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INDEPENDENT AUDITORS' REPORT

To
The Shareholders
Andhra Pradesh Grameena Vikas Bank

Rao & Kumar
Chartered Accountants

Report on the Financial Statements

Qualified Opinion

1. We have audited the accompanying financial statements of Andhra Pradesh Grameena Vikas Bank ("the Bank") as at March 31, 2020, which comprise the balance sheet as at March 31, 2020, the statement of Profit and Loss and the statement of cash flows 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:

- i. The Head Office and 39 Branches audited by us;
- ii. 403 Branches audited by Other Auditors

The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the National Bank for Agriculture and Rural Development (NABARD). Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 333 branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for 25.00% percent of advances, 25.05% percent of deposits, and 18.64% percent of interest income and 17.50% percent of interest expenses.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report:

- i. The Balance Sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at March 31, 2020 in conformity with accounting principles generally accepted in India;
- ii. The Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India, for the year covered by the account; and
- iii. The Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Qualified Opinion

2. The onset and rapid propagation of COVID-19 has caused disruptions in the banking operations, restrictions on travel, meetings and access to client locations and other practical difficulties resulting in Distance Audit / Remote Audit / Online Audit. Further, certain regulatory measures were announced by RBI to mitigate the burden of debt servicing brought about by disruptions and to ensure the continuity of viable businesses. We were unable to physically verify relevant information, items, documents and records. As a result, we were unable to determine whether any adjustments were necessary in respect of the bank's assets that it controls, its liabilities for which it is responsible, its income and expenses for the year, and the cash flow statement.

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Schedule 18 (II) (12) to the financial statements, which describe the possible impact of Covid-19, policies adopted and disclosures required under the relevant Circulars issued by RBI. Our opinion is not modified in respect of this matter.

professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

4. Key audit matters are those matters that, in our

Key Audit Matter	How it has been addressed
<p>Impact of COVID-19 :</p> <p>The onset and rapid propagation of COVID-19 has caused disruptions in the banking operations, restrictions on travel, meetings and access to client locations and other practical difficulties resulting in Distance Audit / Remote Audit / Online Audit. Further, certain regulatory measures were announced by RBI to mitigate the burden of debt servicing brought about by disruptions and to ensure the continuity of viable businesses.</p> <p>Considering the nature of the restrictions, limitations, regulatory requirements, existing business environment, materiality and their possible impact on the operative effectiveness on the critical control systems and risk of material misstatement the audit requires significant efforts in verification, planning and performing alternative procedures and exercise of more professional scepticism to mitigate identified risks / weakness and ensure compliance with Standards on Auditing. Further, this is a matter of high importance for the intended users of the financial statement. Considering these aspects, we have considered this as a Key Audit Matter.</p>	<p>Our Procedure:</p> <p>Though the methodologies of conducting audit are likely to undergo a change, the objective of the audit does not change, which require the auditors to ensure that sufficient appropriate audit evidence is available with the auditor based on which he is able to express his opinion.</p> <p>In Identifying and Assessing the Risks of Material Misstatement and operating effectiveness of critical controls through Understanding the Bank and its Environment the following issues had been considered:</p> <ol style="list-style-type: none"> 1) Operational disruption resulting in any changes to the business model. 2) Employee's absence or work from home. 3) Restrictions on travel. 4) Access to Systems, Data, Documents, Officials. 5) Inability to physically verify relevant information, items and records. <p>Specific Considerations adopted while conducting Distance Audit / Remote Audit / Online Audit of Bank Branch under current Covid-19 situation :</p> <ol style="list-style-type: none"> 1) Obtaining the data / documents required for the purpose of conducting the audit in soft copy / scanned format. 2) Arrangement of visit to Nearest Branch / Central Processing Cells (CPCs) or to make the files maintained at CPCs available at the branch. 3) Seek support for presence of requisite branch officials. 4) Communications by email instead of physical mode wherever necessary. <p>Adopting the SOPs under Covid-19 situation and strictly complying with the government regulatory guidelines issued.</p>

Key Audit matter	How it has been addressed
<p>Verification of Advances:</p> <p>Advances constitute 55.03 % of the bank's total assets.</p> <p>The carrying value of these advances (net of provisions) may be materially misstated if individual or collective income recognition, classification and provisions are not appropriately identified and estimated as per RBI guidelines. Identification of performing and non-performing assets, involves establishment of proper mechanism. The Bank accounts for all the transactions related to advances in its Information Technology System called Core Banking Solution (CBS). Further, NPA stamping and provisioning is also done in the CBS. Considering the nature of the transactions, regulatory requirements, existing business environment, and the materiality, audit of advances require significant efforts in verification of the income recognition, asset classification and provisioning. Further, it is a matter of high importance for the intended users of the financial statement. Considering these aspects, we have considered this as a Key Audit Matter.</p>	<p>Our Procedure:</p> <p>We have tested the design and operation of CBS to ensure that IT system is designed in line with the Master Circular on IRAC norms and other related circulars issued by RBI/ NABARD and internal policies developed by the Bank in accordance with such Norms, including:</p> <p>The accuracy of the data input in the system used for income recognition, asset classification and provisioning in accordance with RBI regulations</p> <p>Business Logics/Parameters are in-built in CBS for Tracking, Identification and Stamping of NPA.</p> <p>Existence and effectiveness of monitoring mechanisms like Internal Audit, Systems Audit, Snap audit and daily Concurrent Audit.</p> <p>We have examined :</p> <p>The Reports, MOCs and certificates issued by the Branch Auditors have been considered including observations made in the LFAR. Observations, if any, by various audits conducted as per the monitoring mechanism of the bank including NABARD Inspection and how they have been dealt with.</p> <p>Our audit procedures included considering the appropriateness of the Banks's accounting policies and assessing compliance with the policies in terms of the applicable accounting standards. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures. We performed test of controls over asset classification with specific focus on whether IRAC norms are followed adequately along with the provisioning requirements.</p> <p>In carrying out substantive procedures, we have examined all large advances while other advances have been examined on a sampling basis. All the stressed accounts of significant amount have been examined in detail.</p> <p>Large numbers of Branches are being audited by the Statutory Branch Auditors who are firms of Chartered Accountants included in the panel of NABARD and appointed by the Bank. We have made, among others, specific communication to the Branch Auditors to examine the advances. We have relied on the various returns relating to advances audited by these Statutory Branch Auditors and there report in respect thereof.</p>

