



ದಿ ಶಿರಸಿ ಅರ್ಬನ್ ಸಹಕಾರಿ ಬ್ಯಾಂಕ್ ಲ್.,
The Sirsi Urban Sahakari Bank Ltd.

POWERING GROWTH

113th Annual Report 2017-18





ರಾಷ್ಟ್ರೀಕ ಸರ್ವ ಸಾಧಾರಣ ಸಭೆ 2016

ದಿನಾಂಕ : 24-09-2017



Dr. V. S. Sonde, President addressing the members present during the Annual General Body meeting held on September 24, 2017



Felicitation to Shri S. N. Arunkumar, K. C. S. Managing Director, Karnataka State Co-operative Federation, during his visit to our Bank, on behalf of Board of Directors of Bank.



Progress at a Glance

Rupees in lakhs

Year	Members	Share Capital	Reserve & Other Funds	Deposits	Loans & Advances	Working Capital	Investments	Net Profit	Dividend
1912-13	19	0.23	0.10	0.08	0.03	0.11	0.006	0.03	-
1928-29	829	0.26	0.28	2.29	2.41	2.91	0.24	0.006	-
Silver Jubilee									
1954-55	856	0.29	1.77	6.42	6.20	10.38	2.95	0.20	6.25%
Golden Jubilee									
1965-66	1866	0.97	4.35	31.55	38.20	39.74	7.57	0.68	9%
Diamond Jubilee									
1971-72	2495	2.74	6.85	75.24	51.97	91.48	27.65	1.01	9%
1972-73	2666	4.52	6.50	84.70	57.31	102.11	32.33	1.25	9%
1973-74	2835	5.87	8.35	94.39	75.47	119.79	25.70	2.13	9%
1974-75	2966	6.68	9.85	106.73	84.82	137.90	26.07	3.48	12%
1975-76	3155	7.59	12.19	108.29	91.63	114.68	31.41	3.51	12%
1976-77	3338	8.43	14.54	120.62	97.79	159.16	34.51	4.06	12%
1977-78	3526	9.37	17.22	134.18	101.14	171.68	47.71	5.55	12%
1978-79	3668	10.58	21.40	155.83	116.43	184.00	62.41	5.85	12%
1979-80	4126	13.45	25.78	198.87	155.91	240.55	94.73	7.96	12%
31-12-80	4378	14.60	31.51	232.60	173.11	302.57	136.47	-	-
Platinum Jubilee									
1989-90	8430	59.08	111.60	1287.00	987.00	1664.00	558.27	39.60	12%
1994-95	11100	114.83	365.01	3933.00	3113.00	4633.61	1208.26	136.25	15%
Keshwain Centenary									
1995-96	12115	172.15	463.73	5052.33	4366.12	6277.32	1642.56	190.19	15%
1996-97	13107	212.28	617.08	7467.85	5946.15	8640.04	1949.91	275.00	25%
1997-98	14161	315.53	822.09	11180.80	6442.63	12704.17	5329.38	308.63	25%
1998-99	15680	400.20	1039.24	15329.68	9172.30	17716.96	7383.19	440.67	25%
1999-2000	16614	450.58	1369.61	18224.56	12376.84	22333.49	8331.04	503.44	25%
2000-2001	18166	483.08	1703.33	21664.49	14676.95	24535.58	7433.76	515.47	18%
2001-2002	19727	516.98	2409.95	25213.05	17563.06	28969.55	7568.62	527.31	18%
2002-2003	21283	570.78	2862.03	21956.59	17521.60	26139.38	5626.79	530.68	15%
2003-2004	22059	623.56	3295.19	22790.57	18029.19	27257.76	6427.45	403.00	10%
2004-2005	23661	841.05	3650.58	22723.68	17814.19	27514.02	6863.82	156.11	7%
2005-2006	25660	880.23	3772.76	19220.83	17555.09	24759.07	5471.88	116.31	----
2006-2007	27037	811.02	3742.43	20018.73	16243.85	24926.34	6785.86	63.57	----
2007-2008	27826	813.47	3851.42	20771.29	13632.52	26196.33	10791.14	75.41	----
2008-2009	28468	810.50	4188.85	22010.62	13667.01	28110.23	12217.87	82.94	----
2009-2010	29119	818.54	4399.97	24239.76	14208.23	30670.71	14423.03	85.29	----
2010-2011	30151	862.45	4699.31	26674.80	16483.29	33167.31	14678.58	90.11	----
2011-2012	31595	938.16	5273.33	31879.19	19769.74	38962.29	16569.39	112.56	----
2012-2013	33001	1011.96	5445.80	37356.69	23141.30	44812.34	18815.79	150.79	6%
2013-2014	34550	1074.39	5752.73	44917.74	24659.47	52882.54	22441.03	181.71	7%
2014-2015	37996	1143.14	5897.35	48725.23	25678.70	57080.04	26633.32	192.43	8%
2015-2016	38531	1218.08	6035.05	52074.71	25636.05	60473.52	29556.59	206.70	8%
2016-2017	39359	1374.55	6130.52	58064.53	31045.91	67084.54	30125.41	230.47	8%
2017-2018	40490	1501.94	6261.15	64576.10	35603.88	73751.69	32289.47	247.02	8%

Proposed



ನಿರ್ದೇಶಕ ಮಂಡಳಿ



V.S. Sonde
President



Jayadev U. Nilekani
Vice-President



Milind V. Pandit
Director



V. R. Pai
Director



S. P. Machado
Director



S. C. Dhundshi
Director



M. S. Prabhu
Director



Ramachandra G. Nayak
Director



Santosh S. Pandit
Director



Sadanand M. Naik
Director



T. S. Balamani
Director



R. V. Palekar
Director



Smt. Suvarna P. Prabhu
Director



Smt. Vanita V. Keshwain
Director



Gangadhar H. Sanu
Director



Surendra J. Revankar
Director



Varindra S. Kamat
Director
(From 24-04-2017)



S. K. Nadig
Professional Director



T. Shridhar Murthy
Professional Director



Pandurang A. Pai
Chief Executive Officer
(Up to 30-4-2018)



Arathi S. Shettar
Chief Executive Officer
(From 1-5-2018 onwards)



Contents



- Board of Directors
- Directors report to the shareholders
- Profit and Loss Account
- Balance Sheet
- Significant Accounting Policies
- Notes forming part of Balance Sheet and Profit and Loss Account
- Budget for 2018-19
- Performance Highlights



ANNUAL GENERAL
MEETING

On Saturday September 22, 2018
at 10-30 a.m.
At Vidyadhiraj Kalakshetra,
Rayarpeth, SIRSI.



BRANCHES

BRANCHES	PHONE	BRANCHES	PHONE
SIRSI MAIN P. B. No. 1, Rayarpeth Sirsi - 581401 (U. K. Dist) Karnataka	08384-226343 98807 65346	SHIRALI (BHATKAL) N. H. 17, Main Road, Shirali - 581 354 (U. K. Dist) Karnataka	08385-258029 9880765355
YELLAPUR Bus Stand Road, Yellapur - 581359 (U. K. Dist) Karnataka	08419-261245 98807 65347	BABRUWADA (ANKOLA) Ganga Nivas, P. B. No. 18 Babruwada - 581314 (U. K. Dist) Karnataka	08388-230574 9880765356
MUNDGOD Sirsi Hubli Raod, Near Rita Church Mundgod - 581349 (U. K. Dist) Karnataka	08301-222134 98807 65348	KUMTA Subhas Road, Kumta - 581343 (U. K. Dist) Karnataka	08386-223845 98807 65357
DANDELI J. N. Road, Dandeli - 581325 (U. K. Dist) Karnataka	08284-231445 98807 65349	KARWAR Laxmi Complex, Main Road Karwar - 581301 (U. K. Dist) Karnataka	08382-225010 9880765358
BANAVASI Behind Post Office Banavasi 581318 (U. K. Dist) Karnataka	08384-264245 99005 53116	EXTENSION COUNTERS Hindu High School, Karwar Shivaji High School, Baad, Karwar	08382-221556 08382-225476
SIRSI SUB URBAN Yellapur Road, Vidya Nagar Banavasi 581 402 (U. K. Dist) Karnataka	08384-236645 98807 65351	HUBLI H. D. M. C. Shopping Complex, P. B. Road Hubli - 580029 (Dharwad Dist.) (Tel. Fax) Karnataka	0836-2351645 0836-2351675 9880765359
SADASHIVGAD 1st Floor, Sadanand Complex, Market Road, Sadashivgad - 581 352 (U. K. Dist.) Karnataka	08382-265737 9900553115	WEST OF CHORD ROAD (Bangalore) Ground Floor, No. 28, 19th Main, Near Gokul Veg. Circle (Via Navarang - Modi Hospital Road) 2nd Block, Rajajinagar, Bangalore - 560010	080-23425919 080-23425920 98807 65360
C. P. BAZAR (Sirsi) C. P. Bazar, Sirsi - 581401 (U. K. Dist) Karnataka	08384-226043 98807 65353	ULSOOR (Bangalore) No. 38, Car Street, Ulsoor Bangalore - 560 008 Karnataka	080-25307757 080-25307758 98807 65361

Regd. Admn. Office : Post Box No. 1, Rayarpeth, **SIRSI - 581 401.**
Tel : 08384-226643, 226743, Fax : 226401
www.sirsiurbanbank.in



V.S. Sonde
President



Jayadev U. Nilekani
Vice-President



DIRECTORS' REPORT 2017-18

To The Members,

Your Board of Directors has pleasure in presenting the Annual Report of the Bank along with the audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2018.

