separately)	38.05	24.51
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc) Exposure would also include non fund based (NFB) limits:	10.75	11.06
iii)	Investments in Mortgage Backed Securities (MBS) and	--	--



	other securitised exposures		
	a. Residential	--	--
	b. Commercial Real Estate	--	--
b)	Indirect Exposure	--	--
	Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	--	--

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

The bank had not exceeded the prudential exposure limits during the year.

11. Disclosure of Penalties imposed by RBI

There is no penalty levied / strictures or directions on the basis of inspection reports of other adverse findings passed during the current year.

12. Blocked accounts:

Other liability include an amount of ` 7,08,584.45 as Blocked Accounts (net) representing an un-reconciled balance. This has been done in line with the RBI Circular letter dated 27.07.1998.

13. Inter branch accounts:

Inter Branch Accounts have been brought under CBS as IBSA since 01.04.2012.

1) DRAA: DRAA account is the reimbursement agency arrangement Demand Draft issued by our branches on selected IOB branches. Reconciliation processes of the above accounts are yet to be done for past old outstanding entries as at the year end. The bank is taking effective step to eliminate the entries. Since the outstanding entries to be eliminated are considered relating to past years are insignificant, no material consequential effect is anticipated.

Additional Disclosures : under Schedule 12 "Contingent Liability- Others"

The Depositor Education and Awareness Fund Scheme, 2014 – DEAF Account

As per the RBI Circular DBOD No. DEAF Cell. BC. 101/30.01.002/2013-14 dated March 21, 2014, paragraph 3(iv) of the Scheme, we calculate the cumulative balances in all accounts along with interest accrued as on 31.03.2016 and such amount due has been transferred to



Depositor Education and Awareness Fund (Fund) from the Unclaimed Deposits account of the bank on 31.03.2016 and the total amount transferred is ` 86,81,122.71.

(Amount in)

	Current Year	Previous Year
Opening balance of amount transferred to DEAF	85,86,251.71	0
Add: Amount Transferred to DEAF during the year	94,871.00	85,86,251.71
Less: Amount reimbursed by DEAF towards claims	0	0
Closing balance of amounts transferred to DEAF	86,81,122.71	85,86,251.71

14. AS - 18: Related Party Disclosure:

Related parties and nature of relationship:

- (a) Indian Overseas Bank - Shareholding Sponsor Bank cum Directorship
- (b) National Bank for Agriculture and Rural Development - Directorship
- (c) Reserve Bank of India - Directorship

Since the bank is controlled by IOB and also the bank's duty is to maintain confidentiality as specifically required by statute as per the accounting standard 18 issued by ICAI relating to relating parties disclosure.

Transaction that have taken place during the period 1st April 2015 to 31st March 2016 with related parties by the bank:

(in Lakhs)

Indian Overseas Bank

	Current Year	Previous Year
i. Interest Received from the bank on Deposit	8	8
ii. Commission paid on account of DRAA	--	--
iii. Balance outstanding in Current Account included in Schedule – 7	1671.74	1001.03
iv. Balance outstanding in SDR and Other Deposit Accounts included in Schedule	--	--



- 7		
v. Purchase of securities	--	--
vi. Sale of Securities	--	--
vii. Interest paid on borrowings	1975	2408
viii. Balance outstanding on borrowings	83500	113472

NABARD

Details	Current Year	Previous Year
i. Interest paid on Borrowings	11576	7981
ii. Interest received on Investments	177	176
iii. Balance outstanding on Borrowings included in Schedule – 4	150889	173143
iv. Balance outstanding in Investments – Schedule 8	--	--

Reserve Bank of India

(in ,000)

Details	Current Year	Previous Year
i. Interest receivable on Current Account with RBI	---	---
ii. Balance outstanding in Current Account included in Schedule – 6	17948	16572

Directors of the Bank:

Name of Director Sarvashree	Designation	Nominee of
S. Karthikeyan	Chairman	Sponsor Bank
A. Rasool Mohideen	Director	Central Govt.
S. Suresh	Director	Central Govt.



