



# LAKSHMI VILAS BANK

## 90<sup>th</sup> ANNUAL REPORT 2016 - 2017



## BOARD OF DIRECTORS



**Shri B.K. MANJUNATH**  
Non Executive Chairman



**Shri PARTHASARATHI MUKHERJEE**  
Managing Director & CEO



**Shri N.S. VENKATESH**  
Executive Director & CFO



**Shri S.G. PRABHAKHARAN**



**Shri S. DATTATHREYAN**



**Shri N. MALAYALARAMAMIRTHAM**



**Smt. E.V. SUMITHASRI**



**Shri Y.N. LAKSHMINARAYANA MURTHY**



**Shri KUSUMA R MUNIRAJU**



**Shri PANKAJ VAISH**



**Shri PRAKASH P MALLYA**



**Smt. ANURADHA PRADEEP**



**Shri HEMANT KAUL**



**Shri SUVENDU PATI**  
RBI Nominee



**Shri RAJNISH KUMAR**  
RBI Nominee


**LAKSHMI VILAS BANK**

## BOARD OF DIRECTORS

Shri / Smt.

B.K. Manjunath - Non-Executive Chairman (From 06.06.2017)  
 Parthasarathi Mukherjee - Managing Director & CEO  
 N.S. Venkatesh - Executive Director & CFO (From 01.07.2016)  
 S.G. Prabhakaran  
 S. Dattathreyan  
 N. Malayalamamirtham  
 E.V. Sumithasri  
 Y.N. Lakshminarayana Murthy  
 Kusuma R Muniraju  
 Pankaj Vaish  
 Prakash P Mallya  
 Anuradha Pradeep - (From 21.03.2017)  
 Hemant Kaul - (From 26.04.2017)  
 Suvendu Pati - RBI Nominee  
 Rajnish Kumar - RBI Nominee (From 17.05.2017)

## PRESIDENTS

A.J. Vidya Sagar (Retail Banking)  
 RM. Meenakshisundaram (Wholesale Banking)  
 R V S Sridhar (Chief Risk Officer)  
 M. Palaniappan (Advisor)

## SENIOR VICE PRESIDENTS

RM. Kumarappan  
 R. Kamalasekaran  
 A. Shankar  
 R.K. Gurumurthy  
 Peeush Jain  
 P. Premkumar  
 Sudhir Kaushik  
 B. Nedumaran  
 V. Madhusudana Rao  
 S. Venkatesh  
 B. Manmadha Rao  
 Vasant Shukla  
 N. Nachiappan  
 A. Rajendran  
 Sathyananda Prabhu  
 M. Manikandan  
 G. Ravindra Kumar  
 Neena Anand  
 M. Srinath

## COMPANY SECRETARY

N. Ramanathan

## STATUTORY AUDITOR

M/s. R.K. Kumar & Co.  
 Chartered Accountants  
 Chennai  
 (Firm's Registration No. 001595S)

## SECRETARIAL AUDITOR

Shri K.Muthusamy,  
 Practicing Company Secretary  
 Coimbatore  
 (M.No.F 5865; CP:3176)

## REGISTERED OFFICE

Salem Road, Kathapara, Karur-639 006, Tamilnadu  
 Phone: 04324-220051 to 220060 (10 lines)  
 Website: [www.lvbank.com](http://www.lvbank.com)  
 E-Mail: [secretarial@lvbank.in](mailto:secretarial@lvbank.in)

## CORPORATE OFFICE

"LVB HOUSE", No. 4, Sardar Patel Road,  
 Guindy, Chennai - 600 032  
 Tamilnadu  
 Phone: 044 - 22205306

## REGISTRAR AND SHARE TRANSFER AGENT

M/s. Integrated Registry Management Services  
 Private Limited  
 II Floor, "Kences Towers",  
 No.1, Ramakrishna Street,  
 North Usman Road, T.Nagar,  
 Chennai - 600 017.  
 Phone: 044-28140801/2/3 Fax: 28142479  
 Email: [lvb@integratedindia.in](mailto:lvb@integratedindia.in)



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**LAKSHMI VILAS BANK****DIRECTORS' 90<sup>th</sup> ANNUAL REPORT****TO****THE MEMBERS**

The Directors of your Bank have great pleasure in presenting this 90<sup>th</sup> Annual Report on the business and operations of your Bank together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2017 (FY 2016-17).