Performance Highlights

The summary of financial performance of your bank for the year 2017-18 is as under:

Rs. In crore

Key Parameters	As at/ for the year ended		Growth %
	31-3-2017	31-3-2018	
Assets			
Advances	310.46	356.04	14.68
Investments	301.25	322.89	7.18
Cash and Bank Balances	44.31	42.43	(-) 4.24
Others	14.77	16.22	9.82
Total	670.79	737.58	9.96
Liabilities			
Capital	13.75	15.02	9.24
Reserves	61.31	62.61	2.12
Deposits	580.65	645.76	11.21
Others	15.08	14.19	(-) 5.90
Total	670.79	737.58	9.96
Gross Income	53.97	57.23	6.04
Operating Profit	3.33	4.03	21.02
Net Profit	2.30	2.47	7.39

- ⇒ Total business reached an all time high of Rs.1001.80 crore as at March 31, 2018 surpassing the previous high of Rs.891.11 crore recorded as at March 31, 2017, up by 12.42 %
- ⇒ Total Deposits increased from Rs.580.65 crore as at March 31, 2017 to Rs.645.76 crore as at March 31, 2018, registering an 11.21 % growth.



- ⇒ Total Loans and Advances increased to Rs.356.04 crore as at March 31, 2018 from Rs.310.46 crore, registering a strong growth of 14.68 %.
- ⇒ Credit Deposit Ratio improved to 55.14 % as at March 31, 2018.
- ⇒ Total Assets increased to Rs.737.58 crore as at March 31, 2018 from Rs.670.79 crore as at March 31, 2017, recording a growth of 9.96 %
- ⇒ Net Profit increased by Rs. 2.47 crore during the year 2017-18 as compared to Rs.2.30 crore for the year 2016-17, registering a 7.39 % growth.
- ⇒ Capital Adequacy Ratio as at March 31, 2018 stood at 12.61 %, well above the regulatory prescription of 9.00 %
- ⇒ Gross NPAs as at March 31, 2018 improved to 7.92 % compared to 9.60 % as at March 31, 2017.

Working Results

The Total Interest income of your bank grew to Rs.55.85 crore for the year 2017-18 as against Rs.53.17 crore for the year 2016-17, registering a 5.04 % growth. On the other hand, Interest Expenses of your bank were higher by 2.17 %, up from Rs. 37.38 crore for the year 2016-17 to Rs.38.19 crore during the year 2017-18. Net Interest Income grew at a moderate rate of 11.84 % during the year 2017-18. Non-Interest income grew by Rs.0.59 Crore. The Net Operating Income increased to Rs.19.04 crore during the year 2017-18 from Rs.16.59 crore at a growth rate of 14.77 %. However total operating expenses of your bank during the year 2017-18 was Rs.15.01 crore as compared to Rs.13.26 crore during the year 2016-17.

The operating profit of your bank for the year 2017-18 was Rs.4.03 crore before taxes and provisions as against Rs.3.33 crore for the year 2016-17. After making provision towards loan assets and taxes, the Net Profit for the year 2017-18 of your bank was Rs.2.47 crore as compared to Rs.2.30 crore for the year 2016-17, registering a 7.39 % growth.

The profit available for appropriation was Rs. 2.47 crore and the following appropriation is recommended by the Board of Directors as per the provisions of the Karnataka Co-operative Societies Act, 1959 and bye-laws of the bank.

Head of Account	Appropriation for the year	Balance after proposed appropriation
Reserve Fund	61,75,537.45	19,44,33,427.55
Karnataka State Co-op Federation (Education fund)	37,0,532.25	3,70,532.25
Karnataka Urban Co-op Bank's Federation	1,85,266.12	1,85,266.12
Bad & Doubtful Debts Fund	3,59,416.28	33,58,90,917.83
Building Fund	17,97,081.40	4,31,59,177.15
Investment Depreciation Fund	10,78,248.84	69,75,623.68
Members Welfare Fund	3,59,416.28	44,95,259.82
Charity Fund	1,79,708.14	8,70,350.12
Staff Gratuity Fund	1,79,708.14	12,55,794.60
Staff Welfare Fund	3,59,416.28	59,44,777.10



Head of Account	Appropriation for the year	Balance after proposed appropriation
Jubilee Fund	1,79,708.14	30,85,854.80
Profit Equalization Fund	1,79,708.14	23,31,881.04
Dividend Equalization Fund	7,18,832.56	82,10,429.38
Contingent Reserve Fund	1,79,708.14	60,10,500.38
Branch Opening and Celebration Fund	1,79,708.14	18,15,488.92
Co-operative Propaganda Fund	1,79,708.14	12,56,463.80
Foreign Tour Fund	1,79,708.14	18,65,501.99
Directors' Medical Insurance Fund	3,59,416.28	18,03,204.57
Balance available for payment of dividend	1,15,01,320.93	1,15,01,320.93
Contingent Provisioning towards Std Assets	0.00	1,63,15,002.43
Investment Fluctuation Reserve	0.00	11,92,422.78
Special BDDR U/s 36(1)(viii) of IT Act	0.00	18,48,000.00
Total	2,47,02,149.79	65,08,17,197.24

Dividend

Taking into consideration the overall profitability, the Board of Directors has recommended a dividend of 8.0 % for the year 2017-18, The payout would Rs.1.14 crore.

The dividend for the year 2016-17 at 8.0 % as approved by the Annual General Body in their meeting held on September 24, 2017 have been credited after obtaining the permission of Reserve Bank of India, to the accounts of the members as per the mandate given. The members who are yet to collect their dividends for the earlier years are advised to approach our nearest branch to collect their dividends at the earliest.

Owned funds and Reserves

The owned funds of your bank comprising of paid up capital and reserves as at March 31, 2018 increased to Rs. 77.63 crore compared to Rs. 75.06 crore as at march 31, 2017 registering a 3.42 % growth. Your Bank added 1531 members and 400 members surrendered their membership. Thus the total membership base of your bank increased to 40490 as at march 31, 2018 from 39359 as at march 31, 2017.

The distribution of share holding as at March 31, 2018 is as under.

Share Range	No. of Members	% to Total Membership	No. of Shares	% to Total
Up to Rs.500-00	22687	56.03	3917600	2.61
Rs.600-00 to Rs.1000-00	2995	7.40	2380400	1.58
Rs.1100-00 to Rs.3000-00	8008	19.78	16604000	11.06
Rs.3100-00 to Rs.5000-00	2635	6.50	15228300	10.14
Rs.5100-00 and above	4165	10.29	112063800	74.61
Total	40490	100.0	150194100	100.0



Total Capital funds of your bank increased to Rs.43.38 crore as at March 31, 2018 from Rs.40.57 crore as at March 31, 2017. The total risk weight assets also increased to Rs.344.00 crore as at March 31, 2018 from Rs.287.06 crore as at March 31, 2017. Thus capital adequacy ratio as at March 31, 2018 stood at 12.61 % which is well above the regulatory prescription of 9.0 %. It is very much pertinent to place on record that the bank has been maintaining capital adequacy ratio well above the Reserve Bank of India prescription ever since these norms were brought to force for Urban Co-operative Banks, which would support the future business growth of your bank.

Business Achievements

Your bank recorded a sustainable performance during the year. Total Assets increased to Rs.737.58 crore as at March 31, 2018 from Rs.670.79 crore as at March 31, 2017, recording a growth of 9.96 %. Total business of your bank reached an all time high of Rs.1001.80 crore as at March 31, 2018 surpassing the previous high of Rs.891.11 crore recorded as at March 31, 2017, reporting a healthy increase of 12.42 %.

Deposits

The total deposits of your bank grew from Rs.580.65 crore as at March 31, 2017 to Rs.645.76 crore as at March 31, 2018, registering a growth of 11.21 %, which is well above the growth recorded by the Scheduled Commercial Banks for the year 2017-18 at 6.70%. Your bank's CASA increased to Rs. 143.52 crore as at March 31, 2018 from Rs. 126.21 crore as at March 31, 2017 an increase of 12.42%.

The break-up of deposits for the last two years is as under:

Rs. In crore

Type of deposit	As at March 31, 2017		As at March 31, 2018	
	Amount	% to Total	Amount	% to Total
Current	31.63	5.45	40.63	6.29
Savings	94.58	16.29	102.89	15.93
Term	454.44	78.26	502.24	77.78
Total	580.65	100.0	645.76	100.0

The share CASA to total deposits as at March 31, 2018 improved to 22.22 % as against 21.74 % as at March 31, 2017. The term deposits registered a growth of 10.52 % during the financial year 2017-18. The conscious efforts in aligning the interest rate to near market rates during the year 2017-18, resulted in decrease in the cost of deposits, which was 6.73 % for the year 2017-18 compare to 7.2 % for the year 2016-17.

Deposit Insurance and Credit Guarantee Corporation cover deposits of your bank. The deposits held in the accounts of the depositors in the same right and same capacity are insured up to Rs.1.00 lakh. Bank has been prompt in paying the premiums due covering the deposits and during the year the total amount paid was Rs.0.68 crore.