Key Audit matter	How it has been addressed
<p>Provision for Pension:</p> <p>The bank has provided under a Defined Benefit Plan for pension of all the eligible employees. The pension liability is reckoned based on an independent actuarial valuation carried out and bank makes such initial contributions, periodically to the fund as may be required to secure payment of the benefits under the pension regulations. The cost of providing defined benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.</p> <p>The measurement of provision being complex, requiring significant professional judgement and estimation in the selection of requisite long-term assumptions and any deficiency / error in such assumptions may result in inaccurate valuation as per AS 15 and consequent significant impact on the Financial Assertions, in view of the same we consider this to be a key audit matter.</p>	<p>Our Procedure:</p> <p>The bank has a HRMS package in place where details of employees such as Name, Date of Birth, Date of Joining, Basic Pay and other relevant information are being maintained. Details of all the eligible employees have been considered from such package and are forwarded to registered actuarial valuer along with assumptions for actuarial valuations.</p> <p>We have verified the mechanism in place to ensure completeness of the employee data shared for valuation. Further, we have reviewed the experts' assessment of the appropriateness and reasonableness of the assumptions submitted by the bank in relation to such valuation and for matters involving significant professional judgement; we have relied upon the methodologies adopted by the Actuarial Expert as suggested in "SA 620 – Using the Work of an Expert".</p>

Responsibility of the Management and those charged with Governance for the Financial Statements

- The Bank's Board of Directors is responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of Bank in accordance with the applicable provisions of Regional Rural Bank Act, 1976, Banking Regulations Act, 1949, applicable guidelines of Reserve Bank of India (RBI) / NABARD accounting principles generally accepted in India, including the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for audit of financial statements

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

7. We did not audit the financial statements / information of 333 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total advances of Rs. 4,830.80 Crore as at March 31, 2020 and total revenue of Rs. 558.85 Crore (Interest on advances and Commission income) for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.

Subject to the limitations of the audit indicated in paragraph 2 to 6 above and subject to the limitations of disclosure required therein, 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 purposes 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.

- d. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account and the Returns.
- e. 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
- f. The Reports on the financial statements of the Branches audited by the Branch Auditors have been dealt with in preparing our Report in the manner considered necessary by us.

In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI

Place: Hyderabad

Date: 10.05.2020

For **RAO & KUMAR**
Chartered Accountants
FRN: 003089S

CA K S Vamsi Krishna
Partner
MNO: 229988
UDIN No.

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Balance Sheet As At 31st March 2020

(Rs in '000s)

Particulars	Sch.	As on 31.03.2020	As on 31.03.2019
CAPITAL AND LIABILITIES			
Capital	1	94 08 50	94 08 50
Reserves & Surplus	2	2904 94 82	2286 76 34
Deposits	3	18495 69 07	16055 95 57
Borrowings	4	8465 87 52	6471 00 50
Other Liabilities & Provisions	5	1315 60 44	1729 63 51
Total		31276 20 35	26637 44 42
ASSETS			
Cash and balances with RBI	6	634 79 82	810 94 53
Balances with Banks and Money at Call & Short Notice	7	8172 26 70	4494 80 13
Investments	8	3838 85 34	5392 30 59
Advances	9	17234 46 95	14834 92 68
Fixed Assets	10	68 49 86	59 86 67
Other Assets	11	1327 31 68	1044 59 82
Total		31276 20 35	26637 44 42
Contingent Liabilities	12	68 15 65	31 54 37

As per our report of even date

For Rao & Kumar
Chartered Accountants
FR No: 003089S

For Andhra Pradesh Grameena Vikas Bank

(CA. K S Vamsi Krishna)
Partner
M No : 229988

(Ch Sree Rama Somayaji)
General Manager

(K. Praveen Kumar)
Chairman

(Y Rambabu)
Director

(Sukanta K Sahoo)
Director

(Dinkar Argal)
Director

(Bhuvanendra Takoor)
Director

(Satyanarayana, IRAS)
Director

(R Ravi)
Director

Place: Warangal
Date: 10th May 2020

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Profit & Loss for the year ended 31st March 2020

(Rs in '000)

Particulars	Sch.	Year Ended 31.03.2020	Year Ended 31.03.2019
1 Interest Earned	13	2603 51 33	2369 37 59
a. Interest/Discount on Advances/bills		1972 97 85	1728 79 81
b. Interest on Investments		329 61 35	398 81 15
c. Interest on Balances with RBI and Other Inter Bank Funds		Nil	Nil
d. Interest on TDRs with Banks		300 92 13	241 76 63
II Other Income	14	409 93 00	287 95 22
a. Commission, Exchange and Brokerage		253 15 84	237 39 44
b. Miscellaneous Income		156 77 16	50 55 78
III TOTAL		3013 44 33	2657 32 81
IV Interest Expended	15	1390 47 25	1322 92 94
V Operating Expenses (a + b)	16	409 95 06	376 22 99
a. Employees Costs		272 26 33	266 19 18
b. Other Operating Expenses		137 68 73	110 03 81
VI Total Expenditure (excluding provisions and Contingencies) (4+5)		1800 42 31	1699 15 93
VII Operating Profit before provisions and Contingencies (3-6)		1213 02 02	958 16 88
VIII Provisions (other than tax) and Contingencies		319 61 99	807 57 07
IX Profit from Ordinary Activities before Tax (7-8)		893 40 03	150 59 81
X Tax Expense			
a. Provision for Taxation-Current Year		(276 92 88)	(45 00 00)
b. Deferred Tax Asset		1 10 16	(43 71)
c. Earlier Years Adjustments (Excess)		Nil	6 87 74
XI Net profit for the period from Ordinary Activities after Tax		617 57 31	112 03 84

(Rs in '000s)

Particulars	Sch.	Yr Ended 31.03.2020	Yr Ended 31.03.2019
APPROPRIATIONS			
Net Profit for the period		617 57 31	112 03 84
Add: Brought forward Profit		1786 49 56	1700 95 29
Add: Excess Provision written back		61 17	Nil
Transfer to the Statutory Reserves		123 51 46	22 40 77
Transfer to the Capital Reserves		1 10 918	Nil
Special Reserve u/s 36(1)(viii) of IT Act, 1961		24 54 24	4 08 80
Profit Carried Over to Balance Sheet		2245 53 16	1786 49 56
Summary of Significant Accounting Policies	17		
Disclosures and Notes to Accounts	18		

As per our report of even date
For Rao & Kumar
Chartered Accountants
FR No: 003089S

For Andhra Pradesh Grameena Vikas Bank

(CA. K S Vamsi Krishna)
Partner
M No : 229988

(Ch Sree Rama Somayaji)
General Manager

(K. Praveen Kumar)
Chairman

(Y Rambabu)
Director

(Sukanta K Sahoo)
Director

(Dinkar Argal)
Director

(Bhuvanendra Takoor)
Director

(Satyanarayana, IRAS)
Director

(R Ravi)
Director

Place: Warangal
Date: 10th May 2020

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 1 CAPITAL

(Rs in '000's)

Particulars	As on 31.03.2020	As on 31.03.2019
Authorised Capital (200,00,00,000 Equity Shares of Rs.10/-each)	2000,00,00	2000,00,00
Issued Capital (9,40,85,049 Equity Shares of Rs.10/-each)	94,08,50	94,08,50
Subscribed Capital (9,40,85,049 Equity Shares of Rs.10/-each)	94,08,50	94,08,50
Called up Capital (9,40,85,049 Equity Shares of Rs.10/-each)	94,08,50	94,08,50
Less: Calls Unpaid	NIL	NIL
Add: Forfeited Shares	NIL	Nil
TOTAL	94,08,50	94,08,50

