

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

BALANCE SHEET AS ON 31ST MARCH 2014

(Rs. in thousands)

	Schedule	As on 31.03.2014	As on 31.03.2013
CAPITAL & LIABILITIES :			
Capital	1	2845	2845
Reserves & Surplus	2	22693122	20217928
Deposits	3	226456831	202238111
Borrowings	4	2595817	2505824
Other Liabilities and Provisions	5	12233730	11878524
	TOTAL	263982345	236843232
ASSETS :			
Cash and balances with Reserve Bank of India	6	10339027	9176640
Balances with Banks and Money at Call and Short Notice	7	3764941	2672829
Investments	8	67718908	53482721
Advances	9	171438500	162559900
Fixed Assets	10	1168840	999197
Other Assets	11	9552129	7951945
	TOTAL	263982345	236843232
Contingent Liabilities	12	64132987	58621011
Bills for Collection		7695716	7370895
Significant Accounting Policies	17		
Notes form part of Accounts	18		
The Schedules referred to above form an integral part of the Balance Sheet			

sd/- K.B.Nagendra Murthy
Managing Director & CEO

sd/- B.Prabaharan

sd/- S.R.Aravind Kumar

sd/- P.Mahendavel

sd/- T.Rajakumar

sd/- K.N.Rajan

sd/- K.V.Rajan

sd/- S.C.Sekar

sd/- A.Shidambaranathan
Directors

sd/- S.Sundar
Directors

sd/- V.V.D.N.Vikraman
Directors

sd/- P.Yesuthasen
Directors

sd/- S.Selvan Rajadurai
Chief General Manager

sd/- M.Gunasekaran
General Manager

sd/- S.Kandavelu
General Manager

sd/- N.Devadas
General Manager

sd/- C.S.Deepak
Company Secretary

Vide our report of even date attached
For Suri & Co.
Firm Regn.No.004283S

Thoothukudi
29.05.2014

Chartered Accountants
sd/- R.Krishnamoorthy
Partner (M.No.20695)

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

		(Rs. in thousands)	
		YEAR ENDED	
	Schedule	31.03.2014	31.03.2013
I. INCOME			
Interest earned	13	27026551	24703687
Other Income	14	2201341	2487173
	TOTAL	29227892	27190860
II. EXPENDITURE			
Interest Expended	15	18204817	16108423
Operating Expenses	16	4892626	4185299
Provisions & Contingencies		3122780	2494309
	TOTAL	26220223	22788031
III. PROFIT / LOSS			
Net Profit for the year		3007669	4402829
Add Profit brought forward		11272	5052
	TOTAL	3018941	4407881
IV. APPROPRIATIONS			
Transfer to statutory reserve		902500	1321000
Transfer to other reserves		1300000	2360000
Transfer to Investment reserve		7400	40110
Transfer to Special Reserve 36(1)(viii) <u>Dividend</u>		238000	145000
Interim Dividend & Dividend tax paid		299517	297540
Interim Dividend payable		199118	128004
Tax on Interim Dividend		33840	21755
Proposed Dividend			71114
Tax on Dividend			12086
Balance carried over to Balance Sheet		38566	11272
	TOTAL	3018941	4407881
Earning per share (Basic and Diluted) (Rs)		10573	15478
Significant Accounting Policies	17		
Notes form part of Accounts	18		

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

sd/- K.B.Nagendra Murthy
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sd/- K.N.Rajan sd/- K.V.Rajan sd/- S.C.Sekar sd/- A.Shidambaranathan
Directors

sd/- S.Sundar sd/- V.V.D.N.Vikraman sd/- P.Yesuthasen sd/- S.Selvan Rajadurai
Directors **Directors** **Directors** **Chief General Manager**

sd/- M.Gunasekaran sd/- S.Kandavelu sd/- N.Devadas
General Manager **General Manager** **General Manager**

Vide our report of even date attached
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sd/- C.S.Deepak
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29.05.2014

Chartered Accountants
sd/- R.Krishnamoorthy
Partner (M.No.20695)

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet	(Rs. in Thousands)	
SCHEDULE I - CAPITAL	As on 31.03.2014	As on 31.03.2013
Authorised Equity Capital 1,00,00,000 Equity Shares of Rs.10/- each	100000	100000
Issued, Subscribed, Called-up and Paid-up Capital 2,84,454 Equity Shares of Rs.10/- each	2845	2845
TOTAL	2845	2845

SCHEDULE 2 - RESERVES AND SURPLUS	As on 31.03.2014	As on 31.03.2013
I. Statutory Reserves		
Opening Balance	6745286	5424286
Additions during the year	902500	1321000
TOTAL	7647786	6745286
II Capital Reserve		
Opening Balance	51763	51763
Additions during the year		
TOTAL	51763	51763
III Revenue and Other Reserves		
Opening Balance	13083607	10683497
Deductions during the year		
Additions during the year	1307400	2400110
TOTAL	14391007	13083607
IV Special Reserve U/s.36(1)(viii) of I.T.Act		
Opening Balance	326000	181000
Additions during the year	238000	145000
Deductions during the year	Nil	Nil
TOTAL	564000	326000
V Balance in Profit and Loss Account	38566	11272
TOTAL : (I, II, III, IV & V)	22693122	20217928

SCHEDULE 3 - DEPOSITS	As on 31.03.2014	As on 31.03.2013
A. I. Demand Deposits		
I) From Banks	286	36
ii) From Others	15648601	14524569
II. Savings Bank Deposits	27817204	23614051
III. Term Deposits		
I) From Banks	10570000	5476500
ii) From Others	172420740	158622955
TOTAL	226456831	202238111
B. I. Deposits of Branches in India	226456831	202238111
II. Deposits of Branches outside India	Nil	Nil

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(Rs. in Thousands)	
SCHEDULE 4 - BORROWINGS		As on 31.03.2014	As on 31.03.2013
I.	Borrowings in India		
	i. Reserve Bank of India	1700000	Nil
	ii. Other Banks	895817	2343824
	iii. Other Institutions and Agencies	Nil	Nil
II.	Borrowings outside India	Nil	162000
	TOTAL	2595817	2505824
	Secured borrowings included in I and II above	Nil	Nil

SCHEDULE 5-OTHER LIABILITIES AND PROVISIONS		As on 31.03.2014	As on 31.03.2013
I.	Bills Payable	1214825	1345311
II.	Inter Office Adjustments (Net)	Nil	Nil
III.	Interest Accrued	1454293	1293198
IV.	Deferred Tax liability	1013253	239886
V.	Others (Including Provisions)	8551359	9000129
	TOTAL	12233730	11878524

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		As on 31.03.2014	As on 31.03.2013
	Cash in hand	1067312	1186179
	Balance with Reserve Bank of India in Current Account	9271715	7990461
	TOTAL	10339027	9176640

SCHEDULE 7-BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE		As on 31.03.2014	As on 31.03.2013
I.	In India		
	I) Balances with Banks		
	a) In current accounts	295902	158157
	b) In other Deposits	2000000	250000
	ii) Money at call and short notice		
	a)With Banks	950000	2000000
	b)With other institutions		
	TOTAL	3245902	2408157
II.	Outside India		
	In current accounts	519039	264672
	TOTAL	519039	264672
	GRAND TOTAL	3764941	2672829