M.Sankar	Director	RBI
S.N.Mallick	Director	NABARD
H.Vijayakumar	Director	State Govt.
S.Suresh	Director	State Govt.
M.Valaiyapathi	Director	Sponsor Bank
P.Sugumar	Director	Sponsor Bank

Details of salary paid to the Chairman of the bank are disclosed in Note No V. No amount has been paid to other nominee directors other than Sitting Fees.

I. Amounts written off or written back in respect of debts due from or related parties:

During the current year no amount written off or written back in respect of debts due from or related parties.

II. Segment reporting:

AS.17: The bank operates solely in the banking sector industry including investments. Interest income accounts for nearly 90% of the total banks revenue. As a result separate segment reporting as per accounting standard 17 issued by ICAI is considered not necessary.

15. Provisions and Contingencies

(in lakhs)

Sr.No	Particulars	Current Year	Previous year
A	Opening balance in the floating provisions account	2180.41	2180.41
B	The quantum of floating provisions made in the accounting	--	--
C	Amount of draw down made during the accounting year	--	--
D	Closing balance in the floating provisions account	2180.41	2180.41

Details for contingent liabilities:

1. Claim against bank not acknowledged as debt – civil case filed by Employees Association for award of computer increment 15.04 Lakh

2. Income Tax liability (In '000)

Tax	AY	Amount	Forum pending
Income Tax	2007-08	34124	High Court Chennai



16. Drawn down from Reserve

No amount is drawn from the reserve

17. Disclosure of complaints

A. Customer Complaints

Sr.No	Particulars	Details
A	No.of complaints pending at the beginning of the year	1
B	No.of complaints received during the year	25
C	No.of complaints redressed during the year	21
D	No.of complaints pending at the end of the year	5

B. Award Passed by the Banking Ombudsman

Sr.No	Particulars	Details
A	No.of unimplemented Awards at the beginning of the year	--
B	No.of Awards passed by the Banking Ombudsmen during the year	--
C	No.of Awards implemented during the year	--
D	No.of unimplemented Awards at the end of the year	--

18. Unsecured Advances

An amount of 793.31 Lakhs stands as outstanding in respect of Unsecured Advances given to 1714 Salaried employees as on 31.03.2016.

19. Branches are being inspected/audited once in a year. Further, Branches of the Bank are being covered for regular inspection by internal auditors.

20. The overdue amount of Fixed Deposit and interest (whenever and to the extent provided) thereon have been grouped under the head "current deposits". The balance as on 31.03.2016 outstanding in the account amounts to ` 64,24,32,309.91/-.

21. Bank has entered into agency arrangement with LIC and Universal Sompo Insurance Co. and the income received during the period as commission is shown in Miscellaneous Income and same have been accounted on accrual basis.



22. Post Branch Audit adjustments/provisions are accounted for at the Head Office and in the Subsequent period branches are advised to pass such entries so as nullify the impact of entries passed at the time of audit of the branches i.e after 31/3/2016.
23. There were some transactions carried out by the Bank with Indian Overseas Bank, and NABARD which attracts the applications of sec 92BA of the Income Tax Act, 1961. This section covers any specified domestic transactions carried out with the parties mentioned under this section and Sec 92 BA (i) covers the Transactions carried out with Indian Overseas Bank and NABARD. The arm's Length Price in relation to specified domestic transaction shall be determined, as per Sec 92C of the IT Act, 1961, to confirm that no variation between the arm's length price and price at which the specified domestic transactions carried out. The management of the Bank claims that no variation would arise for the specified domestic transactions carried out with Indian Overseas Bank and NABARD.
24. As per Sec 21 of the Regional Rural Banks Act, 1976 read with the amendment RRB (Amendment) Act 2015, the financial statements for every year shall be prepared as per the guidance explained under this section. It stipulates that provisions usually provided for by the Banking Companies shall also to be provided by RRBs. Commercial Banks in India provides 2% of the profit of the bank for Corporate Social Responsibility, as per Sec 135 of the Companies Act, 2013. The Management of the Bank claims that the said provision is not applicable to them and hence no provision has been made in the Financial Statements.
25. Bank possess a Building worth ` 3.55 crore at Piravalur, Sivagangai for Farmers Training Centre. The utilization of the building for Banking Operation, Farmers Training Programs and other activities are very less, when compare with the quantum of investment made. The Management propose to transfer the Sivagangai Regional Office to this premises and to give training continuously to staff and others which will enhance the utilization of the building in the optimal level.
26. Advances include transfer of priority sector Advances of the Bank to Other Commercial Banks and the amount received from them have been accounted under Liability of the Bank. But, the same have been adjusted for the preparation of Annual Financial Statements of the Bank.
27. During the year, the Bank has earned a surplus of ` 6,26,938/- and write off of 1,06,35,711.47 under the One time Settlement scheme implemented. In case of written off accounts pertaining to the above, recovery from the borrower are recognized as other income in the financial statements of the bank.