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 2 - RESERVES AND SURPLUS

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
I. Statutory Reserve		
Opening Balance	455 48 91	433 08 14
Additions during the Year	123 51 46	22 40 77
Deductions during the Year	Nil	Nil
TOTAL	579 00 37	455 48 91
II. Capital Reserve		
Opening Balance	1 20	1 20
Additions during the Year	11 09 18	Nil
Deductions during the Year	Nil	Nil
TOTAL	11 10 38	1 20
III. Share Premium		
Opening Balance	Nil	Nil
Additions during the Year	Nil	Nil
Deductions during the Year	Nil	Nil
TOTAL	Nil	Nil
IV. Revenue and other Reserve		
Opening Balance	14 31 49	14 31 49
Additions during the Year	Nil	Nil
Deductions during the Year	Nil	Nil
TOTAL	14 31 49	14 31 49
V. Special Reserve u/s 36(1)(viii) of Income Tax Act,1961		
Opening Balance	14 46 52	10 37 72
Additions during the Year	24 54 24	4 08 80
Deductions during the Year	Nil	Nil
TOTAL	39 00 76	14 46 52
VI. Investment Fluctuation Reserve		
Opening Balance	15 98 66	3 10 55
Additions during the year	Nil	12 88 11
Deduction during the year	Nil	Nil
Total	15 98 66	15 98 66
Balance in Profit and Loss Account		
Opening Balance	1786 49 56	
Additions During the year	61 18	
Profit for the year	458 42 42	
TOTAL	2245 53 16	1786 49 56
Grand Total	290 94 82	2286 76 34

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 3 - DEPOSITS

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
A. I. Demand Deposits		
i) From Banks	1 19 81	Nil
ii) From Others	158 64 04	186 14 30
II. Savings Bank Deposits	7195 92 99	6469 96 96
III Term Deposits		
i) From Banks	1628 93 05	745 57 92
ii) From Others	9510 99 18	8654 26 39
TOTAL	18495 69 07	16055 95 57
B. i) Deposits of Branches in India	18495 69 07	16055 95 57
ii) Deposits of Branches Out Side India	Nil	Nil
TOTAL	18495 69 07	16055 95 57

SCHEDULE – 4 - BORROWINGS

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
I. Borrowings in India		
i) Reserve Bank of India	Nil	Nil
ii) Other Banks	1346 42 40	2 12 83
iii) Other Institutions (NABARD,NHB & MUDRA)		
a) NABARD	7066 31 23	6376 07 97
b) NHB	53 13 89	72 79 70
c) MUDRA	Nil	20 00 00
II. Borrowings Outside India	Nil	Nil
TOTAL	8465 87 52	6471 00 50

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 5 OTHER LIABILITIES AND PROVISIONS

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
I Bills payable/Bankers Cheque	90 80 73	116 07 55
II Inter Office Adjustments (Net)	46 06	1 83 85
III Interest Accrued on Deposits	546 63 36	544 44 31
IV General Provisions:		
a) Provision on Standard Assets	58 61 10	49 02 93
b) Standard Assets Provision-created on account of moratorium	98 82	Nil
c) Frauds Provision	5 47	6 15
d) Audit Fee Provisions	84 00	80 00
e) Income Tax Provision	276 92 88	45 00 00
f) Pension Contribution fund provision	206 31 78	831 87 07
g) NPS Provision	Nil	5 79 45
V Interest payables	57 30 27	74 41 86
VI TDS on Bank Term Deposits	9 01 73	9 13 48
VIII Deferred Taz	Nil	Nil
VIII Other Liabilities	67 64 24	51 16 86
TOTAL	1315 60 44	1729 63 51

SCHEDULE – 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
I. Cash in Hand	104 04 90	149 93 45
II. Balances with Reserve Bank of India		
i) In Current Account	530 74 92	661 01 08
ii) In Other Account	NIL	NIL
TOTAL	634 79 82	810 94 53

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 7 - BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
I. In India		
i. Balance with Banks		
a) In Current Accounts	41 04 75	7 44 33
b) In Other Deposit Accounts (TDRs)	81312195	4487 35 80
ii. Money at Call & Short Notice		
a) With Banks	Nil	Nil
b) With Other Institutions	Nil	Nil
TOTAL	8172 26 70	4494 80 13
II. Outside India		
a) In Current Accounts	Nil	Nil
b) In Other Deposit Accounts	Nil	Nil
c) Money at Call & Short notice	Nil	Nil
TOTAL	Nil	Nil
TOTAL (I&II)	8172 26 70	4494 80 13

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 8 - INVESTMENTS

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
I Investment in India		
i) Government Securities	3753 85 35	5317 05 60
ii) Other Approved Securities	Nil	Nil
iii) Shares	Nil	Nil
iv) Debentures and Bonds	Nil	Nil
v) Subsidiaries and /or joint Ventures	Nil	Nil
vi) Investment in Equity shares of National Payment Corporation of India (Long Term)	24 99	24 99
vii) Others	84 75 00	75 00 00
TOTAL	3838 85 34	5392 30 59
II Investments Outside India		
i) Government Securities (Including Local Authorities)	Nil	Nil
ii) Subsidiaries and/or Joint Ventures	Nil	Nil
iii) Other Investments (To Be Specified)	Nil	Nil
TOTAL	Nil	Nil
TOTAL (I&II)	3838 85 34	5392 30 59

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 9 - ADVANCES

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
A. 1. Bills Purchased and Discounted	Nil	Nil
2. Cash Credits, Overdrafts and Loans Repayable on Demand	12364 79 42	11222 27 26
3. Term Loans	4869 67 53	3612 65 42
TOTAL (A)	17234 46 95	14834 92 68
B.1. Secured by Tangible Assets	17234 46 95	14780 12 50
2. Covered by Bank / Government Guarantees	Nil	Nil
3. Unsecured	Nil	54 80 18
TOTAL (B)	17234 46 95	14834 92 68
C.I. Advances in India		
1. Priority Sector	15486 53 15	12714 73 40
2. Public Sector	Nil	Nil
3. Banks	Nil	Nil
4. Others	1747 93 80	2120 19 28
TOTAL (C.I)	17234 46 95	14834 92 68
C.II. Advances Outside India		
1. Due from banks	Nil	Nil
2. Due from Others	Nil	Nil
TOTAL (C.II)	Nil	Nil
GRAND TOTAL (C.I+C.II)	17234 46 95	14834 92 68

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 10 - FIXED ASSETS

(Rs in '000)