**1. FINANCIAL PERFORMANCE:**

The highlights of the financial performance of your Bank for the year ended 31<sup>st</sup> March, 2017 are as under:

Particulars	For the year ended (₹ in crore)	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Deposits	<b>30,553.35</b>	25,430.96
Advances (net)	<b>23,728.91</b>	19,643.74
Investments (net)	<b>8,651.73</b>	6,545.40
Total Income	<b>3,349.42</b>	2,872.83
Operating Profit	<b>634.06</b>	407.12
Provisions & Contingencies	<b>377.98</b>	226.88
Net profit	<b>256.07</b>	180.24

Your Bank registered appreciable growth in business volumes that compares very favorably with the industry average. The Bank attained total business of ₹ 54,282.26 crores in FY 2016-17 a growth of 20.43% over ₹ 45,074.70 crores in FY 2015-16.

Deposits grew by 20.14% from ₹ 25,430.96 crores as at 31<sup>st</sup> March 2016 to ₹ 30,553.35 crores as at 31<sup>st</sup> March 2017 and total advances (net) expanded by 20.80% from ₹ 19,643.74 crores in FY 2015-16 to ₹ 23,728.91 crores in FY 2016-17. The Bank rolled out a new retail banking strategy for liabilities consisting of growth in CASA and Retail Term Deposits. Under this strategy, the bank is targeting consistent growth in CASA through the metric of Cumulative Daily Average Business or CDAB. This strategy has helped the bank to achieve smooth growth in CASA on CDAB basis to 17.50% of total deposits which is a growth of 3.29% Y-o-Y.

The overall Priority Sector advances during the year increased by ₹ 840.97 Crores from ₹ 7,349.81 Crores to ₹ 8,190.78 Crores. Your Bank has achieved 41.27% of Adjusted Net Bank Credit (ANBC) against the regulatory prescription of 40% of ANBC on Priority Sector lending requirements.

The Total Agricultural advances stood at ₹ 3,572.72 Crores as at 31<sup>st</sup> March 2017 forming 18% of ANBC. Of which loans to Small and Marginal Farmers stood at ₹ 1,815.31 Crores forming 9.15% of ANBC against the mandatory requirements of 8% of ANBC.

The Bank's advances to Micro Enterprises and Weaker Sections were at 7.83% and 10.17% respectively against the mandatory requirements of 7.50% and 10.00%.

The Bank continues to comply with the regulatory guidelines under Priority Sector, Agricultural lending, Micro Enterprises and Weaker Section advances.

The Bank's exposures to sensitive sectors including Real Estate and Capital Market were maintained well within the regulatory limits.

As at the end of the year under review, the total investments (net) of the Bank stood at ₹ 8,651.73 crores as against ₹ 6,545.40 crores as on 31<sup>st</sup> March 2016.



Your Bank's Treasury continues to focus on sound Asset-Liability Management and on servicing clients with appropriate treasury products and was managed well in a systematic way in a year when yields were constantly decreasing. Your Treasury also took active trading positions to derive advantage from the fall in yields in the Indian debt market.

## 2. PROFIT:

The Bank has posted operating profit of ₹ 634.06 crores in FY 2016-17 against ₹ 407.12 Crores in the previous year FY 2015-16 registering a growth of 55.74%. The net profit for the year, after provisions and taxes, amounts to ₹ 256.07 crores as against ₹ 180.24 Crores recorded in 2015-16 recording a growth of 42.08%.

## 3. APPROPRIATIONS:

Particulars	For the year ended (₹ in crore)	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Profit brought forward	0.00	0.08
Transfer from Investment Reserve	0.00	0.73
Amount available for appropriation	256.07	181.04
Transfer to Statutory Reserve	64.10	45.20
Capital Reserve	77.16	6.04
Other Reserve	46.55	50.00
Investment Reserve	0.00	0.00
Special Reserve u/s 36(i)(viii) of the IT Act, 1961	6.00	15.00
Proposed Dividend	0.00	53.84
Corporate Dividend Tax	0.00	10.96
Balance of profit carried forward	62.26	0.00

## 4. DIVIDEND:

Your Board of Directors are pleased to recommend a dividend of ₹ 2.70 (27%) per share for the year ended 31<sup>st</sup> March, 2017 as against ₹ 3.00 (30%) per share for previous year ended 31<sup>st</sup> March, 2016. The total out go in the form of dividend, including taxes, will be ₹ 62.21 Crores. Considering the conservation of capital for funding the further growth plans of the bank, your bank decided to recommend a dividend of 27% to the shareholders.