28. During the year four Audit Committee meetings were held on 21.05.2015, 12.08.2015, 05.11.2015 and 28.03.2016.
29. NABARD released specified allotted funds in Advance to the Bank as Solar Subsidy periodically. The Bank disburses the eligible subsidies to the borrower through respective branches. As per the information given by the Bank, NABARD discontinued this scheme and advised the Bank to return the balance undisbursed amount to them. During the year two branches Arasaradi & Periakulam have returned the solar subsidy received against the loan under the scheme during the month of April 2015.
30. The Bank adopts the practice of Adjusting Interest fully against the Partial Recoveries made from NPA accounts. Accordingly, all the recoveries from NPA accounts have been recognized as Interest Income.
31. Service Tax on eligible income have been recorded inclusive of Service Tax in the Profit and Loss account and Expenses which include Service Tax also have been included along with the Expenses and payment of Service Tax in the Profit and Loss account. There was no Unavailed Cenvat Credit of Service Tax against Expenses accounted during this year as on 31.3.2016. There has been audit objection raised by the central excise department for the service tax and accordingly the bank has remitted the tax during the month May 2015.
32. With respect to the financial literacy centers, transaction of grant received from NABARD is shown under creditors and amount spent for the various assets are shown under suspense account in the financial statements. At the end of the utilisation, both the balances got reversed from the respective head of accounts i.e. sundry creditors and Suspense account. However, details regarding the assets and grant received are available in the form of registers at the bank.
33. Jewel loan auction excess amount yet to be disbursed to the borrower still shown under the sundry creditors for ` 7,12,055 and DD payable accounts for ` 6,33,223 which needs to be complied with. Also in case of short recovery of amount through jewel auction it is either written off or steps taken to recover the amount from the borrower.
34. With respect to the appraiser fees, the bank directly credits the appraiser fees as per engagement letter from the customer to his savings bank account and without routing it through the banks books of accounts.
35. Component depreciation - management explained that life of the major components of the each asset are having equal life of the main asset and hence the management preferred to not to apply component depreciation for all eligible assets.



36. Internal financial control- management opined that the existing design, implementation, monitoring etc. Of internal control are sufficient to fulfill the requirement of internal financial control over financial reporting and no additional audit for the same is required.

37. STATUS REPORT ON NATIONAL REVIEW MEET OF RRB'S HELD ON 11TH JULY 2015.

As per RRB Annual Review Report for the year ended 31/03/2015, the following recommendations made to RRB's by the Government of India:

Sl. No	Particulars
1	The Branch has not achieved the target relating to Increase of share in Term Loans to Total Advances as prescribed of 25% against the actual achieved by the bank of 16.75% as on 31.03.2016.
2	The Bank should attain the National average of 52% of the Low cost deposits to the Total Deposits (CASA). However, the bank actually attained at the present level of CASA of 31.56%.
3	Bank should attain the National average of more than 67% to the Credit Deposit Ratio and accordingly the Bank has achieved the same of 92.04%.
4	Regarding the Issuance of RUPAY KCC, the bank has complied with but in the process of implementation to issue EMV chip and pin based cards only. The branch has not obtained E-com certification that needs to be obtained by the Regional Rural Banks.
5	Regarding FIU-IND for online submission of returns, Board approval policy framing the threshold limit for each of the Red Flag Indicators will be placed in the ensuing board. The bank has taken steps for early resolution of the STR software issue with the Sponsor Bank and branch is awaiting for the reply from sponsor bank.
6	<p>Information System Audit (IS)</p> <ul style="list-style-type: none"> • The bank has adopted and approved resolution passed at the Board Meeting and Audit committee for implementation of IS Audit as per NABARD circular dt. 25/02/2015. • Copy of the Annual Audit Report for Migration Audit and IS Audit is available with the Bank. • The Bank has a proper functioning of Disaster Recovery system in place.
7	<p>Compliance to Amendments of RRB's Act:</p> <ul style="list-style-type: none"> • The Authorised Capital has been increased from Rs.5 crore to Rs.2,000



	<p>Crore divided into 200 crore full paid shares of Rs.10 each, and incorporated in the books of accounts</p> <ul style="list-style-type: none">• The directors nominated by Central Government have 3 years period of directorship, and also not exceeded the total period of 6 years• The Banks Nominated Directors does not hold any directorship in other RRB's
8	<p>Human Resources Policy for RRB's:</p> <ul style="list-style-type: none">• The Bank has complied with the details of adoption of NABARD circular dt 24/02/2015 on the subject Human Resource Policy by the Board of RRB's

38. Previous year's figures have been regrouped where ever found expedient to do so.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

Rs. in Thousands

	As ON 31.03.2016	As ON 31.03.2015
<u>I. CASH INFLOWS :</u>		
1) From Operating Activities		
a) Profit from operating activities	6,58,647	7,72,337
Adjustments :		
Depreciation	43,264	37,826
b) Working Capital Changes		
Receipt of Deposits	66,03,890	63,71,743
TOTAL	73,05,801	71,81,906
2) From Investing Activities		
Sale of Fixed Asset	412	81
3) From Financing Activities		
Increase in Borrowings	-	27,47,880
TOTAL CASH INFLOWS	73,06,213	99,29,867
<u>II. CASH OUTFLOWS :</u>		
1) From Operating Activities		
a) Loss from operating activities		
Adjustments :	-	-
Depreciation	-	-
Interest Expense	-	-
Interest Income	-	-
Provision for Tax	-	-
b) Working Capital Changes	(4,22,655)	2,56,810
Increase in Advances	8,46,422	10,27,509
Increase in other Assets	(1,94,504)	33,910
Decrease In Current Liability		
c) Direct Taxes paid	-	-
TOTAL	2,29,263	13,18,229
2) From Investing Activities		
Acquisition of Fixed Assets	48,731	54,727
Purchase of Investments	25,90,270	7,37,998
3) From Financing Activities		



Repayment of Borrowing	70,75,695	-
TOTAL CASH OUTFLOWS	99,43,959	21,10,954
III.NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENT :	(26,37,746)	78,18,913
Add : Cash & cash equivalent at the beginning of the period	2,34,63,501	1,56,44,588
IV. CASH & CASH EQUIVALENT AT THE END OF THE PERIOD	2,08,25,755	2,34,63,501
Balance With Bank	1,85,87,426	2,13,89,509
Cash on hand	4,43,552	4,16,833
Margin Money Deposit With Banks	17,94,777	16,57,159
TOTAL	2,08,25,755	2,34,63,501

We have verified the Cash Flow Statement for the year ended on 31st March,2016 of M/s. Pandyan Grama Bank with reference to the Audited Annual Accounts for the said period and found the same to be correct.

As per our attached report of even date

For V. SENTHILNATHAN & Co.,
Chartered Accountants
ICAI F. No: 003711S

(V. SENTHILNATHAN)
Partner
M.No.: 024244