Particulars	As on 31.03.2020	As on 31.03.2019
I. Land		
At cost as on the 31st March of the Preceding Year	9 57	9 57
Additions During the Year	Nil	Nil
Deductions During the Year	Nil	Nil
TOTAL	9 57	9 57
II. Buildings		
At cost as on the 31st March of the Preceding Year	161 60	1 57 28
Additions During the Year	8 47 49	4 32
Deductions During the Year	Nil	Nil
Depreciation as on 31 st March of the preceding year	5 00	2 24
Depreciation during the year	6 90	2 77
TOTAL	9 97 19	156 59
III. Other Fixed Assets (including Furniture and Fixtures)		
At cost as on the 31st March of the Preceding Year	128 46 54	120 39 77
Additions During the Year	18 67 57	10 13 34
Deletions During the Year	3 15 18	2 06 57
Depreciation upto the preceding year	78 83 65	70 28 19
Depreciation during the year	10 51 87	9 67 77
Depreciation on deletions	2 56 09	1 12 31
TOTAL	57 19 50	49 62 89
IV. Capital Work in Progress		
At cost as on the 31st March of the Preceding Year	8 57 61	5 52 25
Additions During the Year	67 08	3 05 37
Deletions During the Year	8 01 09	Nil
TOTAL	1 23 60	8 57 62
TOTAL (I+II+III+IV)	68 49 86	59 86 67

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 11 - OTHER ASSETS

(Rs in '000s)

Particulars	As on 31.03.2020	As on 31.03.2019
1. Inter Office Adjustments (Net	Nil	Nil
2. Interest Accrued on investment	252 50 41	187 02 10
3. Advance Tax	397 00 00	170 00 00
4. Tax Deducted at Source	46 54	30 96
5. Stationery	64 70	50 93
6. Telephone Deposit	4 19	Nil
7. Subvention receivable from NABARD	607 53 13	620 16 75
8. Interest incentive receivable from NABARD	Nil	Nil
9. Interest Subvention Received from GOI (NRLM)	Nil	Nil
10. Prepaid Expenses - Insurance	3 17 68	3 33 18
11. Income Tax paid against Disputed Demand	45 23 88	44 07 73
12. Deferred Tax	1 85 81	75 65
13. Others	18 85 34	18 42 52
Total	1327 31 68	1044 59 82

SCHEDULE – 12 - CONTINGENT LIABILITIES

(Rs in '000s)

Particulars	As at 31.03.2020	As at 31.03.2019
Claims against the Banks not acknowledged as debts	53 58 29	18 45 00
Liabilities for partly paid Investments	Nil	Nil
Liabilities on account of outstanding forward exchange contracts	Nil	Nil
Guarantees Given on behalf of Constituents		
a) In India	10 89 00	11 38 84
b) Out Side India	Nil	Nil
Acceptances, Endorsements and other Obligations	Nil	Nil
Other items for which the Bank is contingently liable (DEA Fund)	3 40 91	1 43 08
Unclaimed Bankers Cheques (treated as income in earlier years)	27 45	27 45
TOTAL	68 15 65	31 54 37

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 13 - INTEREST EARNED

(Rs in '000s)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest/ Discount on Advances/Bills	1972 97 85	1728 79 81
Interest on Investments	329 61 35	398 81 15
Interest on Balances with RBI and Other Inter Bank Funds	Nil	Nil
Others	300 92 13	241 76 63
TOTAL	2603 51 33	2369 37 59

SCHEDULE – 14 - OTHER INCOME

(Rs in '000s)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
Commission, Exchange and Brokerage	253 15 84	237 39 44
Profit on Sale of Investment	40 67 44	14 49 56
Profit on Revaluation of Investments	Nil	Nil
Profit on Sale of Lands, Buildings and Other Assets	Nil	Nil
Profit on Exchange Transactions	Nil	Nil
Income Earned by way of Dividend etc, from subsidiaries/ Companies and /or Joint Ventures abroad /In India	Nil	Nil
Miscellaneous Income	116 09 72	36 06 22
TOTAL	40 99 300	287 95 22

SCHEDULE – 15 - INTEREST EXPENDED

(Rs in '000s)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
Interest on Deposits	1007 44 33	851 28 19
Interest on Reserve bank of India / Inter Bank Borrowings	383 02 92	471 64 75
Others	Nil	Nil
TOTAL	1390 47 25	1322 92 94

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

Schedules forming Part of Balance Sheet As on 31st March 2020

SCHEDULE – 16 - OPERATING EXPENSES

(Rs in '000s)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Salary Payments and Provisions to Employees	266 88 73	221 75 58
Gratuity Contribution Fund	Nil	4 78 49
Leave Encashment Fund	Nil	8 83 64
Pension Contribution Fund	Nil	23 30 00
Director's Fee, Allowances and Expenses	Nil	Nil
Medical Expenses	5 31 05	7 43 28
Leave Fare Concession	6 55	8 19
Rent, Taxes, Lighting and Fuel	19 06 91	16 88 74
Printing and Stationery	7 83 16	5 22 56
Advertisement and Publicity	21 33	16 12
Depreciation on Banks Property	10 58 77	9 70 54
Auditors Fee and Expenses	77 68	72 70
Legal Charges	10 77	1815
Telephone Charges	73 12	1 16 34
Repairs and Maintenance	13 64	23 09
Insurance	21 58 24	15 40 65
Traveling and Halting expenses	8 06 53	7 44 32
AMC for Software and Hardware	18 83 79	15 31 07
Books and Periodicals	94 10	89 70
Computerization	45 04	53 50
Vehicle and Fuel	2 20 49	1 76 22
Entertainment	82 60	78 59
Other Expenses (Sundries)	45 32 56	33 61 52
TOTAL	409 95 06	376 22 99

Andhra Pradesh Grameena Vikas Bank

Head Office: Warangal

SCHEDULE – 17 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms / guidelines prescribed by the National Bank for Agriculture and Rural Development (NABARD) / Reserve Bank of India (RBI), Banking Regulation Act 1949, Regional Rural Bank Act, 1976 and amendments thereto and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

B. Use of estimates:

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

C. Significant Accounting Policies:

1. Revenue Recognition:

1.1. Income and Expenditure are accounted on accrual basis, except otherwise stated.

1.2. Interest income is recognised in the Profit and Loss Account as it accrues except, (i) income from Non Performing Assets (NPAs), comprising of advances and investments which is recognised upon realisation, as per the prudential norms prescribed by the RBI or other regulatory authorities. (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.

1.3. Profit / loss on sale of investments is recognised in the Profit and Loss Account.

1.4. Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value is recognised only at the time of sale / redemption.

1.5. Commission & Exchange and Locker rent have been recognized on realization basis.

1.6. Interest on overdue term deposits is accounted for on renewal basis.

1.7. In case of suit filed accounts, legal and other expenses incurred are charged to Profit and Loss Account and at the time of recovery of such expenses is accounted as income.

2. Investments:

The transactions in Government Securities are recorded on "Settlement Date". Investments other than Government Securities are recorded on "Trade Date".

2.1. Classification: Investments are classified into three categories viz., Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI guidelines.