In accordance with revised Accounting Standards (AS) 4-Contingencies & Events occurring after the balance sheet date notified by the MCA on March 30, 2016, the proposed dividend including corporate dividend tax amounting to ₹ 62.21 crores has not been shown as an appropriation from the profit & loss appropriation account as of March 31, 2017 and consequently not reported the same under Other liabilities and Provisions as of March 31, 2017.

Your Bank has a Board approved Dividend Distribution Policy which has been formulated in line with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and extant RBI Circulars/Directives. The Dividend Distribution Policy has been enclosed as Annexure J to the Directors' Report. The Policy has also been made available in the website of the Bank and can be accessed at [www.lvbank.com](http://www.lvbank.com).

## 5. DETAILS OF SHARES ISSUED ON QIP BASIS:

During the year 1,19,85,138 equity shares were allotted to Qualified Institutional Buyers (QIBs) in line with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. These shares were issued at a premium of ₹ 130 to the face value of ₹ 10.

As on March 31, 2017, the post-issue paid-up capital of your Bank stood at ₹ 191,44,67,470 comprising 19,14,46,747 equity shares of ₹ 10 each.

## 6. STATEMENT OF DEVIATION OR VARIATION:

During the year, the Bank had issued equity shares to Qualified Institutional Buyers through Qualified Institutional Placement on 03.01.2017. The issue was done in order to enhance the capital adequacy ratio in line with the RBI norms and the proceeds of the





issue were used primarily to enhance the Bank's Capital Adequacy Ratio and to increase our capacity to lend and for general corporate purposes subject to compliance of applicable laws. There was no variation prompting disclosure under Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 7. EPS / BOOK VALUE:

Earnings per Share stood at ₹ 14.07 for the year ended 31<sup>st</sup> March, 2017 as compared to ₹ 10.05 as on 31<sup>st</sup> March, 2016. Book Value of the share, stood at ₹ 102.74 on 31<sup>st</sup> March, 2017 as compared to ₹ 88.70 as on 31<sup>st</sup> March, 2016.

#### 8. NET OWNED FUNDS / CAPITAL ADEQUACY RATIO:

Net Owned Funds (NOF) of the Bank increased from ₹ 1,591.86 Crores as at the end of FY 2015-2016 to ₹ 1,966.85 Crores as at the end of FY 2016-2017, reflecting a growth of 23.56%.

The Capital Adequacy Ratio (CAR) as on 31<sup>st</sup> March 2017 as per BASEL III is 10.38%. The bank has been consistently maintaining Capital Adequacy Ratio well above the regulatory minimum of 9% stipulated by the Reserve Bank of India.

The Tier-I and Tier-II components of Capital Adequacy Ratio were comfortable at 8.75% and 1.63% respectively. The Bank is working out capital raising plans in order to ensure that it meets capital requirement for meeting its business plan.

#### 9. STRATEGY OF IND-AS IMPLEMENTATION:

Ministry of Corporate Affairs (the "MCA") has given a roadmap on convergence to Ind AS by banks mandating them to converge with Ind AS from April 1, 2018. Consequently opening balance sheet needs to be drawn as on April 1, 2017.

RBI, vide circulars DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016 and RBI/2015-16/429 DBR.BP.BC. No.106/21.07.001/2015-16 dated June 23, 2016, directed banks to be in preparedness to submit the proforma Ind AS Financial Statements from the half-year ended September 30, 2016 onwards. The Bank has formed an interdepartmental Steering Committee to oversee the implementation process under the guidance of the Audit Committee of the Board. The Bank has engaged a consultant for the smooth implementation of Ind AS. The Bank has prepared the Proforma Statement (Unaudited) for the half year ended 30.9.2016 and submitted to RBI.

The country is gearing up to roll out Goods and Services Tax (GST) which is a landmark taxation reform bringing in a consolidated set of tax laws to administer tax on sale of goods and services. The Bank is gearing up to meet the rollout deadline of 1<sup>st</sup> July 2017. The new tax regime is expected to improve efficiencies for all economic agents in the country and also help to keep a check on inflation and leakage of income.