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(Rs. in Thousands)	
SCHEDULE 8 - INVESTMENTS		As on 31.03.2014	As on 31.03.2013
I)	Investments in India		
i.	Government securities	59671485	49219365
ii.	Other approved securities	Nil	Nil
iii.	Shares	77838	134685
iv.	Debentures & Bonds	5292359	3037289
v.	Others - Mutual Fund, Commercial Paper	2197807	500630
	Deposit with NABARD (RIDF)	479419	590752
	TOTAL	67718908	53482721
	Gross Investments	67813767	53573307
	Less: Depreciation	94859	90586
	TOTAL	67718908	53482721
II.	Investments outside India	Nil	Nil

SCHEDULE 9 - ADVANCES		As on 31.03.2014	As on 31.03.2013
A. i)	Bills purchased and discounted	4633176	5677126
ii)	Cash credits, overdrafts and loans repayable on demand	106270228	97995704
iii)	Term Loans	60535096	58887070
	TOTAL	171438500	162559900
B. i)	Secured by tangible assets	168035902	158014560
ii)	Covered by Bank / Government Guarantee	119425	184900
iii)	Unsecured	3283173	4360440
	TOTAL	171438500	162559900
C.	Advances in India		
i)	Priority Sector	84249910	73842360
ii)	Public Sector	2755790	3451630
iii)	Banks	Nil	Nil
iv)	Others	84432800	85265910
	TOTAL	171438500	162559900

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(Rs. in Thousands)	
SCHEDULE 10 - FIXED ASSETS		As on 31.03.2014	As on 31.03.2013
I	Premises		
	At cost as on March 31, preceding year	526238	489988
	Additions during the year	654	36250
	TOTAL *	526892	526238
	Deductions during the year	573	Nil
		526319	526238
	Depreciation to date	187941	174464
	TOTAL	338378	351774
II	Other Fixed Assets (including furniture and fixtures)		
	At cost as on March 31, preceding year	1865470	1517019
	Additions during the year	405946	362271
	TOTAL	2271416	1879290
	Deductions during the year	9008	13820
		2262408	1865470
	Depreciation to date	1431946	1218047
	TOTAL	830462	647423
	* - Includes building under construction at cost (Rs.in thousands) Nil (Previous year 573)		
	GRAND TOTAL (I & II)	1168840	999197

SCHEDULE 11 - OTHER ASSETS		As on 31.03.2014	As on 31.03.2013
I	Inter-Office adjustments (Net)	---	---
II	Interest accrued	1797766	1210066
III	Tax paid in advance / tax deducted at source	4720240	5040119
IV	Stationery and stamps	7293	8451
V	Non-Banking Assets acquired in satisfaction of claims	Nil	Nil
VI	Deferred Tax Asset	207528	180822
VII	Other Assets	2819302	1512487
	TOTAL	9552129	7951945

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Balance Sheet		(Rs. in Thousands)	
SCHEDULE 12 - CONTINGENT LIABILITIES		As on 31.03.2014	As on 31.03.2013
I	Claims against the Bank not acknowledged as debts	112077	92081
II	Liability on account of outstanding forward exchange contracts	38290328	33252424
III	Guarantee given on behalf of constituents in India	18562624	17747677
IV	Acceptances, endorsements and other obligations	7151163	7499886
V	Estimated amount of contracts remaining to be executed on capital account and not provided for	16795	28943
TOTAL		64132987	58621011

SCHEDULES TO PROFIT AND LOSS ACCOUNT

		For the year ended (Rs. in Thousands)	
SCHEDULE 13 - INTEREST EARNED		31.03.2014	31.03.2013
I	Interest / discount on advances / bills	21635315	20698564
II	Income on investments	5176709	3971534
III	Interest on balances with Reserve Bank of India and other inter-bank funds	205929	14481
IV	Others	8598	19108
TOTAL		27026551	24703687

SCHEDULE 14 - OTHER INCOME		31.03.2014	31.03.2013
I	Commission, exchange and brokerage	854773	778892
II	Profit on sale of investments	124326	82331
	Loss on sale of investments	(23837)	(16485)
III	Profit on revaluation of investments	--	--
IV	Profit on sale of land, building and other assets	1453	2265
	Loss on sale of land, building and other assets	(2612)	(1894)
V	Profit on exchange transactions	273001	273206
VI	Miscellaneous income	974237	1368858
TOTAL		2201341	2487173

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

Schedules to Profit & Loss Account		For the year ended (Rs. in Thousands)	
SCHEDULE 15 - INTEREST EXPENDED		31.03.2014	31.03.2013
I	Interest on deposits	17827279	15431456
II	Interest on Reserve Bank of India / Inter-Bank borrowings	117768	180520
III	Others	259770	496447
TOTAL		18204817	16108423

SCHEDULE 16 - OPERATING EXPENSES		31.03.2014	31.03.2013
I	Payment to and provisions for employees	2838598	2422506
II	Rent, taxes and lightings	426018	361305
III	Printing and stationery	85268	66476
IV	Advertisement and publicity	86887	128097
V	Depreciation on Bank's Property	229371	169675
VI	Directors Fees Allowances & Exp.	7643	7060
VII	Auditors' fees and expenses (including branch auditors)	8593	7013
VIII	Law charges	3199	4627
IX	Postages, telegrams, telephones, etc.	83967	98919
X	Repairs and maintenance	136510	120574
XI	Insurance	196468	172418
XII	Other expenditure	790104	626629
TOTAL		4892626	4185299

TAMILNAD MERCANTILE BANK LIMITED

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March 2014.

SCHEDULE – 17: SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL:

The financial statements have been prepared on ongoing concern concept, historical cost convention and conform to statutory provisions and practices prevailing within the banking industry. The items of income and expenditure are taken on accrual basis except where specifically stated and it conforms to the guidelines issued by Reserve Bank of India (RBI) for banks.

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

2. FOREIGN EXCHANGE TRANSACTIONS:

i. Foreign currency balances both, under assets and liabilities, outstanding forward exchange contracts and swaps are evaluated at the year-end rates published by FEDAI. The resultant profit / loss is shown as income / loss.

ii. Deposit accounts denominated in foreign currency such as FCNR (B) EEFC, RFC and placement of such deposits in foreign currency are recorded at year-end FEDAI rates. Foreign currency loan accounts are also disclosed at the year-end FEDAI rates.

iii. Contingent liabilities on account of acceptances, endorsements and other obligations including guarantees and Letters of Credit denominated in foreign currencies are translated at year-end FEDAI rates.

3. INVESTMENTS:

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

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

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

B) Valuation of investments is done as follows:

i) Investments held under "Held to Maturity" are valued at cost price. Wherever the cost price is more than the face value, the premium paid is amortized over the remaining period of maturity. Profit on sale of securities under "Held

to Maturity” category is initially taken to Profit & Loss account and then appropriated to Capital Reserve Account. If there is a loss it is charged to Profit & Loss account.

