

**MIZORAM RURAL BANK**

**HEAD OFFICE : AIZAWL**

**30<sup>th</sup> ANNUAL REPORT**

**2012-2013**

## INDEX

1.	<i>Board of Directors</i>	2
2.	<i>Report of the Board of Directors</i>	3
3.	<i>Performance highlight</i>	3
4.	<i>Business Development</i>	5
5.	<i>Key Performance of the Bank</i>	5
6.	<i>Branch Network</i>	9
7.	<i>Financial Inclusion</i>	9
8.	<i>Core Banking Solution</i>	10
9.	<i>Risk Fund</i>	10
10.	<i>Write off of Loans</i>	10
11.	<i>Non-Fund Business</i>	10
12.	<i>Transfer Price Mechanism</i>	10
13.	<i>Audit &amp; Inspection</i>	11
14.	<i>Rural Housing Loans</i>	11
15.	<i>Self Help Group</i>	11
16.	<i>Kisan Credit Card</i>	12
17.	<i>Share Capital</i>	12
18.	<i>Deposits</i>	12
19.	<i>Govt. Sponsored Scheme</i>	14
20.	<i>Borrowings</i>	15
21.	<i>Cash</i>	16
22.	<i>Investments</i>	16
23.	<i>Loans &amp; Advances</i>	17
24.	<i>IRAC Norms</i>	19
25.	<i>Loan Disbursed</i>	21
26.	<i>Recovery</i>	22
27.	<i>Income</i>	23
28.	<i>Expenditure</i>	23
29.	<i>Financial Ratios</i>	24
30.	<i>Interest Rates</i>	24
31.	<i>HRD</i>	26
32.	<i>MOU</i>	27
33.	<i>Acknowledgement</i>	28
34.	<i>Auditor's Report</i>	29
35.	<i>Balance Sheet</i>	32
36.	<i>Profit &amp; Loss</i>	33
37.	<i>Schedules with Annexures</i>	34 - 52

**MIZORAM RURAL BANK**  
**HEAD OFFICE B-5, BABU TILLA, ZARKAWT : AIZAWL,**  
**MIZORAM. PIN - 796 007**

**BOARD OF DIRECTORS**

*Appointed under Section II (i) of Regional Rural Banks Act, 1976*  
**Shri Bhupen Deka, Chairman**

*Non Official Nominees of Government of India under Section 9(1)(a) of Regional Rural Banks Act, 1976.*

***(Vacated since December 2008 and not yet appointed)***

*Nominees of Reserve Bank of India and NABARD under Section 9(1)(b) and 9(1) (c) of Regional Rural Banks Act, 1976.*

**Shri TH Haukholal,**  
Assistant General Manager,  
Reserve Bank of India,  
Rural Planning and Credit Department,  
Station Road, Panbazar,  
Guwahati - 781 001.

**Shri FR Marak,**  
Deputy General Manager,  
National Bank for Agriculture  
and Rural Development,  
Mizoram Regional Office,  
Bawngkawn South,  
Aizawl - 796 012

*Nominees of Sponsor Bank under Section 9(i)(d) of Regional Rural Banks Act, 1976.*

**Shri A. Goswami**  
Assistant General Manager (RBU II)  
State Bank of India  
Local Head Office  
G.S. Road, Guwahati - 781 009

**Shri Lalthuamlia,**  
Assistant General Manager  
State Bank of India  
Regional Business Office  
Babutlang, Aizawl - 796 001

*Nominees of Government of Mizoram under Section 9(i)(e) of Regional Rural Banks Act, 1976*

**Shri S. Hmingthanga**  
Addl. Secretary, Finance  
Government of Mizoram  
Aizawl - 796 001

**Dr. C. Lalzarliana**  
Director of Agriculture  
Government of Mizoram  
Aizawl - 796 001

**MIZORAM RURAL BANK : HEAD OFFICE  
B - 5, BABU TILLA, ZARKAWT  
AIZAWL : 796 007, MIZORAM**

**Report of the Board of Directors**

In terms of section 20(1) of the provision of Regional Rural Bank Act 1976 the Board of Directors of the Mizoram Rural Bank has the pleasure in presenting its 29th Annual Report along with the Audited Balance sheet, Profit & Loss Account, Note on Account and Auditors Report for the accounting year ended the 31<sup>st</sup> March 2013.