Advances

The overall investment climate continued to be weak. The sluggishness which prevailed in various industrial and services sector affected the businesses and had put tremendous pressure on repayment cycles of the borrowers. Thus maintaining the growth in loan assets and asset quality was very much challenging. Thrust was given to improve loan portfolio under retail sectors like housing, vehicle loans and personal loans. However, your bank continued efforts to improve the quality of its lending by following various precautions, diligence and undertaking credit monitoring to enhance the quality of credit and sustaining growth. On account of various initiatives taken by your bank during the year in propagating the loan products, total advances grew from Rs.310.46 crore as at March 31, 2017 to Rs.356.04 crore as at March 31, 2018 registering a 14.68 % growth, which is well above the growth in credit reported by the banking sector at 10.30 % during the year.

In spite of such a challenging environment, your bank succeeded in restricting the fresh slippages from standard assets turning NPAs to 0.14 % of the Gross Loans and Advances outstanding as at March 31, 2018. Your bank also continued its relentless efforts in recovery with due focus on existing stock of assets under doubtful category, which helped the bank in recovering Rs.2.10 crore during the year. This helped your bank in bringing down the level of Gross NPAs as at March 31, 2018 to 7.92 % as against 9.60 % as at March 31, 2017. The existence of higher level of Non-performing assets is a cause of concern and continues to receive our prime attention till they are brought down to zero.

Your bank's priority sector advances increased to Rs.183.68 crore as at March 31, 2018. Total outstanding as at March 31, 2018 formed 59.16 % of Adjusted Bank Credit (ABC) as against mandatory level of 40 %. Weaker section advances accounted for 16.46 % of Adjusted Bank Credit.

In order to withstand stiff competition rates of interest on loans were aligned to near market rates. Incidentally, yield on advances for the year decreased by 9.83 % for the year 2017-18 from 10.31 % for the year 2016-17.

Your bank currently offers an array of loan products like, car loans, home loans, mortgage loans, gold loans, business loans etc., at very competitive terms and interest rates and is customer friendly with due focus on retail sector. A new product " Sirsi Bank Vidyarthi Loan Scheme " is launched to cater to the needs of deserving and meritorius students for pursuing higher education. Due focus would be given to promote this product.



Investments

The total Investments of your bank as at March 31, 2018, comprising of Government Securities, bonds of Financial Institutions, Public Sector Undertakings, inter-bank placements and such other eligible modes aggregated Rs.322.89 crore as at March 31, 2018 compared to Rs.301.25 crore as at March 31, 2017. Your banks investment in Government Securities at Rs. 218.88 crore accounted for 37.53 % of the applicable NDTL. Your bank had complied with the Cash Reserve and Liquid Assets consistently throughout the year. Your bank also maintained non-SLR investments within the limits prescribed by Reserve Bank of India.

In line with softened interest rate scenario the average yield on investments during the year 2017-18 was 7.90 %.

Branches and Customer service

The business position of our branches as at March 31, 2018 is as under:

Rupees in crore

Branch	Deposits		Loans and Advances	
	No. of Accounts	Amount	No. of Accounts	Amount
Sirsi Main	24610	101.53	1015	23.37
Yellapur	8067	21.77	1297	9.93
Mundgod	9223	30.54	4942	17.18
Dandeli	10115	45.87	769	19.21
Banavasi	3347	5.05	2997	7.83
Sirsi Suburban	9010	47.20	567	7.04
Sadashivgad	7222	35.02	1172	10.62
C P Bazar, Sirsi	8062	34.73	813	17.39
Honavar	8802	31.70	788	19.04
Shirali	4688	16.40	682	14.82
Babruwada, Ankola	12417	46.45	784	10.27
Kumta	7674	44.32	473	21.23
Karwar	13738	54.55	649	28.89
Hubli	6911	90.19	814	94.66
West of Chord Road, Bangalore	4532	23.13	832	40.76
Ulsoor, Bangalore	6068	17.31	712	13.80
Total	144486	645.76	19306	356.04



The total branch network continued to be 16 branches, 2 extension counters, apart from Head Office. Various initiatives taken by your bank to give publicity for various products and services coupled with quality services provided impetus to the growth.

The implementation of CBS is pre-requisite to provide technologically driven products and services. Your bank being a sub member of leading PSU bank has been providing RTGS/ NEFT and CTS, ATM, SMS, Internet Banking, Mobile Banking, IMPS, RuPay Card facilities to the customers.

Bank installed its first onsite ATM at our Sirsi Main Branch on April 30, 2018. Subsequently, two onsite ATMs were installed at our branches at Hubli and West of Chord Road, Bangalore. Bank has already received permission for three more onsite ATMs at our Suburban, Mundgod and Honnavar Branches, which would go live shortly. Bank has also submitted proposal for installation of ATMs for our six more branches viz., Dandeli, Babruwada (Ankola), Kumta, Yellapur, Shirali and Karwar Branches. With this our total ATMs would increase to 12 by the end of financial year 2018-19.

Your bank also continued its efforts to fine-tune and provide various products and services to match the changing times and needs of the customers. The strategy in the coming years continues to identify, acquire and retain quality assets.

Audit, Systems and controls

Your bank has in place well laid internal control system commensurate to the size of the business and intricacies of operation. Your bank has also in place Board approved policy on Know Your Customers (KYC) in accordance with the guidelines issued in this regard. Necessary awareness initiatives about KYC/ AML and its need are propagated through the front-office staff and also specific banners displayed at conspicuous place in the banking hall at branches and also through paper notifications so as to prevent the bank, its employees and clients being misused for money laundering or such other financial crimes.

Concurrent audit covering all the branches and Head Office also forms part of the control mechanism, in order to ensure safety of advances, investments and timely identification of defects and deficiencies to take up the corrective action for rectification.

Reserve Bank of India carried out the on-site inspection of your bank with reference to the financial position as at March 31, 2018 and the observations made in the report were complied with and/ or attended to.

The Statutory Audit of your bank for the year 2017-18 has been completed and we are very much pleased in informing all our members that taking into account the all round progress made, your bank has earned "A" Audit Classification for the current financial year. The financial statements, auditor's report and observations made and compliance are being placed before this august house for perusal and approval. A proposal seeking appointment of Statutory Auditors for the year 2018-19 is placed before this house for approval.

No penalties were imposed by Reserve Bank of India during the year.



Human Resources

The human factor plays a significant role in achieving the organizational goals and has bearing on overall performance, profitability and effectiveness. Major thrust was given towards development of human capital. The employees of your bank are already enriched by their educational qualification and their rich experience and continuing learning process has contributed immensely in the overall development of the bank. During the year 25 employees were deputed for training and development programmes at various training institutions.

We are happy in informing you that 35 officers of the Bank have been deputed for Diploma in Urban Co-operative Banking Management Course (DUCBM) conducted by The Karnataka State Co-operative Urban Banks Federation Limited, Bangalore.

Your bank has also been encouraging the employees to appear for various examinations conducted by IIBF in order to inculcate the habit of self learning to acquaint and expose themselves with the changes which have a direct impact on the existing system and sphere of activities. Three employees succeeded in Junior Associate Examination conducted by IIBF, Mumbai. Thus the employees who completed JAIIB and CAIIB stood at 25 and 14 respectively.

The number of employees as at March 31, 2018 stood at 153 comprising of 24 officers, 103 assistants and 26 sub staff. The business per employee stood at Rs.6.55 crore for the year. The bank maintained excellent relations and the atmosphere of peace and harmony continued as in the previous years.

Corporate Governance

Your bank is committed to follow the best practices keeping the level of efficiency very high, fairness and responsibility in the operations to achieve the objectives of enhancing the value of all the stakeholders. The organization is made up of a number of people who strive to achieve the goals of the organization by being responsive to the growing customer needs.

The composition of board is governed by the provisions of the Karnataka Co-operative Societies Act, 1959, the byelaws of the bank, so also the instructions of Reserve Bank of India to have at least two professional directors. As at March 31, 2018 the board comprised of 19 directors, who are dominant and successful individuals from varied fields who apply their varied experience of business acumen, expertise and success to offer insights that help continuously in strengthening your bank's business and enable it to serve the customers better.

During the financial year 2017-18 the Board met on 13 occasions. Apart from this, 13 meetings of Business Sub-Committee, 4 Audit sub-committee and 2 Investment sub-committee meetings were held to discuss the business attached to it. Every member of the Board/ each Sub-Committee actively participated in the business and contributed their expertise, knowledge and experience towards the progress of the bank.



Duties of the members

In pursuance of latest amendment to the Karnataka Co-operative Societies Act and rules, every member of the bank shall participate in the management of the bank by attending three out of the last five annual general meetings and by utilising every year such minimum services or facilities offered by the bank as may be specified in the bye-laws.

Accordingly, every member as per the bye-laws of the bank is required to utilise every year the minimum services as here under:

1. to have Rs.1000 minimum deposit under any of the accounts or to have a loan of minimum Rs.5000 and
2. to transact at least on 4 occasions in a financial year in the operative accounts like SB, Current, Pigmy and Cash Credit

A member who fails to utilise the minimum services, fails to attend the minimum meetings, shall lose his right to vote for a period of three years.

It is expected that every member operates their accounts so that the balances in the deposit and other accounts, which have not been operated upon for more than 10 years are not transferred to DEAF Account established by Reserve Bank of India.

Obituary

The board further regrets to record that during the year, some of the elder shareholder passed away during the year.

The board offers its deepest condolences to the families of the bereaved and prays that all the departed souls may rest in eternal peace and may the Almighty give courage and strength to their families to bear the loss of their beloved ones.