- ii) Investments classified under “Available for Sale” category are marked to market on quarterly basis. Shares held under “Available for sale” are marked to market on weekly basis. Scrip wise appreciation / Depreciation is segregated category-wise. The Net Depreciation category wise is charged to Profit & Loss account. The Net Appreciation in any category is ignored.
- iii) Investments classified under “Held for Trading” category except shares are marked to market scrip-wise on daily basis. Shares held under “Held for Trading” are marked to market on weekly basis. The net depreciation category wise is charged to Profit and Loss account and the net appreciation is ignored.
- iv) Investments are valued at year-end as per RBI guidelines as follows:
 - a) Central Government Securities are valued as per price list published by FIMMDA.
 - b) State Government Securities and Other Approved Securities are valued after appropriate mark up over YTM rates for Central Government securities declared by FIMMDA.
 - c) Debenture and Bonds have been valued with appropriate mark up over the YTM rates for Central Government Securities declared by FIMMDA.
 - d) Quoted shares are valued at market rates quoted on NSE.
 - e) Unquoted shares are valued at book value ascertained from the latest available Balance Sheet and in case the latest Balance Sheet is not available, the same is valued at Re.1 per company.
 - f) Preference shares are valued at YTM, if dividend is received regularly. Where dividend is in arrears, appropriate depreciation is provided based on the number of years for which dividend is in arrears as per RBI guidelines.
 - g) Mutual Fund units are valued at market rates/NAV/ Repurchase price as applicable.
 - h) Treasury bills, certificate of deposits and commercial papers are valued at carrying cost.
 - i) Provisions for investments are made as per RBI prudential norms.

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

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

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

E. Accounting for REPO Transactions

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

4. ADVANCES AND PROVISIONS:

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

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

c) Provisioning on categorised assets is done as per RBI guidelines except, based on a Board approved policy, additional specific provisions for NPAs under SS (secured) made with 25%, DF2A (NPA for 2 years) and DF2B (NPA for 3 years) @ 100% as against the RBI stipulated minimum of 15% and 40% respectively. Similarly, Education loans were provided at 100% irrespective of asset classification. On the same basis, for some selected high value NPA accounts, considering the possible potential losses, the Bank has made provision during the year up to 100% as per Board directions and the provisions so made is found to be adequate.

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

5. FIXED ASSETS AND DEPRECIATION

a) Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, applicable duties, taxes except for items on which input credit availed and incidental expense related to the acquisition and installation of the asset.

b) Depreciation on fixed assets, except on computers and ATMs, is provided on written down value method at rates prescribed under Schedule XIV of the Companies Act, 1956.

- c) Depreciation on computers/ATMs, including hardware, Peripherals & software acquired for setting up on line banking is provided on straight-line method at the rate of 33.33% as per RBI guidelines.
- d) Depreciation on additions is made on prorata basis, from the date of capitalization.
- e) Expenditure during construction/capital works pending completion is shown at cost.

6. EMPLOYEE BENEFITS

- a) In respect of provident fund the bank pays fixed contribution at predetermined rates to a separate trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.
- b) The bank has adopted AS-15 (Revised) "Employee Benefits" of the companies (Accounting Standards) Rules, 2006.
- c) Annual contribution to Gratuity Fund, Pension Fund, Leave and other long term employee benefit plans are provided for on the basis of actuarial valuation at the year end. In respect of defined contributory pension scheme, provision at predetermined rate is made.
- d) The actuarial gain / loss is recognized in the profit and loss account.

7. TAXES ON INCOME

Income Tax comprises current tax and deferred tax as per Accounting Standard-22. Current tax is made on estimated tax liability using the applicable tax rates. The deferred on tax Asset / Liability is recognized in accordance with the applicable Accounting Standard.

8. REVENUE RECOGNITION:

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

- i) In the case of NPAs, Income is recognized on cash basis, in terms of guidelines of Reserve Bank of India. Where recovery is not adequate to upgrade the NPA accounts by way of regularization, such recovery is being appropriated towards interest in the first instance and towards the principal/book values thereafter, except in the case of suit filed accounts. In case of Non-performing investments (NPIs), the same accounting treatment as above is followed except otherwise agreed.
- ii) Dividend on investments in shares, units of mutual fund, income from sale of mutual fund products, locker rent, Insurance claims, commission on LCs, income on auxiliary services and other services, overdue charges on bills, commission on Government business and insurance business are accounted on cash/realization basis.
- iii) Income related to credit card is accounted on the basis of the bills raised.

- iv) In the case of suit filed accounts, legal expenses are charged to the profit and loss account. Similarly, at the time of recovery of legal expenses, in respect of such suit filed accounts, the amount recovered is accounted as income.

9. EARNINGS PER SHARE

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

10. CASH FLOW STATEMENT

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

11. PRIOR PERIOD ITEMS

The Bank follows the instruction given by RBI in this regard.

12. SEGMENT REPORTING

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

13. RELATED PARTY DISCLOSURE

The Bank has adopted the respective Accounting Standard and the guidelines of the RBI.

14. CONTINGENCIES

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

15. IMPAIRMENT OF ASSETS

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

16. NET PROFIT

The net profit is arrived at after provisions for:

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

17. INTANGIBLE ASSETS

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

18. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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Managing Director & CEO

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Directors

sd/- S.Sundar sd/- V.V.D.N. Vikraman sd/- P.Yesuthasen sd/- S.Selvan Rajadurai
Directors Directors Directors Chief General Manager

sd/- M.Gunasekaran sd/- S.Kandavelu sd/- N.Devadas
General Manager General Manager General Manager

sd/- C.S Deepak
Company Secretary

Vide our report of even date attached
For Suri & Co.
Firm Regn.No.004283S

Thoothukudi
29.05.2014

Chartered Accountants
sd/- R.Krishnamoorthy
Partner (M.No.20695)

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

SCHEDULE – 18:

NOTES FORM PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

1. The Balance Sheet and Profit & Loss Account have been prepared in conformity with Forms A & B of the Schedule III to the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956 and in conformity with the guidelines issued by the Reserve Bank of India and practices prevailing in the banking industry in India.
2. During the year, all the 370 branches have been subjected to statutory audit.
3. Reconciliation of inter branch / office adjustment accounts has been completed up to 31.03.2014
4. (i) In accordance with RBI guidelines, the investments portfolio of the Bank has been classified into three categories as given below:

Category	Book value (Rs. in crore)	% to total investments
Held to Maturity	5247.84	77.50%
Available for Sale	1523.87	22.50%
Held for Trading	0.19	--
Total	6771.90	100.00%

SLR securities under 'Held to Maturity' category accounted for 23.06% of Bank's Demand and Time Liabilities as on the last Friday of the second preceding fortnight as against the ceiling of 24.50% stipulated by Reserve Bank of India.

(ii) During the year, the excess of acquisition cost over face value of securities kept under 'Held to Maturity' category was amortized up to the date of maturity and the amortized amount for the year aggregates to Rs.6.12 crore (previous year Rs.4.83 crore). As per Reserve Bank of India guidelines, the said amount has been reflected as a deduction in Schedule 13 – Interest Earned, under item II – 'Income on Investments'.