#### 10. NON-PERFORMING ASSETS (NPA):

There is no respite in asset quality deterioration for the Indian Banking industry and almost all banks have been affected by this phenomenon during the FY 2016-17, though by varying degrees. The NPA portfolio of banks enticed more attention as the RBI undertook Asset Quality Review (AQR) in commercial banks and directed banks to clean their balance sheet. Asset quality slippage and the consequent provisioning have dented the profitability of most of the Indian banks during the financial year. The situation is expected to remain challenging throughout FY 2018 as well due to the twin factors of flat GDP and debt overhang on the corporate balance sheets. It remains to be seen how the new Insolvency and Bankruptcy Code along with steps from RBI would help address the large stock of bad debts in the banking system.

Against this backdrop, your Bank reported GNPA Percentage of 2.67% as at the end of the FY 2016-17 against 1.97% as on 31.3.2016. The Bank has also sold some hardcore NPAs to ARCs which has also enabled it to maintain the NPA at this level during the FY. At the same time, other stressed accounts were upgraded through efficient recovery follow-up which was significant during the period.

During the year, your bank has taken steps to improve borrower selection and credit assessment. The Bank is implementing a relationship-based corporate business model and is implementing a transformation of its MSME business model in order to derive value from its strong leadership in various geographies and to gain entry in quality companies. Credit monitoring has been strengthened and the follow up methodology was further improved. Conduct of high value credit portfolio was put under constant monitoring. Monitoring process has been guided by technology. Wherever stress was noticed, immediate remedial steps were taken and stressed assets were nursed.

#### 11. BRANCH AND ATM NETWORK:

The Bank continued to expand its distribution network, which remains an integral part of the Bank's strategy for tapping CASA deposits, lending to retail & MSME segments and cross selling third-party products.

During the fiscal 2016-17, the Bank added 21 new branches to its network across the country and as on 31<sup>st</sup> March 2017, the Bank had a network of 480 branches, 1 satellite branch and 7 extension counters, spread across 16 states and the union territory of Puducherry. The Bank also has ATM network of 958 (362 Onsite & 596 Offsite), in vital / major locations for better service to our customers.



The enhanced network of branches and service outlets contributes to sizeable increase in the business. As more and more branches are opened, the clientele base improves vis-à-vis the business levels. The branch expansion in the recent past has contributed significantly to the increase in the business level.

The Bank's focus is on customer delight by maintaining its known high levels of customer service. The Bank has a strong and wide base in the southern states of India and is focusing on retail and MSME sector, by technology-based solutions.

## 12. FINANCIAL INCLUSION:

Financial Inclusion may be defined as the process of ensuring access to financial services, including timely and adequate credit facilities to vulnerable groups such as weaker sections and low income groups at an affordable cost where needed. The essence of financial inclusion is to ensure that a range of appropriate basic financial services are made available to every individual and enabling them to understand and access those services.

The Bank has implemented the financial inclusion plan in 363 villages and wards allotted by SLBC in Tamilnadu. The Bank has opened 174872 Basic Savings Bank Deposit Accounts (BSBDA) including 96274 accounts under Prime Minister Jan Dhan Yojana (PMJDY).

## 13. INTERNATIONAL BUSINESS:

During the year, the Indian Rupee outperformed its peers and touched its highest level since October 2015. The Rupee appreciated by around 4% in 2017 compared to depreciation of 2% in 2016 against USD. With rising interest rates in the US, Dollar remained fundamentally supported against all major currencies including emerging market currencies. The uptrend in Dollar gained momentum after the US Presidential election on expectations that the new President's plan to boost fiscal stimulus would benefit the currency.

During the year, the Bank achieved foreign exchange turnover of ₹ 6,416.29 Crores as against ₹ 5,219.18 Crores in the previous year.

## 14. LIABILITIES PRODUCTS:

The liabilities business grew significantly during FY 17. Total deposits over achieved the Annual Target of ₹ 30,500 crores showing a Y-o-Y growth of 20%. CASA, the low-cost component of deposits, also grew beyond its Annual Target of ₹ 5,800 crores registering a Y-o-Y growth of 32% contributing substantially to a lower cost of deposits. The growth of CASA on a CDAB basis is much more (42%) indicating that the balances grew at a healthy pace. In fact, during the year percentage of CASA (as a part of total deposits) on CDAB basis grew by an unprecedented 329 basis points.

The growth has been spectacular even in the field of account opening. From 2.25 lacs accounts opened during 2015-16, the bank reached a level of 3.26 lacs accounts by end of 2016-17. Of the various products in the Liabilities suite, "Crown" the specialty product for HNI customers, has been a big success. As at March-end, there are almost 10000 Crown customers with a total book of ₹ 369 Crores at an average balance of ₹ 3.70 lacs. The Bank has expanded the crown franchise to introduce LVB crown NRE & NRO accounts.