2.2. Basis of classification:

- I. Investments that the Bank intends to hold till maturity are classified as Held to Maturity (HTM).
- II. Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading (HFT).
- III. Investments, which are not classified in the above two categories, are classified as Available for Sale (AFS).
- IV. An investment is classified as HTM / HFT / AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

However, for disclosure in Balance Sheet these are classified as under - Government Securities, Other Approved Securities and Others.

2.3. Valuation:

- i). In determining the acquisition cost of an investment:
 - a) Brokerage or Commission received on subscriptions is reduced from the cost.
 - b) Brokerage, Commission, Securities Transaction Tax (STT) etc., paid in connection with acquisition of investments are expensed upfront and excluded from cost.
 - c) Brooking period interest paid / received on debt instruments is treated as interest expense / income and is excluded from cost or sale consideration.
 - d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and FIFO basis (First in First out) for investments under HTM category.
- ii) Transfer of securities from HFT / AFS category to HTM category is carried out at the lower of acquisition cost / book value / market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price / book value. After transfer, these securities are immediately re-valued and resultant depreciation, if any, is provided
- iii) Treasury Bills and Commercial Papers are valued at carrying cost.
- iv) Held to Maturity category:
 - a) Investments under Held to maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "Interest on Investments".
 - b) Investments in equity shares of other companies are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually.
- v) Investments under AFS and HFT category: Investments under AFS and HFT category are individually re-valued at market price or fair value determined as per regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and debentures, and (v) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of individual security remains unchanged after marking to market.
- vi) Investments are classified as Performing and Non Performing investments, based on the guidelines issued by the RBI. Investments of domestic offices become non performing where:
 - a) Interest or instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.
 - b) In the case of equity shares, in the event the investment in the shares of any company is valued at Rs.1/- per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as

NPI.

3. Loans or Advances and Provisions thereon:

3.1. Loans and advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan assets become Non Performing Asset (NPA) where:

i) In respect of agriculture advances:

- a) For short duration crops, where the instalment of principal or interest remains overdue for two crop seasons, and
- b) For long duration crops, where the principal or interest remains overdue for one crop season.

ii) In respect of Non Agriculture advances:

- a) In respect of term loans, interest and / or instalment of principal remains overdue for a period of more than 90 days.
- b) In respect of Overdraft or Cash Credit Advances, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit or drawing power continuously for a period 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period.

3.2. All advances have been classified under four categories i.e., Standard Assets, Sub-standard Assets, Doubtful Assets and Loss Assets. Provisions are made as per the extant guidelines/directives prescribed by the RBI.

Provisions on Advances are made as under:

I Standard Assets: General Provision for Standard Assets at the following rates:

- Direct Advances to Agriculture and SME sectors at 0.25%
- Commercial Real Estate sector at 1%
- Housing Loans >20.00 lacs @ 0.75%
- All other advances not included in (1) & (2) above at 0.40%

II Sub-Standard Assets:

A loan asset that has remained non performing for a period less than or equal to 12 months is a Sub Standard Asset
General Provision of 15% on the total outstanding

Additional Provision of 10% for exposures which are unsecured ab-intio (i.e. where realisable value of security is not more than 10% ab-initio).

III Doubtful Assets:

A loan asset that has remained in the sub-standard category for a period of 12 months is Doubtful Asset

Secured Portion	Up to One year 25%
	One to three years 40%
	More than three years 100%
Unsecured Portion	100%

5.3. Depreciation is provided on straight line method as per the following rates:

Description of Fixed Asset	Depreciation rates
Buildings	1.6667%
Furniture & Fixtures other than Electrical Fittings and Fixtures	10%
Electrical Fittings with 3 years life	33.33%
Electrical Fittings with 5 years life	20%
Electrical Fittings with 10 years life	10%
Safe Deposit Lockers, Fire proof data safe	5%
Computer systems & ATMs	33.33%
Computer software which does not form an integral part of computer hardware and cost of software development	33.33%
Vehicles	20%

5.4. In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

5.5. Assets costing less than Rs. 5,000 each are charged off in the year of purchase.

6. Impairment of Assets:

Fixed assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are impaired, the impairment to be recognised is measured by the amount which the carrying amount of the asset exceeds the fair value of the asset.

7. Employee Benefits:

7.1. Short Term Employee Benefits:

The undiscounted amount of short – term employee benefits, such as medical benefits etc., which are expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

7.2. Long Term Employee Benefits

i). Defined Benefit Plans:

a. Gratuity:

The Bank provides for Gratuity liability based on actuarial valuation for all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on

termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually, and contributes to SBI Life Insurance Company Limited.

b. Leave Encashment:

The Bank provides for Leave Encashment liability. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment and vesting occurs at different stages as per rules. The Bank makes periodic contributions based on an independent external actuarial valuation carried out annually, and contributes to SBI Life Insurance Company Limited.

c. Pension:

As per the order of Hon'ble Supreme Court of India, the Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per the rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The pension liability is reckoned based on an independent actuarial valuation carried out and Bank makes such initial contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

d. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

ii) Defined Contribution Plans such as Provident Fund are recognized as an expense and charged to the Profit & Loss Account on accrual basis.

iii) The Bank operates New Pension System (NPS) for all staff joined on or after 1st April 2018 and staff joined between 1st April 2010 and 31st March 2018 and opted for NPS, which is a defined Contribution Plan. As per the scheme employees contribute 10% of their basic pay and DA together with matching contribution from the Bank.

iv) Other Long Term Employee benefits:

All eligible employees of the Bank are eligible for leave fare concession, home travel concession. The costs of such long term employee benefits are debited to Profit & Loss account of the Bank, in the year of expense incurred.

8. Taxes on Income:

Income Tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. Current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per the Accounting Standard 22 – "Accounting for Taxes on Income" respectively and which are based on the tax laws prevailing in India. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised by considering the impact of the timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the Profit and Loss Account. Deferred tax assets are recognised and reassessed at each reporting date, based on management's judgement as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry

forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

9. Contingent Liabilities & provisions:

9.1 In conformity with AS – 29, “Provisions, Contingent Liabilities and Contingent Assets”, issued by the ICAI, the bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

9.2. No provision is recognised for:

i). Any possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank; or

ii). Any present obligation that arises from past events but is not recognised because:

a). It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b). A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

iii). Contingent Assets are not recognised in the financial statements.

10. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961

Andhra Pradesh Grameena Vikas Bank

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SCHEDULE – 18 DISCLOSURES & NOTES TO ACCOUNTS

I. Disclosures as per norms for RRBs

1. Capital

Sl.No	Particulars	March 2020 (%)	March 2019 (%)
i)	CRAR(%)	16.15	15.50
ii)	CRAR – Tier I Capital	15.75	15.09
iii)	CRAR – Tier II Capital	0.40	0.41
iv)	Percentage of Shareholding of the :		
A	Government of India	50	50
B	Government of Andhra Pradesh	15	15
C	State Bank of India (Sponsor Bank)	35	35

2. Investments

(Rs in '000s)

S.No	Particulars	March 2020	March 2019
1	Value of Investments		
i)	Gross value of Investments	3838 85 34	5392 30 59
ii)	Provisions for Diminution	15 98 66	15 98 66
iii)	Net value of Investments	3822 86 68	5376 31 93
2	Movement of provisions held towards depreciation on investments		
i)	Opening Balance	15 98 66	3 10 55
ii)	Add: Provisions made during the year	Nil	12 88 11
iii)	Less: Write off / Write back of excess provisions during the year	Nil	Nil
iv)	Closing Balance	15 98 66	15 98 66

The Bank has invested a sum of Rs. 24,99,200/- in National Payments Corporation of India (NPCI), a company promoted by ten banks under the guidance of Indian Bank's Association.

3. Repo Transactions

(Rs in '000s)

Item	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on 31 st March, 2020
Securities Sold under Repos	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repos	Nil	Nil	Nil	Nil

4. Non-SLR Investment Portfolio

i) Issuer composition of Non SLR Investments

(Rs in thousands)

S. 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	NIL	NIL	NIL	NIL	NIL
ii)	FIs	NIL	NIL	NIL	NIL	NIL
iii)	Banks	NIL	NIL	NIL	NIL	NIL
iv)	Private Corporates	NIL	NIL	NIL	NIL	NIL
v)	Others (MF & Equity shares of NPCI)	84 99 99	NIL	NIL	NIL	NIL
vi)	Provisions held towards depreciation	NIL	NIL	NIL	NIL	NIL
	Total	84 99 99	NIL	NIL	NIL	NIL

(ii) Non-Performing Non-SLR Investments

(Rs in thousands)

Particulars	Amount
Opening balance	NIL
Additions during the year since 1st April 2019	NIL
Reductions during the above period	NIL
Closing Balance	NIL
Total provisions held	NIL

5. Asset Quality

I. Non-Performing Assets

(Rs in '000s)

S.No.	Particulars	March 2020	March 2019
i)	Net NPAs to Net Advances (%)	0	0.34
ii)	Movement of NPAs (Gross)		
(a)	Opening balance	189 09 93	195 64 24
(b)	Additions during the year	426 90 81	293 46 36
(c)	Reductions during the year	417 51 16	300 00 67
(d)	Closing balance	198 49 58	189 09 93
iii)	Movement of Net NPAs		
(a)	Opening balance	55 61 61	28 02 81
(b)	Additions during the year	131 36 74	75 53 99
(c)	Reductions during the year	186 98 35	47 95 29
(d)	Closing balance	0	55 61 61
iv)	Movement of provisions for NPAs (Excluding provisions on standard assets)		
(a)	Opening balance	133 48 32	167 61 44
(b)	Provisions made during the year	102 73 89	11 63 07
(c)	Write-off / Write-back of excess provisions	37 72 64	45 76 19
(d)	Closing balance	198 49 57	133 48 32

During the year the Bank has fully provided provision on all NPA Accounts.

ii. Details of Loan Assets subject to Restructuring

(Rs in thousands)

S.No	Particulars	March 2020	March 2019
i	Total amount of loan assets subject to restructuring, rescheduling, renegotiation	Nil	Nil
ii	The amount of Standard Assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iii	The amount of Sub-Standard Assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iv	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
	Total (i) = (ii) + (iii) + (iv)	Nil	Nil

iii) Details of financial assets sold to Securitization (SC) / Reconstruction Company (RC) for Assets Reconstruction

(Rs in thousands)

S.No	Particulars	March 2020	March 2019
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
	Total (i) = (ii) + (iii) + (iv)	Nil	Nil

IV) Details on non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

(Rs in thousands)

S.No	Particulars	March 2020	March 2019
1 (a)	No. of accounts / purchased during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil
2 (a)	Of these, number of account restructured during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold :

(Rs in '000s)

S.No.	Particulars	March 2020	Marh 2019
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

v. Provisions on Standard Assets

(Rs in '000s)

S.No.	Particulars	March 2020	March 2019
1	Provisions on Standard Assets	59 59 92	49 02 99

6. Business Ratios

S.No	Particulars	March 2019	March 2018
i	Interest income as a percentage to Working Funds	9.33	9.32
ii	Non-Interest income as a percentage to Working Funds	1.47	1.13
iii	Operating profit as a percentage to Working Funds (Before Provisions)	4.35	3.75
iv	Returns on Assets (%)	2.21	0.44
v	Business per Employee (Dep + Adv) (Rs'000)	11 44 29	10 28 43
vi	Net profit per Employee (Rs'000)	18 69	3 52

7. Asset Liability Management – Maturity pattern of certain terms of Assets and Liabilities

(Rs in thousands)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	1019 67 29	350 79 21	1551 47 78	2092 87 04	5019 60 11	8179 06 49	159 15 81	123 05 34	18495 69 07
Advances	4518 27 41	114 41 53	615 70 71	1188 41 73	5772 66 32	29 49 10	30 45 06	4965 04 00	17234 45 86
Borrowings	0	0	489 65	1364 79 72	3152 88 25	2839 08 10	1043 97 53	60 24 27	8465 87 52
Investments & STDRs	9794	442 00 00	1650 00 00	3940 87 00	2007 85 00	175 25 00	108 38 35	3644 74 00	11970 07 29
Foreign Currency Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Currency Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

8. Exposures – Exposure to Real Estate Sector

(Rs in thousands)

S.No	Particulars	March 2020	March 2019
a	Direct exposure		
i	Residential Mortgages above Rs. 20.00 lakhs lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan upto Rs. 20 lakh may be shown separately)	1423 88 44	884 87 99
	Up to Rs. 20.00 lakhs	1222 42 99	1006 99 08
ii	Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premise, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.	1097 75	Nil
iii	Investments in Mortgage Backed Securities (MBS) and other securitized exposures	Nil	Nil
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b	Indirect Exposure	Nil	Nil
	Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

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

The bank had not exceeded the single borrower limit, group borrower limit fixed by the Board

10. Miscellaneous – Amount of provisions made for Income tax during the year.

(Rs in thousands)

Particulars	March 2020	March 2019
Provision for Income Tax	276 92 88	45 00 00

11. Disclosure of Penalties imposed by RBI

The Bank has maintained CRR and SLR as per RBI Act 1934 and Banking Regulation Act 1949 and not defaulted during the financial year under report.

12. Additional Disclosures as per Accounting Standards applicable to the Bank

(i) Related party disclosure

a) Related parties where control / significant influence exists or with whom transaction have taken place during the year.