Amendment to by-laws

In order to comply with various amendments to the Karnataka Co-operative Societies Rules, necessary amendments to the by-law provisions is placed before the worthy members for consideration. We request you to kindly approve the same.

Business goals

The bank has envisaged a total business turnover of over Rs.1224.00 crore for 2018-19 with deposits at over Rs.773.00 crore and advances at over Rs.451.00 crore. The growth of Indian economy is projected to expand by 7.40 % for 2018 as against 6.70 % for 2017. This improved outlook is backed by several favourable factors like improvement in capacity utilization, credit off take and revival in investment activities. This coupled with favourable regulatory environment would augur well for the banking sector. However emergence of other financial instruments in mutual funds and insurance are likely to attract the attention of the investors and would pose



challenges in coming years in resource mobilization ability of banking sector. We expect to seize the emerging opportunities and meet the challenges through tailor-made products and services.

Acknowledgements

The Board takes this opportunity to express their gratitude to the shareholders, depositors, borrowers and well wishers for their co-operation, support and for being the major driving force for the bank to strive for excellence.

The Board records its appreciation for unstinted co-operation, guidance and encouragement extended by the officers of Reserve Bank of India, Urban Banks Department, the Registrar of Co-operative Societies in Karnataka and other officers of co-operative department.

The Board is also thankful to the Bank's Legal Advisors, Tax Consultants, Concurrent, Statutory & IS Auditors, Consultants and vendors for their co-operation and guidance.

The Board further acknowledges with appreciation support by our Karnataka Urban Co-operative Federation, Bankers, Financial Institutions and Media.

The Board acknowledges with thanks the services rendered by Shri Pandurang A. Pai, General Manager who retired from his services on April 30, 2018 on attaining the age of superannuation. The Board also places on record his contribution and his leadership qualities in taking the bank to its present status.

Last but not the least Board conveys its sincere appreciation to present Chief Executive Officer, Smt. Arathi S. Shettar and her dedicated team of Officers and employees for their unstinted loyalty, dedication for duty, support and contribution in the progress of the bank.

For and on behalf of the Board of Directors

Sirsi

V. S. Sonde
President



THE SIRSI URBAN SAHAKARI BANK LTD, SIRSI

Central Office : Rayarpeth, Sirsi - 581 401 (U. K.)

DUTIES AND RESPONSIBILITIES OF SURETY

Every surety is equally responsible to loanes loan.

Before giving surety, every surety should know in detail about the financial position, purpose of loan and repayment capacity of loanee.

Surety should often enquire about regularity of the repayment of loan. In case loanee fails to repay the instalment, surety should inform the loanee to be regular and prompt.

In case loanee becomes defaulter in repayment, the surety is also not eligible for any loan, till the loanee repays the loan in toto.

A member who is aware of the duties & responsibilities of surety shall join as a surety to the loan.

SPECIAL INSTRUCTIONS :

Under the amended Karnataka Co-operative Societies Act and Rules, every member is required to attend atleast three Annual General Body Meetings of the bank out of Five Annual General Body Meetings convened and he shall avail minimum services every year as specified in the byelaws. Any member who does not comply with the above shall not be eligible to vote in the Annual General Body Meetings and in the Elections to the Board of Directors.

As per the directives of Reserve Bank of India, a loan account will be treated as N.P.A. in case, the instalments of principal and or interest remains overdue for a period of 90 days, this incapacitates both the borrowers and sureties from the loan facilities of the Bank and hence we request our borrowers to be prompt in repayment their loan instalments and interest.

Those who have not produced passport size photo are requested to produce the same immediately to get their Identity Card as per Bank's rules.

The members who are yet to submit their photographs, identity and address proof like PAN Card, Aadhar Card etc., are requested to submit the same to our nearest branch convenient to them.

The members who are yet to make nomination on shares may do so at our nearest branch whom they are dealing.

The member depositors of the bank are also liable for TDS in cases where interest credited or likely to be credited or paid exceeds the threshold limit. Therefore, it is mandatory to furnish PAN failing which the TDS would be made at 20 %

The individual depositors whose aggregate income does not exceed basic exemption limit of Rs.2.50 lakh and Rs.3.00 lakh for non-Senior Citizen Depositors and Senior Citizen Depositors respectively may receive interest without TDS subject to submitting a declaration in Form 15 H & 15 G as the case may be

THE SIRSI URBAN SAHAKARI BANK LTD., SIRSI

PROFIT & LOSS ACCOUNT

Year ended 31 March 2017		EXPENDITURE	Year ended 31 March 2018	
Rs.	Ps.		Rs.	Ps.
37,37,70,278-22		Interest on Deposits & Borrowings, etc.	38,18,59,321-99	
8,90,84,250-00		Salaries, Allowances & Provident Fund	9,96,06,072-00	
7,65,280-00		Directors, Local Committee Members Fees & Allowances	8,13,144-74	
1,06,34,607-55		Rent, Tax, Insurance, Lighting, etc.,	1,20,22,053-36	
1,46,983-00		Law Charges	40,436-00	
17,54,357-11		Postage, Telegram & Telephone Charges	21,42,126-03	
17,61,353-00		Auditor's Expenditure : of which		
3,23,250-00		i) Towards Statutory Audit	4,69,000-00	
83,518-00		ii) Towards Tax Audit	93,166-90	
13,54,585-00		iii) Towards Concurrent Audit & Inf. System Audit :	16,19,868-50	21,82,035-40
42,71,968-00		Depreciation on and repairs to property		
36,02,856-00		a) Depreciation on property	54,81,547-00	
6,69,112-00		b) Repairs to property	10,60,628-49	65,42,175-49
27,89,198-72		Stationery, Printing & Advertisement etc.,	36,52,806-37	
2,99,779-64		Loss from Sale of Assets	2,79,775-07	
2,10,11,363-36		Other Expenditure : of which		
61,53,518-83		a) Miscellaneous Expenses	59,71,324-46	
95,63,203-00		b) CD/ Pavan Deposit Collection Remuneration	1,01,60,043-39	
4,23,873-50		c) T. A. & D. A. paid to staff	3,22,619-00	
13,65,671-50		d) A. M. C. for Computers	16,99,457-41	
90,574-00		e) Newspapers & Periodicals	98,670-23	
5,28,475-23		f) Deferred Revenue Expenditure written off A/c.	22,14,472-00	
62,951-80		g) Loan Expenditure	0-00	
4,55,404-50		h) Other Services (Compliance Expenses)	2,70,428-61	
7,74,932-00		i) Technical & Professional Charges	2,65,225-76	
15,92,759-00		j) Security Guard Service Charges	18,36,511-06	2,28,38,751-92
0-00		Provisions & Contingencies :		
0-00		a) Bad & Doubtful Debts Fund	0-00	
0-00		b) Provisioning towards Std. assets	25,00,000-00	25,00,000-00
3,33,46,933-06		Profit before Taxes	3,77,87,083-79	
1,03,00,000-00		Provision for Taxation & Tax Expenses		
1,03,00,000-00		a) Income Tax for the Current year	1,30,00,000-00	
0-00		b) Income Tax for earlier years	84,934-00	1,30,84,934-00
2,30,46,933-06		Net Profit after Taxes carried to Balance Sheet	2,47,02,149-79	
53,96,36,351-66		Total	57,22,65,782-16	

Sd/-
Arathi S. Shettar
Chief Executive Officer

Sd/-
V. S. Sonde
President
Sd/-
J. U. Nilekani
Vice President
Sd/-
Milind V. Pandit
Director

Sirsi

Date : 12-08-2018

FOR THE YEAR ENDED 31ST MARCH, 2018

Year ended 31 March 2017		INCOME	Year ended 31 March 2018	
Rs.	Ps.		Rs.	Ps.
53,16,94,181-33		Interest on Advances & Investments		
28,35,85,942-85		a. Interest /Discount on Loans and Advances	31,26,89,535-88	
15,90,17,742-48		b. Interest on Investments	17,72,08,653-59	
8,29,33,657-00		c. Interest on Inter-bank placement	6,57,91,772-00	
61,56,839-00		d. Interest on Market Lendings	28,31,202.00	55,85,21,163-47
3,40,800-00		Dividend Income		3,40,800-00
0-00		Income from Mutual Funds		42,90,703-27
5,90,576-80		Commission, Exchange & Brokerage		6,02,130-26
0-00		Income Tax Refund		9,63,889-00
14,310-00		Nominal Membership Fees		12,525-13
69,96,483-53		Miscellaneous Income		74,30,856-13
0-00		LOan Expenditure Recovery		1,03,714-90

53,96,36,351-66

Total 57,22,65,782-16

In terms of our report of even date
For M/s. D. B. Sajjanar & Co.,
Chartered Accountants