(iii) Interest received on sale of securities for Rs.185.87 crore (previous year Rs.85.40 crore) and interest paid on purchase of securities Rs.202.71 crore (previous year Rs.97.44 crore) have been netted and shown under the head 'Income on Investments'.

(iv) A sum of Rs.4.34 crore (previous year Rs.1.29 crore) has been charged as depreciation while shifting securities from 'Available for Sale' to 'Held to Maturity' on 27.09.2013. There was shifting of securities from 'Held for Trading' to 'Available for Sale' category during the year on 03rd July, 2013 to the tune of Rs.31.08 crore (Face value Rs.30.00 crore).

(v) There was no sale of securities out of 'Held to Maturity' category during the year.

(vi) There was one single case of SGL bouncing for the face value of Rs.5.00 crore on 11.06.2013 as the security sold was available in the REPO SGL account with RBI. The same was settled on 12.06.2013 by transferring the security from the Repo SGL account to our Principal SGL account on 11.06.2013 after market hours. The same has been reported to the Reserve Bank of India. On satisfactory reply furnished by us, RBI has not levied any penalty.

5. Additional disclosures
A. Capital

Items	Current Year		Previous Year	
	Basel II	Basel III	Basel II	Basel III
i) Common Equity Tier I capital ratio (%)	15.10	14.96	N.A	N.A
ii) Tier I capital (%)	15.10	14.96	14.33	N.A
iii) Tier II Capital (%)	0.63	0.63	0.68	N.A
iv) Total Capital Ratio (CRAR%)	15.73	15.59	15.01	N.A
v) Percentage of the shareholding of the Government of India in public sector banks	NA		NA	
vi) Amount of equity capital raised	Nil		Nil	
vii) Amount of Additional Tier 1 capital raised of which	Nil		Nil	
PNCPS:	Nil		Nil	
PDI:	Nil		Nil	
viii) Amount of Tier 2 capital raised; Of which				
Debt capital instrument:				
Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares/ Redeemable Non-Cumulative Preference Shares/ Redeemable Cumulative Preference Shares]				

B. i. Investments

(Rs. In crore)

Items	Current Year	Previous Year
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	6781.38	5357.33
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	9.48	9.06
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments		
(a) In India	6771.90	5348.27
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	9.06	15.99
(ii) Add: Provisions made during the year	5.17	3.59
(iii) Less: Write-off/ write-back of excess provisions during the year	4.75	10.52
(iv) Closing balance	9.48	9.06

ii. Repo Transactions (In face value terms) :

(Rs. In crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding As on March 31, 2014
Securities sold under repos				
1. Government Securities	50.00	210.00	63.18	--
2. Corporate Debt Securities				
Securities sold under MSF				
1. Govt. Securities	5.00	275.00	6.37	40.00
2. Corporate Debt				
Securities purchased under reverse repos				
1. Government Securities	5.00	200.00	6.04	--
2. Corporate Debt Securities				

iii. Non-SLR Investment Portfolio

a) Issuer composition of Non SLR investments

(Rs. in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	82.37	62.53	0.00	0.00	0.11
(ii)	FIs	276.33	156.01	0.00	0.00	0.00
(iii)	Banks	310.87	66.00	5.00	0.00	0.00
(iv)	Private Corporate	94.69	50.00	0.00	0.00	0.00
(v)	Subsidiaries/ Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others (RIDF, MF & Others)	47.94	0.00	0.00	0.00	0.00
(vii)	Provision held towards depreciation	(7.46)	0.00	0.00	0.00	0.00
	Total	804.74	334.54	5.00	0.00	0.11

The amounts reported under columns 4, 5, 6, and 7 need not be mutually exclusive.

(Rs.in crore)

	31.03.2014	31.03.2013
Shares	7.78	13.47
Debentures and Bonds	529.24	303.73
Subsidiaries and Joint Ventures	0.00	0.00
Others (COD+CP+NABARD+MF)	267.72	109.14
Total	804.74	426.34

b) Non performing Non-SLR investments

(Amount in Rs.)

Particulars	Amount
Opening balance – net of provisions	1
Additions during the year	Nil
Reductions during the above period	Nil
Closing balance	1
Total provisions held	5,96,485

C. Derivatives

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

D. Asset Quality**i. a. Non-Performing Asset**

(Rs. in Crore)		
Items	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	1.22	0.66
(ii) Movement of NPAs (Gross)		
(a) Opening balance	214.45	177.48
(b) Additions during the year	684.29	185.41
(c) Reductions during the year	470.72	148.44
(d) Closing balance	428.02	214.45
(iii) Movement of Net NPAs		
(a) Opening balance	106.76*	62.60*
(b) Additions during the year	313.09	87.24
(c) Reductions during the year	210.53	43.08
(d) Closing balance	209.32*	106.76*
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	107.37	114.05
(b) Provisions made during the year	371.20	98.17
(c) Write-off/ write-back of excess provisions	260.30	104.85
(d) Closing balance	218.27	107.37

*In addition to Provision for Bad & Doubtful Debts and Floating provision, claim received from ECGC / DICGC of Rs.0.43 Crore (Previous year Rs.0.32 Crore) have been deducted to arrive at net NPAs.

i.b. Non-performing Loan Provisioning coverage Ratio is 65.37%

ii. Movement of NPAs

(Rs.in Crore)

Particulars	Amount	Amount
	as on 31.03.2014	as on 31.03.2013
Gross NPAs as on 1.04.2013 (Opening Balance)	214.45	177.48
Additions (Fresh NPAs) during the year	684.29	185.41
Sub-total (A)	898.74	362.89
Less:-		
(i) Upgradations	270.42	38.94

(ii) Recoveries (excluding recoveries made from upgraded accounts)	170.72	62.00
(iii) Technical/Prudential write-offs	29.58	47.44
(iii) Write-offs	-	0.06
Sub-total (B)	470.72	148.44
Gross NPAs as on 31.03.2014 (closing balance) (A-B)	428.02	214.45

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

(Rs.in crore)

Particulars	Current year	Previous year
Opening balance of Technical/Prudential written-off accounts as on 01.04.2013	157.72	128.49
Add: Technical/Prudential write-offs during the year	29.58	47.44
Sub-total (A)	187.30	175.93
Less: Recoveries made from previously technical/prudential written-off accounts during the year	10.84	18.21
Closing balance as on 31.03.2014	176.46	157.72

(iii) Sector-wise NPAs

	Sector	Percentage of NPAs to Total Advances in that sector as on 31.03.2014	Percentage of NPAs to Total Advances in that sector as on 31.03.2013
1	Agriculture & allied activities	0.53%	0.60%
2	Industry (Micro & small, Medium and Large)	4.63%	1.27%
3	Services	1.24%	0.64%
4	Personal Loans	2.44%	3.15%

(iv) Concentration of NPAs

(Rs. in Crore)