Sponsor Bank their Subsidiaries and Associates : State Bank of India

Key Management Personnel

Shri K. Praveen Kumar, Chairman (From: 02.02.2019)
 Shri G. Sukumar, General Manager –I
 Shri Ch Sree Rama Somayaji, General Manager-II
 Shri G. Nagaraju, General Manager – III
 Shri P. Pardhasaradhi, General Manager – IV
 Shri N. Venkata Ramana, General Manager – V (Chief Vigilance Officer)
 Shri K. E. Subrahmanyamu, General Manager-VI

(ii) Particulars of related party accounts transactions:

The following is the summary of significant related party transactions:

(Rs in thousands)

Particulars	31 st March 2020	31 st March 2019
Refinance received from State Bank of India	Nil	Nil
Interest paid to SBI	4 07 46	68 81 42
Investments made with:		
SBI - in the form of STDRs	188 21 95	260 80 96
SBI Fund Management Private Limited	82 95 00	Nil
Interest received from SBI	20 62 64	27 36 43
Profit on sale of Investments on SBI	3 74 23	70 05
Contributions to Gratuity Fund with SBI Life Insurance Co. Ltd	Nil	4 78 49
Contributions to Group Leave Encashment Policy with SBI Life Insurance Company Limited	Nil	8 83 64
Contributions to Pension Trust Policy with SBI life Insurance Company Limited on behalf of Trust	225 28 10	Nil
Current Account Balance with SBI	8 27	3 48 98

(iii) Particulars of Managerial Remuneration:

(in Rupees)

Particulars	For the year 31 st March 2020	For the year 31 st March 2019
Shri K. Praveen Kumar, Chairman	28 64 648/-	3 95 359/-
Shri.V.Narasi Reddy, Chairman	Nil	26 22 045/-
Shri.M. Satyanaryana, General Manager - I	8 46 811/-	20 65 660/-
Shri.T.V.Krishna Reddy, General Manager - II	4 28 486/-	21 59 052/-
Shri.G.Nagaraju, General Manager - III	23 12 772/-	22 53 732/-
Shri K. Ravi Kiran, General Manager - IV	4 10 287/-	20 82 712/-
Shri N. Venkata Ramana, General Manager - V	23 13 436/-	3 78 438/-
Shri P.Pardhasaradhi General Manager IV	19 30 755/-	Nil
Shri Gouru Sukumar General Manager I	14 87 826/-	Nil
Shri Ch Srirama Somayaji General Manager II	12 97 523/-	Nil
Shri Eswara Subrahmanyamu Karri General Manager VI	11 32 315/-	Nil

13. Provisions on Rural Advances

(Rs in thousands)

S.No.	Particulars	March 2020	March 2019
a	Opening balance in the Rural Advances Provision Account	Nil	10 67 36
b	The quantum of Rural Advances Provision made in the accounting year	Nil	Nil
c	i. Amount of Draw down made during the accounting year	Nil	Nil
	ii. Provision written back to profit and Loss account	Nil	10 67 36
	iii. Total of Draw down	Nil	Nil
d	Closing balance in the Rural Advances Provision Account	Nil	Nil

14. Disposal of Complaints:
A) Customer Complaints:

S.No	Particulars	IT	NON IT	TOTAL
a	No. of complaints pending at the beginning of the year	19	7	26
b	No. of complaints received during the year 2018-19	1,506	595	2,101
c	Total Complaints	1,525	602	2,127
d	No. of complaints redressed during the year	1,495	577	2,072
e	No. of complaints pending at the end of the year	30	25	55*

* Out of 7, 6 complaints were closed during the 1st week of April 2019

B) Award passed by the Banking Ombudsman:

S.No	Particulars	Nos
a	No. of complaints pending at the beginning of the year	05
b	No. of complaints received during the year 2019-20	82
c	Total Complaints	87
d	No. of complaints redressed during the year	77
e	No. of complaints pending at the end of the year	10*
f	No. of awards passed by Banking Ombudsman	0
g	No of awards implemented	Not applicable
h	No. of awards pending implementation	Not applicable

15. Concentration of Deposits Advances Exposures and NPAs

1. Concentration of Deposits	(Rs in Crores)
Total Deposits of Twenty largest depositors	2309.52
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	12.49%
2. Concentration of Advances	(Rs in Crores)
Total Advances of Twenty largest Borrowers	23.47
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	0.12%

3. Concentration of Exposures

(Rs in Crores)

Total Exposure of Twenty largest Borrowers/Customers	27.56
Percentage of Exposures to twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers / customers	0.14%

4. Concentration of NPAs

(Rs in Crores)

Total Exposure to top four NPA accounts	1.12 Cr, 0.56%
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16. Sector Wise NPAs

(Rs. in Cr)

Sl. No	Sector*	Current Year (March 2020)			Previous Year (March 2019)		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector
A	Priority Sector						
1	Agriculture and allied activities	13154.83	130.92	1.00%	11169.16	109.54	0.98%
2.	Advances to industries sector eligible as priority sector lending	2263.34	43.80	1.94%	2012.68	37.94	1.89%
3	Services	71.59	5.98	8.35%	60.18	6.83	11.35%
4	Personal Loans	1886.77	9.72	0.52%	1971.49	27.08	1.37%
	Sub-Total (A)	17376.53	190.42	1.10%	15213.51	181.39	1.19%
B	Non-Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	-	-	-	-	-	-
4	Personal loans	1946.43	8.08	0.42%	1444.90	7.71	0.53%
	Sub-Total (B)	1946.43	8.08	0.42%	1444.90	7.71	0.53%
	Total (A+B)	19322.96	198.50	1.03%	16658.41	189.10	1.14%

17. Movement of NPAs

Particulars	Rs. in Crores
Gross NPAs as on 1 st April 2019 (Opening Balance)	189.10
Additions (Fresh NPAs) during the year	426.90
Sub-Total (A)	616.00
Less:	
(i) Upgradations	345.30
(ii) Recoveries (excluding recoveries made from upgraded accounts)	35.47
(iii) Write-Offs	36.73
Sub-Total (B)	417.50
Gross NPAs as on 31st March 2020 (Closing Balance) (A-B)	198.50

II. NOTES TO ACCOUNTS

1. Reorganization of Area of Operations of the Bank:

The Bank has been formed vide Notification dated 31st March 2006 issued by Department of Economic Affairs (Banking Division), Ministry of Finance, Government of India. As per the said notification, the area of the operation of the Bank is in eight districts of erstwhile State of Andhra Pradesh (Warangal, Medak, Khammam, Nalgonda, Mahabubnagar, Srikakulam, Vizianagaram and Visakhapatnam districts).

Vide notification dated 20th October 2014 issued by the Department of Financial Services, Ministry of Finance, Government of India the districts of Warangal, Medak, Khammam, Nalgonda, Mahabubnagar are omitted. Pending finalization of the modalities for this notification and approvals from the competent authority, the operations of the bank are being carried out in all the five districts. Financial statements as at the end of the reporting date include assets and liabilities, income and expenses relating to the Bank in all the eight districts.

2. Classification of Assets (Advances) as on 31st March, 2020:

(Rs in thousands)

Classification	Gross Advances	Net Advances
Standard Assets	19124 46 95	19064 87 03
Sub Standard Assets	81 38 93	0
Bad & Doubtful Assets	117 10 64	0
Total	19322 96 52	19064 87 03
Add: Provision on Sub-Standard And Doubtful Assets etc		198 49 57
Total Gross Advances		19263 36 60

During the year the Bank has fully provided provision on all NPA Accounts.