FRN : 011174S

Sd/-

CA D. B. Sajjanar,

Proprietor

Membership No. 216313

Sirsi

Date : 12-08-2018

THE SIRSI URBAN SAHAKARI BANK LTD., SIRSI

BALANCE SHEET

As at 31 March 2017		CAPITAL AND LIABILITIES		As at 31 March 2018		
Rs.	Ps.		Rs.	Ps.	Rs.	Ps.
		1. Capital				
<u>25,00,00,000-00</u>		i. Authorised Capital			<u>25,00,00,000-00</u>	
		25,00,000 shares of Rs. 100/- each				
13,74,54,500-00		ii. Subscribed, Called-up and Paid up Capital				
		15,01,941 Shares of Rs. 100/- each: of (ii) above				
13,19,30,400-00		Regular Members	14,45,61,000-00			
55,24,100-00		Associate Members	56,33,100-00		15,01,94,100-00	
		of the above				
11,54,19,100-00		a. Individuals	12,62,30,000-00			
0-00		b. Co-operative Institutions	0-00			
0-00		c. State Government	0-00			
<u>2,20,35,400-00</u>		d. Firms	<u>2,39,64,100-00</u>			
61,30,52,004-94		2. Reserve Fund And Other Reserves :				
18,21,61,021-31		i. Statutory Reserve Fund	18,82,57,890-10			
3,96,85,431-37		ii. Building Fund	4,13,620,95-75			
33,50,28,502-24		iii. Bad & Doubtful Debts Reserve	33,55,31,501-55			
18,48,000-00		iv. Special BDDR U/s 36 (1) (viii) of IT Act	18,48,000-00			
68,20,931-07		v. Dividend Equalization Fund	74,91,596-82			
53,94,375-53		vi. Investment Depreciation Reserve	58,97,374-84			
		vii. Other Funds & Reserves (specify):				
1,38,15,002-43		a. Contingent Provisions towards				
		Standard Assets	1,63,15,002-43			
56,63,125-80		b. Contingent Reserve Fund	58,30,792-24			
52,50,027-94		c. Staff Welfare Fund	55,85,360-82			
9,08,420-02		d. Staff Gratiuty Fund	10,76,086-46			
14,68,114-34		e. Branch Opening Expenses Fund	16,35,780-78			
39,94,327-85		f. Centenary Fund	29,06,146-66			
5,22,975-54		g. Charity Fund	6,90,641-98			
9,09,089-22		h. Co-op. Propaganda Fund	10,76,755-66			
38,00,510-66		i. Members Welfare Fund	41,35,843-54			
11,92,422-78		j. Investment Fluctuation Reserve	11,92,422-78			
15,18,127-41		k. Directors Educational Inland & Foreign Tour Fund	16,85,793-85			
12,54,759-41		l. Directors Medical Insurance Fund	14,43,788-29			
<u>18,16,840-02</u>		m. Profit Equalization Fund	<u>21,52,172-90</u>		62,61,15,047-45	
0-00		3. Principal/Subsidiary State Partnership Fund account :				0-00
		For Share Capital of				
		i) Central Co-op. Banks				
		ii) Primary Agri. Credit Societies				
		iii) Other Societies				
5,80,64,53,464-69		4. Deposits & Other Accounts :				
		i. Fixed Deposits				
4,54,43,95,325-47		a. Individuals	4,34,07,92,402-70			
3,94,97,69,197-47		b. Co-op. Banks	0-00			
0-00		c. Other Societies	68,15,83,364-97			
59,4626,128-00			<u>68,15,83,364-97</u>			
			5,02,23,75,767-67			
94,58,17,110-68		ii. Savings Bank Deposits :				
93,33,05,034-21		a. Individuals	1,01,20,25,959-61			
0-00		b. Co-op. Banks	0-00			
1,25,12,076-47		c. Other Societies	1,68,48,621-36			
			<u>1,68,48,621-36</u>			
			1,02,88,74,580-97			
<u>6,55,69,59,969-63</u>		(See page VI)			<u>77,63,09,147-45</u>	
		IV	Total			

AS AT 31-03-2018

As at 31 March 2017		PROPERTY AND ASSETS	As at 31 March 2018	
Rs.	Ps.		Rs.	Ps.
10,89,21,113-09		1. Cash		
3,36,27,071-83		i. In hand	5,44,56,172-20	
2,57,58,703-45		ii. State Bank of India & its subsidiaries	2,36,99,095-50	
4,65,34,312-88		iii. State Co-op. Bank	4,82,17,277-93	
<u>30,01,024-93</u>		iv. Dist. Central Co-op. Bank	<u>22,76,334-93</u>	12,86,48,880-56
1,11,59,38,719-17		2. Balances with other Banks		
26,41,87,483-17		i. Current Deposits	26,06,61,640-00	
0-00		ii. Savings Bank Deposits	0-00	
<u>85,17,51,236-00</u>		iii. Fixed Deposits	<u>75,61,96,622-00</u>	1,01,68,58,262-00
7,00,00,000-00		3. Money at call and short notice		3,50,00,000-00
2,16,07,89,979-50		4. Investments		
2,06,06,08,964-50		i. In Central & State Government Securities (at book value)	2,18,71,08,726-00	
		Face Value Rs. 2,18,54,60,000-00		
		Market Value Rs. 2,19,63,99,793-00		
<u>12,60,015-00</u>		Premium paid on Investments	<u>17,20,345-00</u>	
2,06,18,68,979-50			2,18,88,29,071-00	
0-00		ii. Other trustee Securities	0-00	
42,62,000-00		iii. Shares in Co-op. Institutions	42,62,000-00	
5,94,18,000-00		iv. Bonds of PSUs/FIs	5,94,18,000-00	
<u>3,52,41,000-00</u>		v. Other Investments	<u>22,02,41,000-00</u>	2,47,27,50,071-00
0-00		5. Investments out of The Principal/ Subsidiary State Partnership Fund		0-00
		In shares of :		
		i) Central Co-operative Banks		
		ii) Primary Agri. Credit Societies		
		iii) Other Societies		
3,10,45,90,629-66		6. Advances		
53,74,27,650-61		i. Short term loans, cash credit, overdraft & bills discounted of which secured against		
22,39,521-00		a. Govt. & Other approved Securities	35,71,482-00	
51,58,47,917-38		b. Other Tangible Securities	59,64,18,340-99	
<u>1,93,40,212-23</u>		c. Against Sureties	<u>1,80,28,904-49</u>	
			61,80,18,727-48	
		Of the advances Amount due from Individuals	49,49,75,025-29	
49,97,46,276-32		Of the advances Amount Overdue	2,14,47,325-15	
3,84,47,664-94		Considered Bad and Doubtful of recovery	3,100-00	
3,100-00				
1,57,90,54,312-90		ii. Medium Term Loans of which secured against		
33,18,004-00		a. Govt. & Other approved Securities	36,63,773-00	
<u>1,37,86,49,816-01</u>		b. Other Tangible Securities	<u>1,28,08,12,049-36</u>	
<u>6,56,02,40,441-42</u>	(See page VII)	V	C. F.	<u>3,65,32,57,213-56</u>

THE SIRSI URBAN SAHAKARI BANK LTD., SIRSI

BALANCE SHEET

As at 31 March 2017		CAPITAL AND LIABILITIES	As at 31 March 2018	
Rs.	Ps.		Rs.	Ps.
6,55,69,59,969-63		(B. F. IV)		77,63,09,147-45
31,62,41,028-54		iii. Current Deposits :		
29,08,85,048-92		a. Individuals	36,70,19,608-01	
0-00		b. Co-op. Banks	0-00	
2,53,55,979-62		c. Other Societies	3,93,40,304-62	
			40,63,59,912-63	
0-00		iv. Money at call and short Notice	0-00	6,45,76,10,261-27
0-00		5. Borrowings :		0-00
20,27,105-00		6. Bills for Collection Being Bills Receivable as per Contra		
2,96,661-00		i. Inward bills received for collection	2,37,621-14	
17,30,444-00		ii. Outward bills received for collection	4,81,061-00	7,18,682-14
0-00		7. Branch Adjustments		0-00
48,34,03,022-95		8. Overdue Interest Reserve (as per contra)	52,58,74,804-00	52,58,74,804-00
6,70,62,986-00		9. Interest Payable :		
6,49,42,215-00		i. Fixed & S. B. Deposits	8,58,29,530-00	
21,20,771-00		ii. Cumulative Deposits	39,03,228-00	8,97,32,758-00
5,08,57,852-29		10. Other Liabilities :		
10,87,167-52		i. Ex-Gratia/Bonus payable	12,98,552-52	
28,34,710-00		ii. Suspense Account I	20,38,415-00	
31,155-00		iii. Safe Locher Deposit	31,755-00	
28,400-00		iv. Cumulative "C" Suspense	13,170-00	
21,73,769-00		v. D. D. Payable	8,51,390-00	
3,10,54,020-60		vi. Pay Orders Payable	58,64,148-10	
29,90,984-92		viii. At par Cheques payable	29,85,941-92	
5,41,235-00		viii. Charges Receivable	6,34,321-00	
3,00,000.00		ix. Statutory Audit Fees payable	4,42,000-00	
75,000-00		x. Tax Audit Fees Payable	75,000-00	
1,14,450-00		xi. Concurrent Audit Fees & Exp. payable	1,38,780-00	
39,411-20		xii. Stamp Duty Payable	84,868-09	
81,873-92		xiii. Service Tax Payable	0-00	
32,82,234-00		xiv. Tax Deducted at Source	16,64,728-00	
3,12,412-20		xv. SSI Premium Payable	3,24,467-40	
32,000-00		xvi. Professional Tax Payable	30,400-00	
<u>7,16,03,10,935-87</u>				<u>C. F. 7,85,02,45,652-86</u>

(See page VIII)