*LVB Saanvi:* An updated and refurbished product for women.

*Lakshmi Dynamic Current Account:* Gives convenience of automatically transferring balances from current account to savings bank account.

*LVB Vyapaar Current Account:* A specialised current account for small traders and merchants with a zero balance facility and connected along with a POS terminal.

The constantly evolving suite of products and services have also been backed with a well thought out resourcing and training strategy to assure that our teams are able to provide optimal service to all our esteemed customers.

The Bank is well geared up to proceed aggressively on the growth path along with maintaining services of the highest order.

## 15. LISTING AGREEMENT WITH STOCK EXCHANGES:

The Equity Shares of the bank are listed with the National Stock Exchange of India Ltd, Mumbai and BSE Ltd, Mumbai which is enhancing the liquidity of your equity shares.

## 16. ALIGNING TECHNOLOGY WITH BUSINESS OBJECTIVE:

### Payments:

The Bank is leveraging its mobile banking applications to address fast-paced customer behaviour in the payments space. The government has given clear mandate to banks to push digital payments and reduce dependence of economy on cash mode of payments. Your bank has taken steps in this direction. Further the Bank is investing resources to improve its applications with a view to offering more delight and convenience to customers.

### LVB Mobile:

Your bank had launched the LVB Mobile app in January 2016 and has since then released various updates with new features. The Bank is in the continuous process of enriching the LVB Mobile App and as part of the same, the following features were enabled during the financial year 2016 - 2017:





1. Introduced enhanced security feature to identify and authenticate customer during on boarding process.
2. To have mass reach across the nation, the App was enhanced with multilingual facility of regional languages such as Hindi, Telugu, Tamil, Kannada and Malayalam in addition to default English language.
3. During the demonetisation episode it enabled LVB Merchants to accept payments from LVB customers through LVB Mobile QR based scan and pay feature.
4. Enabled On-boarding of customers to devices like Android Tablets & Apple iPads through QR code based flow from their registered device.
5. Enhanced with features of bill payment facility to Tamil Nadu Electricity Board which is in addition to various other states electricity bill payments.
6. Customers were provided with features of demat details like Statement of Account, Statement of Holding, Statement of Billing and Latest transaction details.

#### **LVB UPAAY:**

Your bank had successfully launched an app called LVB UPAAY during February 2017 based on the NPCI Unified Payments Interface platform, in line with the Government's initiatives of "Go Digital" as well as your Bank's business objectives.

The app is the latest in a series of technology initiatives launched by the Bank. It would significantly facilitate payment and collection of amounts across multiple accounts, multiple banks and multiple account holders. It can be used by LVB customers as well as non-customers, so that the Bank's visibility, reach and fee based income can improve.

#### **Salient features of LVB UPAAY:**

- Users can link, manage and transact on several accounts of multiple banks (participating in UPI) from a single app.
- Users can do various kinds of transactions like viewing balance in accounts, remitting funds, collecting funds etc., from all the linked accounts.
- Facilitates users to do the transactions using Virtual Payment Address- VPA.
- However, transactions can also be carried out using Account Number & IFSC code or Mobile Number & MMID
- Facility to collect funds from others in addition to usual remitting.
- Other features like Recharge of Mobile & DTH are also available, which only very few UPI apps in the market are having.

In addition, the bank has kicked off important projects such as CRM and Business Analytics which are expected to deliver strong business value in years to come.

#### **Technology Award:**

Your bank has bagged CIO100 award from M/s. IDG Media Pvt. Ltd. for effectively implementing Mobility platform.

### **17. WEALTH MANAGEMENT / PARABANKING ACTIVITIES:**

#### **Life Insurance:**

Bank has progressed with 31% growth Y-o-Y, in this business line and insured 5600 lives last year. To further enhance our product basket, we have partnered with "Birla Sun Life Insurance" and "DHFL Pramerica", under the open architecture adding a few new products, thus providing a diversified set of options to our clients to satisfy their specific needs.

Following life insurance products will complement our present product suit through the new tie-up's

- School Fees Protection Solution
- Rakshak Gold - Life cover for Defense segment
- Dengue Group Shield
- ULIPS

#### **General Insurance:**

Collected premium of ₹ 16.22 Crores during the FY, by covering the assets of our corporate and retail customers and registered Y-o-Y growth of 37% in premium collections.