3. Inter Bank Participation Certificate (IBPC):

The Bank has entered into Risk sharing participation Contract with State Bank of India (Sponsor Bank) under Inter Bank Participation Certificate (IBPC) and issued priority sector advances to the extent of Rs. 590 Crore on 28.06.2019 for the period of 179 days as cash pay-out and matured on 24.12.2019. During this financial year, the Bank issued priority sector advances to an extent of Rs. 1100 Crore on 24.09.2019 for the period of 179 days as cash pay-out to the HDFC Bank and matured on 26.03.2020. Further, again during the year, the Bank issued priority sector advances to an extent of Rs. 590 Crore on 26.12.2019 for the period of 180 days as cash pay-out with a maturity date 23.06.2020 and also issued priority sector advances of Rs. 1300 Crore on 24.03.2020 for the period of 180 days as cash pay-out, with a maturity date 20.09.2020 to HDFC Bank.

4. Priority Sector Lending Certificate (PSLC):

During the Financial year, the Bank has sold and purchased following priority sector advances on various dates and earned profit of Rs.112.13 crores. The PSLC is valid upto 31.03.2020.

(Rs in 000s)

PSLC Sold		PSLC Purchased		Net Profit earned during the Year
Total Sold	Premium Received	Total Purchased	Premium Paid	
8800.00	127.925	6250.00	15.795	112.13

5. Bankers' Cheques:

The Unpaid Banker Cheques which were credited earlier years to P&L account aggregating to Rs.27,45 (in thousands) furnished as contingent liability in Schedule 12.

6. Depositor Education and Awareness Fund (DEAF) Scheme:

Disclosure as required under Depositor Education And Awareness Fund Scheme – 2014 notified by the Reserve Bank of India under DBOD No. DEAF Cell.BC.114/30.01.002/ 2013-14 dated 27th May 2014:

(Rs in 000s)

Sl No	Particulars	March 2020	March 2019
1	Opening Balance of Amount transferred to DEAF	1,43,08	1,34,98
2	Add: Amount transferred to DEAF during the Year 2019-20	1,98,00	8,33
3	Less: Amounts reimbursed by DEAF towards Claim	17	23
4	Closing balance of amounts transferred to DEAF	3,40,91	1,43,08

7. Fixed Assets:

The Bank is in possession of Land at various places in both Andhra Pradesh and Telangana states, to an extent of to an extent of 9,432.26 square yards. Some of such lands were alienated by Government and some were donated by individuals. The bank has also taken up constructions at some of the sites. All such expenditure/costs were capitalized under lands and buildings. During 2018-19 an amount of Rs. 1,61,59 (thousand) was capitalized and an amount of Rs. 8,75,61 (thousand) was in work in progress. During 2019-20, a further amount of Rs. 8,47,49 (thousand) was capitalized and work in progress came down to Rs. 12360 (thousand) from 85761(thousand).

8. Income Tax Matters:

Income Tax department has raised certain demands on the Bank, with regard to assessment of income of the Bank and the tax payable thereon. The Bank is contesting demands raised by the Income Tax Department and pursuing the same. Against the said tax demands based on the opinion obtained from the tax consultant, the Bank recognized an amount aggregate to Rs. 53,58,29 (thousands) as Contingent Liabilities and are shown in Schedule 12 – “Contingent Liabilities - Claims against the Banks not acknowledged as debts”. Against the disputed claims, the Bank paid an amount of Rs. 45,23,88 (thousands) and the same is being shown in Schedule 11 – “Other Assets - Income Tax paid against Disputed Demand”. Bank is confident of resolving the dispute in its favour. Liability, if any, will be charged to Profit and Loss account in the year of settlement of these disputes / claims.

9. Data Purification and Asset Classification

The Bank is having a seamless system in its Core Banking Solution (CBS) for recognizing and identifying the non performing assets in accordance with the extant guidelines. Further, the Bank has a system of manual verification for ensuring the correctness of base data fed. Management intends to continue such manual verification to ensure compliance of the Income Recognition and Asset Classification norms and other statutory compliances.

10. Fraud Cases:

Details of Fraud cases are as under:

(Rs in 000s)

Particulars	31 March 2020	31 March 2019
Provision at the beginning of the year	6.15	80.40
Less: Written off during the year	Nil	15,89
Add: Additional provision created during the year	Nil	Nil
Less : Provision reversed (written back) during the year	68	58,36
Provision as at the year end	5.47	6,15
Number of fraud cases at the year end	25	23

11. The figures mentioned in Balance Sheet, Profit & Loss Account and Schedules 1 to 16 have been rounded off to the nearest thousand rupees. Previous Year's figures have been regrouped /reclassified/recast wherever necessary to confirm the current year classification.

12. Note on COVID-19:

The onset and rapid propagation of COVID-19 has caused disruptions in the banking operations, restrictions on travel, meetings and access to client locations and other practical difficulties. There is a high level of uncertainty about the duration of the lockdown and the nature of the restrictions, limitations, regulatory requirements, existing business environment, materiality and their possible impact on the banking operations. In this regard certain regulatory measures were announced by RBI to mitigate the burden of debt servicing brought about by disruptions and to ensure the continuity of viable businesses. In assessing whether the going concern assumption is appropriate, the management has considered all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period, the anticipated government support and provisions held by the bank. In view of these matters the management is of the opinion Financial statements are normally prepared on the assumption that the bank is a going concern and will continue in operation for the foreseeable future.

Disclosures as required vide Circular No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20

April 17, 2020:

Particulars	31.03.2020	31.03.2019
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3;	1,97,640.75	Nil
Respective amount where asset classification benefits is extended.	1,97,640.75	Nil
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5;	9,882.04	Nil
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	Nil	Nil

As per our report of even date
For Rao & Kumar
Chartered Accountants
FR No: 003089S

For Andhra Pradesh Grameena Vikas Bank

(CA. K S Vamsi Krishna)
Partner
M No : 229988

(Ch Sree Rama Somayaji)
General Manager

(K. Praveen Kumar)
Chairman

(Y Rambabu)
Director

(Sukanta K Sahoo)
Director

(Dinkar Argal)
Director

(Bhuvanendra Takoor)
Director

(Satyanarayana, IRAS)
Director

(R Ravi)
Director

Place: Warangal
Date: 10th May 2020



Newly constructed own spacious Building for Staff Learning Centre with residential Accommodation, Regional Office & IT Cell at Sangareddy



ANDHRA PRADESH GRAMEENA VIKAS BANK

D.No.: 2-5-8/1, Near Ambedkar Statue, Ramnagar

Hanamkonda - 506 001 Warangal [Telangana]

Ph: 0870-2577769 | Tollfree: 1800-121-0354

e-mail : headoffice@apgvbank.in | www.apgvbank.in