VI

AS ON 31-03-2018

As at 31 March 2017		PROPERTY AND ASSETS	As at 31 March 2018			
Rs.	Ps.		Rs.	Ps.	Rs.	Ps.
6,56,02,40,441-42		(B. F. V)			3,65,32,57,213-56	
<u>19,70,86,492-89</u>		c. Against Sureties	<u>20,95,37,431-22</u>			
			1,49,40,13,253-58			
83,51,48,441-57		Of the advances amount due from individuals	82,68,46,108-51			
15,57,24,835-39		Of the advances amount overdue	15,13,66,938-00			
0-00		Considered Bad & Doubtful of recovery	0-00			
98,81,08,666-15		iii. Long-Term loans of which secured against				
0-00		a. Govt & other approved securities	0-00			
98,81,08,666-15		b. Other tangible securities	1,44,83,55,646-00			
<u>0-00</u>		c. Against Sureties	<u>0-00</u>			
			1,44,83,55,646-00		3,56,03,87,627-06	
93,48,56,356-15		Of the advances amount due from individuals	1,02,77,16,650-17			
11,19,28,035-00		Of the advances amount overdue	11,84,18,737-00			
0-00		Considered Bad & Doubtful of recovery	0-00			
55,27,37,733-35		7. Interest Receivable				
48,34,03,022-95		i. Accrued in Loans & Advances (as per contra)	52,58,74,804-00			
6,93,34,710-40		ii. Accrued in Investments	<u>7,56,61,400-44</u>		60,15,36,204-44	
20,27,105-00		8. Bills Receivable being bills for collection (as per contra)				
2,96,661-00		i. Inward bills lodged for collection	2,37,621-14			
<u>17,30,444-00</u>		ii. Outward bills lodged for collection	<u>4,81,061-00</u>		7,18,682-14	
10,14,373-21		9. Branch Adjustments			12,25,278-21	
1,53,07,572-00		10. Premises Less Depreciation				
1,60,26,853-00		Balance as per last balance sheet	1,53,07,572-00			
0-00		Add : Addition during the year	<u>1,20,77,196-76</u>			
1,60,26,853-00			2,73,84,768-76			
<u>7,19,281-00</u>		Less : Depreciation for the year	<u>12,87,177-00</u>		2,60,97,591-76	
1,09,67,450-61		11. Furniture & Fixtures Less Depreciation				
1,19,91,564-25		Balance as per last balance sheet	1,09,67,450-61			
21,11,249-16		Add : Addition during the year	<u>1,29,08,403-98</u>			
1,41,02,813-41			2,38,75,854-59			
<u>4,79,833-80</u>		Less Deduction/Sales during the year	<u>6,38,472-27</u>			
1,36,22,979-61			2,32,37,382-32			
<u>26,55,529-00</u>		Less : Depreciation for the year	<u>40,11,933-00</u>		1,92,25,449-32	
9,12,183-00		12. Toyota Innova 2.5V (E3)				
11,40,229-00		Balance as per last Balance Sheet	9,12,183-00			
0-00		Add : Addition during the year	0-00			
11,40,229-00			9,12,183-00			
<u>2,28,046-00</u>		Less : Depreciation for the year	<u>1,82,437-00</u>		7,29,746-00	
3,92,17,014-29		13. Other Assets (specify)				
25,25,580-29		i. Unused Stationery & Printing	24,26,907-57			
7,210-00		ii. Stamps Account	7,210-00			
2,25,000-00		iii. Manager Quarters Deposit	3,00,000-00			
388-00		iv. Tap water connection deposit	388-00			
64,50,151-00		v. Income tax & Surcharge Refund Receivable	50,76,800-00			
3,15,158-00		vi. Security/Meter Deposit with HESCOM	3,15,158-00			
<u>7,18,24,23,872-88</u>		(See Page IX)				
		VII				
		C. F.			<u>7,86,31,77,792-49</u>	

THE SIRSI URBAN SAHAKARI BANK LTD., SIRSI

BALANCE SHEET

As at 31 March 2017		CAPITAL AND LIABILITIES	As at 31 March 2018			
Rs.	Ps.		Rs.	Ps.	Rs.	Ps.
7,16,03,10,935-87		(B. F. VI)			7,85,02,45,652-86	
21,78,268-93		xvii. Account of Unreconciled Entries	21,78,268-93			
13,34,729-00		xviii. Dividend Payable/Unclaimed Dividend	38,19,895-00			
14,10,886-00		xix. Staff Provident Fund Payable	15,25,632-00			
9,52,000-00		xx. Deferred Tax Liability on Special Reserve A/c.	9,52,000-00			
3,145-00		xxi. Shroff Fees	3,217-00			
0-00		xxii. Output CGST/SGST Account	3,91,745-80			
0-00		xxiii. Input CGST/SGST Account	11,610-00			
0-00		xix. EL Encashment Gratuity Payable	20,00,000-00			
0-00		xx. Staff EMI Suspense	88,965-00		2,74,49,270-76	
3,35,72,937-01		11. Profit & Loss A/c.				
2,06,69,619-98		Profit as per last balance sheet	2,30,46,933-06			
1,01,43,616-03		Less: Appropriations/Transfers	2,30,46,933-06			
2,30,46,933-06		Add : Profit for the year brought from the Profit & Loss A/c	2,47,02,149-79		2,47,02,149-79	
<u>7,19,38,83,872-88</u>			Total		<u>7,90,23,97,073-41</u>	
2,22,18,325-79		Contingent Liabilities	2,17,86,818-00			
23,95,000-00		a. Outstanding Liabilities for Guarantees issued	12,87,660-00			
1,98,23,325-79		b. Deaf Account	2,04,99,158-00			
		Sd/-			Sd/-	
		Arathi S. Shettar			V. S. Sonde	
		Chief Executive Officer			President	
					Sd/-	
					J. U. Nilekani	
					Vice President	
					Sd/-	
					Milind V. Pandit	
					Director	

Sirsi

Date : 12-08-2018

AS ON 31-03-2017

As at 31 March 2017		PROPERTY AND ASSETS	As at 31 March 2018	
Rs.	Ps.		Rs.	Ps.
7,18,24,23,872-88	(B. F. VII)			7,86,31,77,792-49
44,127-20	vii. Telephone Deposits		45,398-00	
2,500-0	viii. Festival Advance		4,200-00	
200-00	ix. Meter deposit with T.M.C.		200-00	
12,874-00	x. Krishi Kalyan Cess Credit Receivable		21,881-00	
2,08,83,707-34	xi. Advance to Vendors (Suspense II)		71,45,847-31	
6,59,993-00	xii. Deferred Revenue Expenditure		39,82,188-00	
52,16,826-92	xiii. Account of unreconciled entries		52,16,826-92	
17,40,000-00	xiv. Building Rent Advance		17,40,000-00	
2,49,551-00	xv. Service Tax Credit Receivable		0-00	
50,000-00	xvi. E-Stamping SD with KSCUBFL		50,000-00	
8,852-00	xvii. E-Stamps a/c		8,852-00	
2,36,726-54	xviii. DEAF Claim Receivable		0-00	
46,934-00	xix. CTS Clearing Account		10,304-00	
0-00	xx. CGST & SGST Cash Ledger Account		26,936-00	
0-00	xxi. CGST & SGST & IGST Cash Ledger Account		7,45,863-12	
5,41,235-00	xxii. Charges Reserve		6,34,321-00	2,77,59,280-92
1,14,60,000-00	13. Non Banking Assets Acquired in satisfaction of claims			1,14,60,000-00
0-00	14. Profit & Loss			0-00
<u>7,19,38,83,872-88</u>				<u>7,90,23,97,073-41</u>

CERTIFICATE

We have audited the accounts of The Sirsi Urban Sahakari Bank Limited, Sirsi for the year 2017-18. We have obtained all the information and explanations to the best of our knowledge and belief which are necessary for the purpose of audit and have found them satisfactory.

In our opinion and to the best of our information and according to the explanations given to us and subject to the observations contained in our detailed Audit Report and annexures, the Profit and Loss Account for the year ended March 31, 2018 and the Balance Sheet as at March 31, 2018 gives true and fair view of the state of affairs of the Bank.

For M/s. D. B. Sajjanar & Co.
Chartered Accountants
FRN : 011174S

Sirsi
Date : 12-08-2018

Sd/-
CA D. B. Sajjanar
Proprietor
Membership No. 216313

SIGNIFICANT ACCOUNTING POLICIES, NOTES ON THE ACCOUNTS FORMING PART OF
BALANCE SHEET AS ON AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2018

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared following the going concern concept on a historical basis and conform to the generally accepted accounting practices, prevalent statutory provisions and guidelines issued by Reserve Bank of India except otherwise stated.

2. Contingencies and Events occurring after Balance Sheet date

There are no contingencies and events occurred in reporting entity including material changes and commitments after the Balance Sheet date.

3. Recognition of Income and Expenditure

Items of income and expenditure are accounted generally on accrual basis, except as stated here under:

- a. Interest income on advances, commission and exchange income, rent on safe lockers and Other Incomes are accounted on receipt basis.
- b. Dividend received from shares of Co-operative institutions and Financial Institutions are accounted on receipt basis.

4. Loans and Advances

In terms of guidelines issued by Reserve Bank of India, loans and advances are classified as "Performing Assets" (Standard Assets) and "Non-Performing Assets" based on record of recovery of principal/ interest and are classified on 90 days delinquency norms. Non Performing Assets are classified as sub standard assets, doubtful assets and loss assets for the purpose of computing the provisioning requirements.