	As on 31.03.2014	As on 31.03.2013
Total Exposure to top four NPA accounts	202.34	60.57

v. Details of Loan assets subjected to Restructuring

(Rs.in Crore)

S. No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Stand-ard	Sub-stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-stand-ard	Doubt-ful	Loss	Total
	Details																					
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	99*	6	13	8	126	99	6	13	8	126
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	352.82	6.57	12.79	0.05	372.23	352.82	6.57	12.79	0.05	372.23
		Provision thereon	-	-	-	-	-	-	-	-	-	-	9.70	1.64	3.30	0.05	14.69	9.70	1.64	3.30	0.05	14.69
2	Fresh restructuring during the year	No. of borrowers	3	-	-	-	3	-	-	-	-	-	42	1	-	-	43	45	1	-	-	46
		Amount outstanding	173.67	-	-	-	173.67	-	-	-	-	-	48.97	0.33	-	-	49.30	222.64	0.33	-	-	222.97
		Provision Thereon	8.68	-	-	-	8.68	-	-	-	-	-	8.70	0.08	-	-	8.78	17.38	0.08	-	-	17.46
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	4	-4	-	-	-	4	-4	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	1.31	-1.31	-	-	-	1.31	-1.31	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.05	-0.05	-	-	-	0.05	-0.05	-	-	-

S. No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
	Asset Classification		Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-22	-	-	-	-22	-22	-	-	-	-22	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-59.21	-	-	-	-59.21	-59.21	-	-	-	-59.21
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-0.23	-	-	-	-0.23	-0.23	-	-	-	-0.23
5	Down gradation of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-9	3	4	2	--	-9	3	4	2	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-32.70	29.51	3.19	0.03	-32.70	29.51	3.19	0.03	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-7.92	7.11	0.78	0.03	-7.92	7.11	0.78	0.03	-	
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-1	-	-1	-	-	-1	-	-1	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-12.62	-	-12.62	-	-	-12.62	-	-12.62	
7	Restructured	No. of borrowers	3	-	-	-	3	-	-	-	-	-	99	3	13	9	124	102	3	13	9	127	

S. No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total	Stand-ard	Sub-Standard	Doubt-ful	Loss	Total
	Accounts as on March 31 of the FY(closing figure*)	Amount outstanding	173.66	-	-	-	173.66	-	-	-	-	-	293.15	20.08	3.31	0.05	316.59	466.81	20.08	3.31	0.05	490.25
		Provision thereon	8.68	-	-	-	8.68	-	-	-	-	-	10.55	7.85	0.92	0.05	19.37	19.23	7.85	0.92	0.05	28.05

*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight

vi. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction (Rs. in crore)

Item	2013-14	2012-13
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/loss over net book value.	Nil	Nil

vii. Details of non performing financial assets purchased/sold

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

Particulars	2013-14	2012-13
1.a) No of accounts purchased during the year	Nil	Nil
b) Aggregate outstanding	Nil	Nil
2.a) Of these number of accounts restructured during the year	Nil	Nil
b) Aggregate outstanding	Nil	Nil

b. Details of non performing financial assets sold : (Rs. In crore)

Particulars	2013-14	2012-13
1. No of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

viii.. Provisions on Standard Asset

(Rs. in crore)

Item	As at 31.03.14	As at 31.03.13
Provisions towards Standard Assets	75.22	64.54

ix. Floating Provisions

(Rs. in crore)

	Current year	Previous Year
Opening balance of floating provisions	22.58	20.10
The quantum of floating provisions made during the year	1.00	2.48
Amount of draw down made during the year	0.00	0.00
Closing balance	23.58	22.58

E. Draw Down from Reserves

The bank has not made any draw down from the reserves during the year (previous year Nil).

F. Business Ratios

Items		Current year	Previous year
(i)	Interest Income as a percentage to Working Funds \$	10.73%	11.22%
(ii)	Non-interest income as a percentage to Working Funds \$	0.87%	1.13%
(iii)	Operating Profit as a percentage to Working Funds \$	2.43%	3.13%
(iv)	Return on Assets@	1.19%	2.00%
(v)	Business (Deposits plus advances) per employee # (Rs. in lakhs)	1074.71	1133.15
(vi)	Profit per employee (Rs. in lakhs)	8.35	13.88

\$ Working funds are reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

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

For the purpose of computation of business per employee (deposits plus advances) inter bank deposits are excluded.

G. Asset Liability Management

Maturity pattern of certain items of assets and liabilities:

(Rs. in crore)

	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day	164.35	1382.59	27.04	0.00	59.82	24.90
2 to 7 days	202.12	154.67	190.11	40.00	0.35	0.14
8 to 14 days	520.76	198.75	133.31	0.00	0.37	0.27
15 to 28 days	596.19	374.39	206.01	0.00	1.09	0.50
29 days to 3 months	3111.36	1663.39	1069.63	0.00	8.92	1.74
Over 3 months and up to 6 months	2094.72	2057.49	447.27	130.00	3.26	6.11
Over 6 months and up to 1 year	4558.12	4928.71	1240.84	49.58	1.53	9.10
Over 1 year and up to 3 years	9554.77	3800.60	2746.99	40.00	0.00	5.00
Over 3 years and up to 5 years	911.06	1442.39	276.23	0.00	4.50	8.11
Over 5 years	932.23	1140.87	434.46	0.00	4.02	0.00
TOTAL	22645.68	17143.85	6771.89	259.58	83.86	55.87

The above data has been compiled on the basis of guidelines of RBI and certain assumptions made by the management have been relied upon by the auditors.

H. Lending to Sensitive Sector

i. Exposure to Real Estate Sector

Rs. in crore

Category	Current Year Exposure	Previous Year Exposure
<p>I) <i>Direct exposure</i></p> <p>(a) Residential Mortgages – Lending fully secured by Mortgages on residential properties that are or will be occupied by the borrower or that is rented of which Individual housing loans eligible for inclusion in priority sector advances</p> <p>(b) Commercial Real Estate – Lending fully secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure included non-fund based (NFB) limits also;</p> <p>(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –</p> <p style="padding-left: 40px;">a. Residential,</p> <p style="padding-left: 40px;">b. Commercial Real Estate.</p>	<p>1336.54</p> <p>852.76</p> <p>183.87</p> <p>Nil</p> <p>Nil</p>	<p>1215.19</p> <p>809.85</p> <p>189.80</p> <p>Nil</p> <p>Nil</p>
<p>II) <i>Indirect Exposure</i></p> <p>Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).</p>	11.96	18.51

ii. Exposure to Capital Market

(Rs. In Crore)

Particulars	Current Year	Previous Year
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	15.25	21.70
(ii) advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	4.05	4.46
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	1.03
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	120.13	84.85
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	29.35	24.37
(vi) loans sanctioned to corporate against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) financing to stockbrokers for margin trading;	Nil	Nil
(x) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	168.78	136.41

iii. Risk Category wise Country Exposure

Rs. In crore

Risk Category	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013
Insignificant	151.46	Nil	171.22	Nil
Low risk	99.49	Nil	89.70	Nil
Moderately	64.08	Nil	30.46	Nil
High risk	0.00	Nil	3.41	Nil
Very high risk	0.00	Nil	17.62	Nil
Restricted	0.00	Nil	0.00	Nil
Off-credit	0.00	Nil	0.00	Nil
Total	315.03	Nil	312.41	Nil

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

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

a) Details of single borrower limit in excess of the prudential exposure limits of RBI :

Nil

b) Details of Group borrower limit exceeded by the bank: Nil

I. Miscellaneous

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

Rs. in crore

	Current year	Previous year
Provision for Income Tax & Wealth Tax	79.07	197.06

ii. Penalties imposed on the Bank by RBI : Nil

iii. **Special reserve:** As per section 36(1) (viii) of I.T.Act 1961, the bank has created a special reserve of Rs.23.80 Crore during the year 2013-14.