#### **Health Insurance:**

The Bank has tied up with M/s. Cigna TTK Standalone Health Insurance Company Ltd to offer Health Insurance Products to the customers; the Bank has collected health insurance premium of ₹ 5.16 Crores during the year and covered around 5800 customers.

#### **Wealth Management:**

1. FISDOM - Bank has tied up with M/s. Finwizard Technology Pvt Ltd (widely known as FISDOM) to offer mobile based wealth management services to our customers.


**LAKSHMI VILAS BANK**

- Fisdome enables end-to-end digital transactions for mutual funds for the first time in India.
  - Here our customers can invest in equity, debt and liquid instruments through Fisdome and Fisdome has covered almost all leading AMC's.
2. The Bank has tied up with M/s. Centrum Wealth Management Limited offering end to end wealth management solutions to our Ultra HNI clients. CWML is an established player in market, with AUM of ₹ 10,000 Crores and expertise in area of complete Private Banking.

#### 18. RISK:

The risk management objective of the Bank is to balance between risk and return while operating within acceptable level of risk appetite. The Bank has an independent risk management function which is tasked with managing risk through policies and processes approved by the Board of Directors. These encompass identification, measurement and management of risks across the various businesses of the Bank. The risk management function in the Bank strives to scientifically study vulnerabilities of process, across business portfolios through quantitative or qualitative examination of the embedded risks and controls. The function continues to focus on refining and improving its risk management systems through automation of processes and building and strengthening controls.

The Bank has in place a Risk Management Committee of the Board of Directors. The Bank has formulated and adopted a robust risk management framework. The Bank has in place committees such as Credit Risk Management Committee (CRMC), Asset Liabilities Committee (ALCO), Operational Risk Management Committee (ORMC), Business Continuity Management Committee (BCMC), Information Systems and Security Steering Committee (ISSC). These committees discuss risk related issues arising from businesses and processes and have active participation from Top Management of the Bank.

The overall risk appetite and risk philosophy of the Bank is articulated by its Board of Directors. The risk appetite framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions. Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses. The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputation risk and strategic risks and exercising oversight on risks associated with outsourcing. The Bank has in place well-defined policies appropriate for the various risk categories viz, credit risk, market risk, operational risk, liquidity risk, counterparty risk, country risk, reputational risk, strategic risk and outsourcing risk, supplemented by monitoring. These are reviewed periodically in order to benefit from internal and external experience.

#### 19. INTERNAL CONTROLS:

Bank has a separate Audit and Inspection Department, which subjects all the branches of the Bank besides the Treasury, Currency Chests, Service Branches, Regional Offices and every department of the Corporate Office, to regular inspection. All the branches are subjected to IS Audit.

Key Functional areas including Treasury at Mumbai, Central Processing Centre at Karur, Central Processing Cell, Chennai, Depository Participant Cell, Technology Centre, Chennai and 105 branches are under Concurrent Audit which covers 61% of the total deposits and 75% of the total advances of the Bank.

The Audit Committee of the Board constituted in line with RBI guidelines and as per the requirements of SEBI Regulations reviews the adequacy of the audit and compliance functions, including the policies, procedures and techniques. The Composition of Audit Committee of the Board is provided elsewhere in the report.

During the year, there were no instances wherein the Board has not accepted the recommendations of the Audit Committee of the Board.

#### 20. HUMAN RESOURCES:

The Staff strength of the Bank was augmented during the year 2016-17 with recruitment of 40 executives, 280 officers, 133 junior officers, 319 clerks and 9 subordinate staff. Further, 526 Sales Personnel were also engaged to boost sales. Total number of employees as on 31.03.2017 was 4043 as against 3565 as on 31.03.2016.

The Bank's focus on training the human resources on a continual basis gained momentum by conducting online e-learning duly leveraging technology. The Bank has trained a considerable number of resources in offsite training programmes conducted by reputed institutions such as RBI, CAB, Great Lakes Institute of Management, SIBTC, IIBF, NIBM & FEDAI. The introduction of competency based interview model and psychometric tools are helping in hiring the right person for the right role.

#### 21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK:

Disclosure under Section 186 of the Companies Act, 2013 does not apply to Banking Company.

#### 22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

There were no related party transactions during the year under review and Form AOC-2 is not applicable to the Bank. During the FY 2016-17, the Bank did not have any material Related Party Transaction.