Provisioning requirement on these loans and advances as per the guidelines of Reserve Bank of India are as under :

- a. Standard Assets – at 0.25 % of the outstanding performing advances under direct agriculture and Small and Medium Enterprises (SMEs) and 1.00 % for Commercial Real Estate loans, 0.75% for Commercial and Real Estate Loans - residential housing and 0.40 % of the outstanding for all other performing advances.
- b. Sub-standard Assets – at 10.00 % of the balance outstanding.
- c. Doubtful Assets – at 20.00 % to 100.00 % of the secured portion of advances depending upon period and date on which the asset has remained as "Doubtful Asset" (Viz., up to 1 year, 1 – 3 year & more than 3 years respectively) and at 100.00 % of the Unsecured portion of the outstanding advances.
- d. Loss Assets – at 100.00 % of the outstanding.
- e. In respect of restructured loans provisioning is based on diminution in fair value of restructured advances.

5. Investments

Investments as per the instructions of Reserve Bank of India have been classified under the heads "Held to Maturity", "Available for Sale" and "Held for Trading" and have been valued in accordance with the Reserve Bank of India guidelines. These investments are classified under the following five heads Viz; Central & State Government Securities, Other approved securities, Shares of Co-operative institutions, Bonds of Public Sector Undertakings/ Financial Institutions and other Investments.

Investments in Held to Maturity category are carried at lower of cost or par value. These securities are not marked to market and are shown at acquisition cost unless it is more than face value in which case the premiums paid are amortized over the period remaining to maturity.

Investments in "Available for Sale" and "Held for Trading" categories are valued at lower of market value or book value, in aggregate under each classification and net depreciation if any, is provided for and net appreciation, if any is ignored.

Market values of securities are determined in terms of YTM method indicated by FIMMDA. Market values of investments where market quotes are not available but incomes are realized are taken at cost.

Shifting of Investments from one category to another, is to made in accordance to the guidelines issued by Reserve Bank of India and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of such transfer. Depreciation, if any, on such transfer is fully provided for.

6. Fixed Assets and Depreciation

The balances of Fixed Assets have been disclosed consistently at net book values.

Depreciation on Computers has been provided on straight-line method at 33 1/3 % as per the Reserve Bank of India guidelines. Depreciation on other Fixed Assets are provided on written down value method at the rates given here under.

Sl. No.	Item	Rate
1.	Furniture and Fixtures	10.00%
2.	Plant and Machinery	20.00%
3.	Vehicle	20.00%
4.	Building	5.00%

7. Staff Benefits

The bank is the member of Group Gratuity Scheme of Life Insurance Corporation of India and contributes towards the scheme annually based on the assessment made by them. The leave encashment for the retired employees have been made on actual basis at the time of retirement.

The bank's contribution towards Provident Fund is paid every month as per the provisions of the Employees Provident Fund Scheme, 1952 and Employees Pension Scheme, 1995.

8. Segment Reporting

The entire operations of the bank are one composite banking business not liable to different risks and rewards as per the bank. Hence, no information on Accounting Standard 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India has been given.

9. Related party disclosure

The bank is a co-operative Society under the Karnataka State Co-operative Societies Act, 1959 and there are no related parties requiring a disclosure under Accounting Standard 18 on "Related Party Transaction" issued by The Institute of Chartered Accountants of India.

10. Intangible Assets

The details of Computer Software shown as Deferred Revenue Expenditure are as under:

Rupees in Lakh			
Sl. No.	Particulars	2016-17	2017-18
1.	Opening Balance	11.88	6.60
2.	Add : Additions during the year	0.00	53.37
3.	Less : Amortization/write offs during the year	5.28	22.15
4.	Closing Balance	6.60	39.82

11. Impairment of Assets

Impairment losses on Fixed Assets, if any, are recognized in Profit and Loss Account in accordance with Accounting Standard 28 issued by The Institute of Chartered Accountants of India.

12. Provisions, Contingent Liabilities and Contingent Assets

Rupees in Lakh			
Sl. No.	Particulars	2016-17	2017-18
1.	Bank Guarantees	23.95	12.88
2.	DEAF Account	198.23	204.99

13. Net Profit

Net Profit is arrived after accounting for Provisions and Contingencies Viz: Provision towards loan losses, provision towards standard assets, provision towards contingencies and other usual and necessary provisions.

14. No penalties have been imposed by RBI during the year.

B. NOTES ON ACCOUNTS

1. Reconciliation

Reconciliation of Inter Branch/ Inter Bank accounts have been completed up to March 31, 2018 and steps are being taken to effect consequential adjustments of pending items both at Head Office and Branches. except in respect of old pending entries to the extent of net debit balance of Rs. 43.66 Lakh against which bank has provided adequate provisions.

2. Non Banking Assets

Non Banking Assets shown in the Balance Sheet pertains to mortgaged property acquired in satisfaction of claims in respect of a borrower for Rs. 114.60 Lakh (Previous Year Rs.114.60 Lakh).

3. Amortization of premium on investments

In respect of Government Securities held under Held to Maturity category premium of Rs. 5.40 Lakh

(Previous Year Rs.6.09 Lakh) has been amortized during the year and debited under Interest received on Government Securities.

4. Other Aspects

Previous year figures are re-grouped or re-arranged wherever necessary to the presentation of the current year.

The amount deducted/accrued in the books of accounts in respect of undisputed statutory dues include Provident Fund, Income Tax, Service Tax, GST, VAT, Cess & other material statutory dues have been regularly deposited during the year by the bank with appropriate authorities. Similarly no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, GST, VAT, Cess and other material statutory dues were in arrears as on March 31, 2018

C. DISCLOSURE AS PER THE RESERVE BANK OF INDIA GUIDELINES

1. Capital to Risk Assets Ratio

Bank has complied with Capital Adequacy norms prescribed by the Reserve Bank of India. Capital Adequacy Ratio as on March 31, 2018 works out to 12.61 % (Previous Year 14.13%).

	March 31, 2017	March 31, 2018
Tier-I - Ratio	12.84 %	11.33%
Tier-II - Ratio	1.29 %	1.28 %
Total	14.13 %	12.61 %

2. Movement of CRAR

Rupees in Lakh

Sl. No.	Particulars	March 31, 2017	March 31, 2018
a.	Tier I Capital	3685.88	3896.35
b.	Tier II Capital	370.75	441.92
c.	Total (a + b)	4056.63	4338.27
d.	Total Risk Weight Assets	28706.03	34400.03

3. Investments as on March 31, 2018

Rupees in Lakh

Sl. No.	Particulars	Face Value	Book Value	Market Value
a.	Government Securities (Central & State)	21854.60	21888.29	21,964.00
b.	Approved Securities	0.00	0.00	0.00
c.	Shares of Co-operative institutions	42.62	42.62	42.60
d.	Bonds of PSUs/ FIs / Corporates	594.18	594.18	594.18
e.	Other Investments	890.40	2202.41	2216.40
	Total	23381.80	24727.50	24817.18

4. Disclosure on Issuer composition of Non-SLR Investments as on March 31, 2018

Rupees in Lakh

Sl. No.	Issuer composition	Total	Extent below the Investment grade	Extent of Un-rated securities	Extent of unlisted securities
a.	PSUs	594.18	0.00	0.00	0.00
b.	FIs	0.00	0.00	0.00	0.00
c.	Nationalized Banks	0.00	0.00	0.00	0.00
d.	Units of UTI / MFS	2200.00	0.00	0.00	0.00
e.	Others	2.41	0.00	2.41	0.01
f.	Provision held towards depreciation	58.97			

5. Non performing Non-SLR Investments as on March 31, 2018

Rupees in Lakh

a.	Opening balance on April 1, 2017	0.03
b.	Add: Additions during the year	0.00
c.	Less: Reduction during the year	0.00
d.	Closing balance as on March 31, 2018	0.03
e.	Provision held	0.03

6. Advances against Real Estate, Construction Business, Housing and Against Shares and debentures as on March 31, 2018

Rupees in Lakh

a.	Advances against Commercial Real Estate& Real Estate	2930.06
b.	Individual Housing Loans	3794.20
c.	Advances against Shares and debentures	0.00

Note : Mortgage Loan for General Trade, Business Purposes are not considered.