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

(Rs. in crore)

	Current Year	Previous Year
Depreciation on Investment	4.34	1.29
Diminution on Investment	1.99	2.01
Provision towards NPA	139.73	38.15
Provision towards Standard Asset	10.68	8.44
Floating provision for Advances	1.00	2.48
Provision made for Taxation	79.07	197.06
Deferred Tax Liability	74.67	----
Others :		
Diminution in fair value - Restructured Advances	0.79	Nil

v. Details of complaints / unimplemented awards of Banking Ombudsman

A. customer complaints *	
Number of complaints pending at the beginning of the year	--
Number of complaints received during the year	1986
Number of complaints redressed during the year	1986
Number of complaints pending at the end of the year	--
* - including ATM compliants	
B. Awards passed by the Banking Ombudsman	
Number of Unimplemented awards at the beginning of the year	--
Number of awards passed by the Banking Ombudsman during the year	--
Number of awards implemented during the year	--
Number of unimplemented awards pending at the end of the year	--

vi. Letter of Comfort disclosure

(Rs. In crore)

Letter of comfort issued in earlier years and outstanding as on 01.04.2013	1209.30
Add: Letter of comfort issued during the year	3917.90
Less: Letter of comfort expired during the year	3907.57
Letter of comfort outstanding as on 31.03.2014	1219.63

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

(Rs.in Lakhs)

Commission on Bancassurance	31-03-2014	31-03-2013
Non – Life Insurance – Net of Service Tax	249.21	189.58
Mutual Fund Products	0.00	2.87
Life Insurance – Net of Service Tax	125.36	81.16

viii. Concentration of Deposits

(Rs.in Crore)

	31-03-2014	31-03-2013
Total Deposits of twenty largest depositors	3419.01	3404.36
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	15.09%	16.83%

ix. Concentration of Advances

(Rs. in Crore)

	31-03-2014	31-03-2013
Total Advances to twenty largest borrowers	2377.30	2099.95
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	13.69%	12.83%

x. Concentration of Exposures

(Rs. in Crore)

	31-03-2014	31-03- 2013
Total Exposure to twenty largest borrowers/customers	3190.43	2546.46
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	11.51%	10.34%

xi. Off-balance Sheet SPVs sponsored

Name of the SPV sponsored			
<u>Domestic</u>		<u>Overseas</u>	
31-03-2014	31-03-2013	31-03-2014	31-03-2013
NIL	NIL	NIL	NIL

Expected Return on Plan Assets	874.41	1548.84	582.47	1532.72	332.93	1075.44	436.05	501.32	317.61	403.75
Actuarial gain / (loss) on Plan Assets	-1129.41	258.16	2525.79	-372.72	-332.70	-223.25	2.63	52.27	56.07	16.75
Actual return on Plan Assets	-255	1807.00	2895.69	1160.00	0.23	852.19	438.68	553.59	373.68	420.50
(v) Amount recognized in the Balance Sheet:										
Liability at the end of the year	10067.10	31571.50	9221.00	28004.00	8027.84	23856.23	6430.67	18678.67	5047.56	13367.28
Fair value of Plan Assets at the End of the year	9030.00	25431.00	9221.00	28004.00	6009.31	24335.21	5101.86	12524.56	4614.53	10310.15
Difference	1037.10	6140.50	0.00	0.00	2018.53	-478.98	1328.81	6154.11	433.03	3057.13
Amount Recognized in the Balance Sheet	1037.10	6140.50	0.00	0.00	2018.53	-478.98	1328.81	6154.11	433.03	3057.13
(vi) Expenses recognized in The Income Statement:										
Current Service Cost	421.66	2038.68	446.00	1268.00	328.80	950.30	110.39	5605.43	174.56	891.15
Interest Cost	698.76	1161.25	610.80	1749.30	492.38	1474.19	378.15	967.81	334.96	808.31
Expected Return on Plan Assets	874.41	1548.84	582.47	1532.72	332.93	1075.44	436.05	501.32	317.61	403.75
Actuarial Gain or Loss	1828.09	5150.41	-1375.86	5561.19	1671.47	3488.69	1533.33	1225.18	527.24	2175.52
Expenses Recognized in P & L	2074.10	6801.50	-901.53	7045.77	2159.72	4837.74	1585.84	7297.09	719.15	3471.23

(Rs. in lac)

Details of Provisions made for Other Long term Employee Benefits :

(Rs.in crore)

S.no.	Other Long Term Benefits	2013-14	2012-13	2011-12	2010-11
1	Leave Encashment	6.27	4.53	3.74	4.79
2	Sick Leave	3.45	4.04	1.81	0.42

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

(Rs. in crore)

Particulars	For the year ended 31.03.2014				For the year ended 31.03.2013			
	Treasury	Corporate/Wholesale Banking	Retail Banking	Total	Treasury	Corporate/Wholesale Banking	Retail Banking	Total
Revenue	550.87	691.16	1680.76	2922.79	414.95	647.77	1656.37	2719.09
Result (Profit+)/Loss (-)	104.34	102.43	249.09	455.86	85.16	155.49	397.58	638.23
Unallocated income /Expenses				76.02				0.89

Operating Profit				379.84				637.34
Income Tax & Wealth Tax				79.07				197.06
Extraordinary Profit								
Net Profit				300.77				440.28
Other Information	As at 31.03.2014				As at 31.03.2013			
Segment assets	7383.05	6598.61	11923.73	25905.39	5737.35	6020.58	11404.23	23162.16
Unallocated assets				78.57				18.16
Total assets				25983.96				23180.32
Segment Liabilities	6096.71	5735.02	13946.47	25778.20	4887.03	5086.01	13005.15	22978.19
Unallocated liabilities				205.76				202.13
Total liabilities				25983.96				23180.32

Note:

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

2. The Bank operates only in Domestic Segment.

3. Retail banking includes a sum of Rs.7.32 crore (previous year Rs.5.74 crore) income earned from Para-Banking.

PART B –Geographic Segments

Particulars	Domestic		International		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue	2922.79	2719.09	--	--	2922.79	2719.09
Assets	25983.96	23180.32	--	--	25983.96	23180.32

6.5 Related Party disclosures (AS-18)

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

Thiru K.B Nagendra Murthy – Managing Director and Chief Executive Officer –
01.04.2013 to 31.03.2014.

A. Emoluments:

	01.04.2013 to 31.03.2014	03.07.2012 to 31.03.2013
Salary	37,50,000	26,80,000
Bank Contribution to Provident Fund	4,50,000	3,21,600
Other Benefits	1,20,747	78,194
Total	43,20,747	30,79,794

B. Others:

Deposits Rs. 13.60 lakhs (previous year Rs.72.94 lakhs) Interest on deposits Rs.0.95 lakhs (Previous year Rs.3.47 lakhs).

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

Disclosures on Remuneration to Managing Director and CEO:

a	Information relating to the composition and mandate of the Remuneration Committee	<p>Composition:</p> <ol style="list-style-type: none"> 1. Mr. K. B. Nagendra Murthy 2. Mr. B. Prabakaran 3. Mr. K.N Rajan 4. Mr. T. Rajakumar 5. Mr. P. Yesuthasen 6. Mr. S. Sundar <p>Mandate; To formulate, implement, oversee and review a comprehensive compensation policy for the Bank as per the guidelines of the Reserve Bank of India.</p>
b	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy	The MD & CEO is paid a fixed remuneration @ Rs. 300000 per month at present along with other perquisites. However, pursuant to the approval granted by Reserve Bank of India on April 25, 2014 the remuneration was increased to Rs. 350000 per month with effect from January 1, 2014. Any change in remuneration is subject to review by the Remuneration Committee and approval of the Board of Directors, the members and RBI.
c	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks	Compensation is adjusted for all types of risks. The risk adjustment methods include both quantitative and judgmental elements. Remuneration is fixed after taking into account all relevant factors including the industry practices.
d	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration	Not applicable as the MD & CEO is not paid any performance linked remuneration.
e	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting	Not applicable since the MD & CEO is not entitled to any form of variable pay.

f	Description of the different forms of variable remuneration (i.e cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms	No such forms of compensation is available in the Bank.
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1.Quantitative Disclosures

		Current Year	Previous Year
g	Number of meetings held by the Remuneration Committee during the financial year and remuneration (sitting fees) paid to its members	1 meeting 17/01/2014 Sitting fees paid: Rs.40000/-	2 meetings 23/08/2012 and 27/12/2012 Sitting fees paid: On 23/08/2012 – Rs.15000/- (including the sitting fees of Rs.5000/- paid for the meeting held on 16.08.2012 which was adjourned to 23/08/2012) On 27/12/2012 – Rs. 10000/-
h	1) Number of employees having received a variable remuneration award during the financial year. 2) Number and total amount of sign-on awards made during the financial year	None None	None None

	<p>3) Details of guaranteed bonus, if any, paid as joining/sign on bonus.</p> <p>4) Details of severance pay, in addition to accrued benefits if any</p>	<p>Not applicable to the MD & CEO</p> <p>None</p>	<p>Not applicable to the MD & CEO</p> <p>An amount of Rs.491666/- was paid as gratuity for the previous MD & CEO, who relinquished office on 12.05.2012</p>
i	<p>1) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</p> <p>2) Total amount of deferred remuneration paid out in the financial year</p>	<p>Nil</p> <p>Nil</p>	<p>Nil</p> <p>Nil</p>
j	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Given under AS-18	Given under AS-18
k	<p>1) Total amount of outstanding deferred remuneration exposed to ex post explicit and / or implicit adjustments.</p> <p>2) Total amount of reductions during the financial year due to ex-post explicit adjustments.</p> <p>3) Total amount of reductions during the financial year due to ex-post implicit adjustments</p>	<p>None</p> <p>None</p> <p>None</p>	<p>None</p> <p>None</p> <p>None</p>

6.6. Earnings Per Share (AS – 20)

Items	Amount	
	2013 – 14	2012 – 13
Net Profit after Tax available for equity share holders (Rs.in Lakhs)	30076.69	44028.29
Average number of shares	2,84,454	2,84,454
Basic and Diluted EPS (in Rs.)	10573	15478
Nominal value per share (in Rs.)	10.00	10.00

6.7. Consolidated Financial Statements (AS – 21)

The Bank has no subsidiary and hence the need for consolidation of financial statements does not arise.

6.8. Accounting for Taxes on Income (AS – 22)

In respect of Income Tax, the assessment has been completed up to the Assessment Year 2011-12 (Year ended 31.03.2011). Appeals are pending with appellate authorities for various assessment years. Provision for disputed tax amounting to Rs.29.60 Crore is not considered necessary, based on judicial decisions and decisions rendered in favour of the bank for certain earlier assessment years. The management does not envisage any liability in respect of the disputed issues.

The bank had recorded the cumulative net Deferred Tax Liability of Rs.5.91 Crore relating to the period up to 31.03.2013 arising out of timing difference. The amount debited to the Profit and Loss account during the year is Rs.74.67crore and the net Deferred Tax Liability is Rs.80.57 crore as on March 31, 2014.

The major components of deferred tax assets/liabilities as at 31.03.2014 arising out of timing difference are as follows;

Particulars	(Rs. in Crore)	
	Deferred tax Asset	Deferred tax Liability
Depreciation on Fixed Assets		4.43
Interest accrued on Investments		12.64
Special Reserve		19.15
Depreciation on Investments		65.10
Provisions on retirement benefit etc	16.94	
Others	3.81	
Deferred tax asset/liability	20.75	101.32
Net Deferred Tax Liability	80.57	

6.9. Intangible assets (AS – 26)

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

6.10 Impairment of Assets (AS – 28)

The fixed assets, mainly immovable properties, furniture fittings, the required indications prescribed in AS 28, not being met with, in the opinion of the management, there is no impairment of any asset of the Bank.

6.11 Contingent Liabilities (AS – 29)

The details of provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investment which are considered material are disclosed elsewhere in the financial statements.

6.12 Movement of Provisions for Contingent Liabilities

(Amount in Lakhs)

Balance as on 01.04.2013	851.18
Provided during the year	369.60
Amount used during the year	99.78
Reversed during the year	--
Balance as on 31.03.2014	1121.00

7. The amount of advances for which intangible securities such as charge over rights licences, authority etc., has been taken as collateral security and the value of such collateral security ----- NIL -----

8. The remuneration payment to Managing Director is subject to approval at the Annual General Meeting.

9. Pending finality of industry level bipartite settlement, a sum of Rs.11.90 crores is provided towards estimated liability for revision of salary due to employees for the financial year 2013-14.