7. Advances to Directors, their relatives, firms or companies in which they are interested

Rupees in Lakh

Sl. No	Particulars	Fund based		Non Fund based	
		March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
a.	To Directors	25.00	21.00	0.02	0.02
b.	To Relatives	7.00	1458.57	0.00	0.00
c.	To Firms/Companies in which they are interested	0.00	0.00	0.00	0.00
	Total	32.00	1479.57	0.02	0.02

8. Cost of Deposits

Average cost of deposits for the year 2017-18 was 6.73% (previous year 7.21%)

9. Non Performing Assets

	March 31, 2017	March 31, 2018
a) Gross NPAs (%)	9.60	7.92
b) Net NPAs (%)	0.00	0.00

c) Movement of NPAs

Rupees in Lakh

	March 31, 2017	March 31, 2018
Gross NPAs at the beginning of the year	2844.18	2979.95
Add: Additions during the year	265.42	48.64
Less: Reduction during the year	129.65	210.49
Gross NPAs at the close of the year	2979.95	2818.10

d) Bank holds a Bad and Doubtful Reserve amounting to Rs. 3355.32Lakh (Previous Year Rs.3350.29 Lakh) against a required provision of Rs. 2634.90 Lakhs (Previous Year Rs. 2693.10 Lakh)

Rupees in Lakh

Sl. No.	Particulars	March 31, 2017	March 31, 2018
e)	Provisioning towards Standard Assets	138.15	163.15

f) Movement of Provisions made towards Non performing Advances

Rupees in Lakh

	March 31, 2017	March 31, 2018
Opening balance	3377.28	3350.29
Add: Additions during the year	3.01	5.03
Less: Transfer/Write Backs	30.00	0.00
Closing balance	3350.29	3355.32

g) Movement of Provisions made towards Non performing Investments

Rupees in Lakh

	March 31, 2017	March 31, 2018
Opening balance	49.43	53.94
Add: Additions during the year	4.51	5.03
Less: Transfer/Write Backs	0.00	0.00
Closing balance	53.94	58.97

10. Significant performance Indicators/Profitability

Sl. No.	Particulars	31-3-2017	31-3-2018
1.	Interest Income to Working funds	8.57 %	8.30 %
2.	Non-Interest Income to Working funds	0.13 %	0.20 %
3.	Operating profit to Working funds	0.54 %	0.60 %
4.	Return on Assets	0.37 %	0.37 %
5.	Business per employee (Rupees in Lakh)	553.48	654.77
6.	Profit per employee (Rupees in Lakh)	1.43	1.61

11. Payment to Deposit Insurance & Credit Guarantee Corporation (DICGC)

Deposits of the bank are covered by Deposit Insurance and Credit Guarantee Corporation. Bank has been prompt in paying the premiums due towards covering the deposits. Under this scheme the amounts held by the depositors in the same right and the same capacity are insured up to Rs.1.00 Lakh. The premium paid during the year amount to Rs. 67,94,875-00 (Previous Year Rs. 60,27,443-00)

12. Foreign Currency Assets and Liabilities : NIL

13. Details of loans subjected to restructuring during the year : NIL

14. Contingent Liabilities - Depositors Education and Awareness Fund Scheme, 2014 (DEAF)

In accordance with " The Depositors Education and Awareness Scheme, 2014 (DEAF) formulated by Reserve bank of India, during the financial year 2017-18, the bank has identified and transferred Rs. 10.37 Lakh to the Depositors Education and Awareness Fund.

Rupees in Lakh

Sl. No.	Particulars	31-3-2017	31-3-2018
a.	Opening balance of amount transferred to DEAF	193.13	198.23
b.	Add : Amount transferred to DEAF	9.22	10.37
c.	Less : Amount reimbursed by DEAF towards claims	4.12	3.61
d.	Closing Balance of amount transferred to DEAF	198.23	204.99

The bank has further paid Rs. 2.37 lakh to the customers/depositors towards the said deposits and lodged claim for refund of said amount from Reserve bank of India in terms of the said scheme.

Sd/-
Arathi S. Shettar
Chief Executive Officer

Sd/-
V. S. Sonde
President

Sd/-
Jayadev U. Nilekani
Vice President

Sd/-
Milind V. Pandit
Director

For M/s. D. B. Sajjanar & Co.,
Chartered Accountants
FRN : . 011174S

Sd/-
CA D. B. Sajjanar
Proprietor
Membership No. 216313

Place : SIRSI
Date : 12-08-2018

Budget for 2018-2019

EXPENDITURE	ACTUAL 2017-2018	BUDGET 2017-2018	BUDGET 2018-2019	INCOME	ACTUAL 2017-2018	BUDGET 2017-2018	BUDGET 2018-2019
Interest on Deposits and Borrowings	38,18,59,321.99	39,00,00,000.00	42,50,00,000.00	Interest on Advances and Investments	55,85,21,163.47	57,30,00,000.00	64,00,00,000.00
Salaries, Allowance, P.F. A/c Directors, Local Com. fees & Allowances	9,96,06,072.00	9,90,00,000.00	12,25,00,000.00	Commission and Discount	6,02,130.26	50,00,000.00	10,00,000.00
Rent, Taxes, Insurance	8,13,144.74	10,00,000.00	10,00,000.00	Income Tax Refund	9,63,889.00	0.00	0.00
Law Charges	1,20,22,053.36	1,45,00,000.00	1,45,00,000.00	Other Receipts	1,21,78,599.43	1,00,00,000.00	2,50,00,000.00
Postage, Telegram and Telephone Charges	40,436.00	4,00,000.00	3,00,000.00				
Audit fees	21,42,126.03	21,00,000.00	25,00,000.00				
Depreciation on and repairs to property	21,82,035.40	21,00,000.00	25,00,000.00				
Stationery, Printing & Advertisement	65,42,175.49	80,00,000.00	70,00,000.00				
Loss on Sale of Assets	36,52,806.37	32,00,000.00	40,00,000.00				
	2,79,775.07	0.00	0.00				
Other Expenditure:							
Other Expenditure	83,43,489.89	1,05,00,000.00	85,00,000.00				
Cumulative Collection							
Remuneration	1,01,60,043.39	1,25,00,000.00	1,10,00,000.00				
T.A., D.A. to Staff	3,22,619.00	5,00,000.00	5,00,000.00				
News Papers & Periodicals	98,670.23	2,00,000.00	2,00,000.00				
Deferred Rev. Expenditure	22,14,472.00	25,00,000.00	25,00,000.00				
AMC on Computers	16,99,457.41	15,00,000.00	20,00,000.00				
Provisions and Contingencies							
Provisioning towards Std. Assets	25,00,000.00	20,00,000.00	30,00,000.00				
Provisioning towards Depr. on Investments	0.00	0.00	1,00,00,000.00				
Provision for Taxation & Tax Expenses	1,30,84,934.00	1,36,00,000.00	2,10,00,000.00				
Net Profit	2,47,02,149.79	2,44,00,000.00	2,80,00,000.00				
	57,22,65,782.16	58,80,00,000.00	66,60,00,000.00		57,22,65,782.16	58,80,00,000.00	66,60,00,000.00

SIRSI

Arathi S. Shettar
Chief Executive Officer

V. S. Sonde
President



ATTRACTIVE DEPOSIT SCHEMES

Period	Rate of Interest	For Senior Citizen
15 days to 45 days	4.50	4.50
45 days to 90 days	5.00	5.00
91 days to 180 days	6.50	6.50
181 days to less than 1 Year	6.50	6.50
1 Year and above	6.75	7.50

SAMRADDHI DEPOSIT CERTIFICATE : (Special Deposit Scheme) 7.25%
FOR 12 MONTHS
FOR SENIOR CITIZEN 8.00%

LAKHPATHI RECURRING DEPOSIT SCHEME

ತಮ್ಮ ಪ್ರೀತಿಯ ಮಕ್ಕಳ ಭವಿಷ್ಯದ ಅವಶ್ಯಕತೆಗಳಾದ ಉನ್ನತ ಶಿಕ್ಷಣ, ವಿವಾಹ, ಇನ್ನಿತರ ಭವಿಷ್ಯದ ಯೋಜನೆಗಳ ಸಾಕಾರಕ್ಕಾಗಿ ನವೀನ, ವೈಶಿಷ್ಟ್ಯಪೂರ್ಣ ಲಕ್ಷಾಧಿಪತಿ ರೆಕರಿಂಗ್ ಡಿಪೋಜಿಟ್ ಯೋಜನೆ ಪ್ರತಿ ತಿಂಗಳು ರೂ.1,000/- ತೊಡಗಿಸಿ 84 ತಿಂಗಳುಗಳಲ್ಲಿ ರೂ. 1,07,440/- ಮತ್ತು ಹೆಚ್ಚು ಹಣವನ್ನು ಪಡೆಯಿರಿ.

ATTRACTIVE LOAN SCHEME

ವಿಶೇಷ ರಿಯಾಯಿತಿ ದರ

Car Loan	8.50%	
Housing Loan upto 20 years	9.20%	8.70% Y
Two Wheeler Loan	12.00%	11.00% Y
Commercial Vehicle Loan	10.00%	9.50% Y
Machinery Loan	11.00%	10.50% Y
Gold Loan	11.75%	
Education Loan	9.00%	8.5%
		(For Girl Students)

Y Promptness discount on interest rates if Instalment/Interest paid within specified date.



Bank's first ATM at our Sirsi Main Branch being inaugurated by Dr. V. S. Sonde, President of our Bank along with Board of Directors on April 30, 2018.



Retired Staff members being felicitated by the Board of directors in the Annual General Meeting held on September 24, 2017.

OUR PRODUCTS

-
- SOLAR LOAN • HOUSING LOAN • CONSUMER LOAN • GOLD LOAN
 - BUSINESS LOAN • VEHICLE LOAN • MACHINERY LOAN • CAR LOAN
 - EDUCATION LOAN

-
- SAMRUDDHI DEPOSIT SCHEME • LAKHPATI RD A/c.
 - KALPATARU CASH CERTIFICATE • NITYA AND PAVAN PIGMY DEPOSITS

-
- Enjoy Banks own ATM Network and RuPay Debit Card Facility with ZERO Charges
 - RTGS / NEFT • Mobile Banking Solutions • CTS Services till 5 p. m.
 - SMS Alerts • POS • ECH, NACH Products
-



Regd. Admn. Office :

Post Box No. 1, Rayarpeth, SIRSI - 581 401.

Tel : 08384-226643, 226743, Fax : 08384-226401

www.sirsiurbanbank.in