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

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

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

sd/- K.B.Nagendra Murthy
Managing Director & CEO

sd/- B. Prabakaran sd/- S.R. Aravind Kumar sd/- P.Mahendavel sd/- T. Rajakumar

sd/- K.N Rajan sd/- K.V Rajan sd/- S.C. Sekar sd/- A.Shidambaranathan
Directors

sd/- S.Sundar Directors sd/- V.V.D.N. Vikraman Directors sd/- P.Yesuthasen Directors sd/- S.Selvan Rajadurai
Chief General Manager

sd/- M.Gunasekaran General Manager sd/- S.Kandavelu General Manager sd/- N.Devadas
General Manager

sd/- C.S Deepak
Company Secretary

Vide our report of even date attached
For Suri & Co.
Firm Regn.No.004283S

Thoothukudi
29.05.2014

Chartered Accountants
sd/- R.Krishnamoorthy
Partner (M.No.20695)

TAMILNAD MERCANTILE BANK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

	Year ended 31.03.2014	Year ended 31.03.2013
Cash profit generated from operations I	Rs. In thousands	
Net profit for the year	30,07,669	44,02,829
<u>Add/Deduct</u>		
Loss/(Profit) on sale of assets	1,159	(371)
Depreciation on Fixed assets	2,29,371	1,69,675
Provisions & Contingencies (incl. Deferred tax adjustments)	31,22,780	24,94,309
Total	63,60,979	70,66,442
Cash flow from operating assets & liabilities II		
<u>Increase/Decrease in liabilities</u>		
Deposits	2,42,18,720	3,11,33,712
Other liabilities & Provisions	(30,00,531)	(18,81,315)
<u>Increase/Decrease in assets</u>		
Advances	(88,78,600)	(2,47,71,273)
Investments	(1,42,36,187)	(45,80,043)
Other assets	(16,00,184)	4,28,146
Total	(34,96,782)	3,29,227
A Net cash flow from operating activities I + II	28,64,197	73,95,669
<u>Cash flow from investing activities</u>		
Sale/disposal of fixed assets	6,426	5,281
Purchase of fixed assets	(4,06,600)	(3,98,521)
B Net Cash flow from investing activities	(4,00,174)	(3,93,240)
<u>Cash flow from financing activities</u>		
Interim Dividend incl. tax	(2,99,517)	(2,97,540)
Borrowings	89,993	(21,00,909)
C Net Cash flow from financing activities	(2,09,524)	(23,98,449)
Total cash flow during the year (A+B+C)	22,54,499	46,03,980
<u>Cash & Cash equivalents as on 01-04-2013</u>		
Cash & bank balances with RBI	91,76,640	69,60,762
Balances with banks & money at call & short notice	26,72,829	2,84,727
Total	1,18,49,469	72,45,489
<u>Cash & Cash equivalents as on 31-03-2014</u>		
Cash & bank balances with RBI	1,03,39,027	91,76,640
Balances with banks & money at call & short notice	37,64,941	26,72,829
Total	1,41,03,968	1,18,49,469
Increase or decrease in cash flow	22,54,499	46,03,980

sd/- K.B.Nagendra Murthy
Managing Director & CEO

sd/- B.Prabaharan sd/- S.R.Aravind Kumar sd/- P.Mahendavel sd/-T.Rajakumar

sd/- K.N.Rajan sd/- K.V.Rajan sd/- S.C.Sekar sd/- A.Shidambaranathan
Directors

sd/- S.Sundar sd/- V.V.D.N.Vikraman sd/- P.Yesuthasen sd/- S.Selvan Rajadurai
Directors **Directors** **Directors** **Chief General Manager**

sd/- M.Gunasekaran sd/- S.Kandavelu sd/- N.Devadas
General Manager **General Manager** **General Manager**

sd/- C.S.Deepak
Company Secretary

Vide our report of even date attached
For Suri & Co.
Firm Regn.No.004283S

Thoothukudi
29.05.2014

Chartered Accountants
sd/- R.Krishnamoorthy
Partner (M.No.20695)

To
The Shareholders

Report on the Financial Statements

1. We have audited the accompanying financial statements of the Tamilnad Mercantile Bank Limited, which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 15 branches, treasury department and other offices audited by us and the 355 branches audited by branch auditors.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Banking Regulation Act. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 from material misstatement.
4. 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates

made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies, circulars issued by the Reserve Bank of India from time to time and give a true and fair view in conformity with the accounting principles generally accepted in India: Subject to,

(a) The account balances have been considered from the audited accounts for the year ended 31st March 2013, pending adoption by the members at the Annual General Meeting;

(b) The payment of remuneration and other benefits, to the Managing Director and Chief Executive Officer as recommended by the Board of Directors and approved by the Reserve Bank of India, amounting to Rs.43,20,747/- pending approval by the members at the Annual General Meeting;

- (i) In the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2014;
- (ii) In the case of the Profit and Loss Account of the true balance of PROFIT of the bank for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.
8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above, 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.
 - (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 15th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
10. We further report that:
- (i) The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.
 - (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) The reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.
 - (iv) As per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956,
 - (v) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place : Thoothukudi
Date : 29.05.2014

For Suri and Co.
Firm Regn. No:004283S

CHARTERED ACCOUNTANTS
Sd/- R.KRISHNAMOORTHY
Partner
M.No:20695

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details Registration No.

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 State Code

1	8
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Balance Sheet Date

3	1
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0	3
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2	0	1	4
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(Rupees in Thousands) (Rupees in Thousands)

Capital raised during the Year

Public Issue					N	I	L
Bonus Issue					N	I	L
Rights Issue					N	I	L
Private Placement					N	I	L

Position of mobilisation and Deployment of funds

Total Liabilities	2	6	3	9	8	2	3	4	5
Total Assets	2	6	3	9	8	2	3	4	5

Sources of funds

Paid-up Capital				2	8	4	5
Secured Loans		4	0	0	0	0	0
Reserves and Surplus	2	2	6	9	3	1	2
Unsecured Loans	2	2	8	6	5	2	6

Application of funds

Net Fixed Assets			1	1	6	8	8	4	0
Net Current Assets	1	8	2	8	6	0	8	6	7
Accumulated Losses							N	I	L
Investments	6	7	7	1	8	9	0		
Miscellaneous Expenditure						N	I	L	

Performance of Company

Turnover	2	9	2	2	7	8	9	2
Total Expenditure	2	5	4	2	9	5	2	3
Profit/(Loss) Before Tax		3	7	9	8	3	6	9
Profit/(Loss) After Tax		3	0	0	7	6	6	9
Earning per share in Rs.				1	0	5	7	3
Dividend Rate %				1	6	0	0	0

Generic names of three principal products / services of the Company (as per monetary terms)

Item Code No. : NOT APPLICABLE
Product Description : Banking Company

sd/- K.B.Nagendra Murthy
Managing Director & CEO

sd/- B. Prabakaran sd/- S.R. Aravind Kumar sd/- P.Mahendrael sd/- T. Rajakumar

sd/- K.N Rajan sd/- K.V Rajan sd/- S.C. Sekar sd/- A.Shidambaranathan
Directors

sd/- S.Sundar sd/- V.V.D.N. Vikraman sd/- P.Yesuthasen sd/- S.Selvan Rajadurai
Directors Directors Directors Chief General Manager

sd/- M.Gunasekaran sd/- S.Kandavelu sd/- N.Devadas
General Manager General Manager General Manager

sd/- C.S Deepak
Company Secretary

Vide our report of even date attached
For Suri & Co.
Firm Regn.No.004283S

Thoothukudi
29.05.2014

Chartered Accountants
sd/- R.Krishnamoorthy
Partner (M.No.20695)