**Brief Report :** The bank has the privilege of being sponsored by the premier and largest bank of India, the State Bank of India and owned jointly by Govt. of India, Govt. of Mizoram and State Bank of India. It has been established on the 27th September 1983 under the Regional Rural Bank Act 1976. It covers the entire State of Mizoram having 8 districts and 26 R.D Blocks with a network of 71 branches comprising of 14 urban, 12 semi urban, 45 rural centres. The population of the State as per 2011 census is 1091014 in an area of 21000 sq. km with 830 villages and 23 towns. The State has been declared the greenest state in India and forests account for about 66% of the geographical area. Agriculture is the main stay of occupation and nearly 80% of the total population is engaged in the activity. It has good scope for development of horticulture, fisheries, animal husbandry etc with abundant rainfall during the monsoon period. The infrastructural deficiencies, however, bottleneck the potentials from being exploited fully still leaving much to do with the Govt., financial / banking institutions. The literacy rate at 91.58% is one of the highest in India next to Kerala and Lakshadweep. MRB is the largest bank in terms of number of branches and second in terms of business, next to its sponsor bank, in the State.

**Performance highlights during the year:**

- The bank's total business has reached ` 1694.59 crores placing the bank in the Category II of RRB, as per H.R. policy approved by the Govt. of India.
- It registered a growth of 20.02% in deposits and 36.47% in advances.
- The bank participated in IBPC with our sponsor bank and lent our standard agriculture outstanding of ` 27.00 crores to State Bank of India.
- It posted total profit of ` 10.58 crores bringing its reserves to ` 18.77 crores. We have an achievement of MOU target of ` 9.00 crores.

- Average business per employee increased from ` 5.18cr. to ` 5.82cr.
- Average business per branch improved from ` 20.87 cr to ` 23.87cr.
- 142 villages have been 100% covered under financial inclusion by way of opening savings banks/no frills accounts.
- A new branch has been opened at Bawngkawn in Urban centre, Vengpui in Semi-Urban centre and other 4 in Rural centres during this financial year.
- Two branches have become eligible for being categorised as Scale V and 1 more branch has also become Scale IV. It now has 2 Scale-V, 4 Scale-IV, 12 Scale-III, 26 Scale-II and 27 Scale-I branches.
- The percentage of agriculture lending portfolio has come down to 15.01% due to steep rise in other sectors, as against the minimum bench mark of 18% of the aggregate advances.
- The bank drew ` 50.00 lakh from the National Handicaped Development Corporation of India for issuing loans to the handicaped people as it has been appointed as Sate Channelling Agency.
- The Bank migrated to Core Banking Solution (CBS) for all branches including Head Office on 21.06.2011. 6 new branches opened during the year were also brought under CBS compliance.
- The State Government Flagship rural development programme known as New Land Use Policy (NLUP) has been implemented through the bank. The programme envisages a project cost of ` 2700.00 crores spread over a period of 5 years.
- The bank has paid a premium of ` 85000 to CGTSME this year.
- The commission earned on SBI Life premium stands at ` 37.08 lakhs surpassing its first year target of ` 15.00 lakhs.
- Mini Learning Center has been established at Head Office premises.
- Under the Corporate Social Responsibility(CSR), the Bank donated one Morque Van for Mizo comunity through Central Young Mizo Association(YMA) during the year.
- Under the Corporate Social Responsibility(CSR), the Bank donated various utility items to eight orphanage during the year.
- Under the Corporate Social Responsibility(CSR), two children of Cl ix & x student of boys and girls have been adopted and funded for their requirement of studies.
- Tripartite MoU with Govt. of India and our sponsor bank has been executed.
- MoU has been signed with National Scheduled Tribe Financial Development Corporation(NSTFDC) for Term Loan Refinance to performing SHL and individuals.

## **Business Development**

The bank crossed its deposit budget of ` 1106.37 cr. by achieving ` 1144.75 crore and we nearly achieved our advances budget of ` 555.38 cr by achieving ` 549.84 crores. The percentage of achievement was 103.47 % and 99.00% respectively in deposits and advances. In a tight market situation where almost all other players fell short of their targets the bank's achievement in business development has been one of the best in its area of operation.

### **KEY PERFORMANCE OF THE BANK AT A GLANCE**

<b>A. Performance Indicators</b>	<b>2010-11</b>	<b>(` in Thousands)</b>	
		<b>2011-12</b>	<b>2012-13</b>
1. <b>No. of District covered</b>	8	8	8
2. <b>No. of Branches</b>	62	65	71
a) Rural	40	41	45
b) Semi-Urban	11	11	12
c) Urban	11	13	14
d) Metropolitan	-	-	-
3. <b>Total Staff (excluding sponsor bank staff)</b>	257	262	291
Of which, Officers	101	104	115
4. <b>Deposits</b>	6557504	9537641	1447524
Growth %	37.54%	45.45%	20.02%
5. <b>Borrowings Outstanding</b>	872232	473472	378337
Growth %	3.60%	-45.72%	-20.09%
6. <b>Gross Loans &amp; Advances Outstanding</b>	2938882	4028904	5498408
Growth %	25.31%	37.09%	36.47%
Of 6 above, loans to Priority Sector	2425372	3310261	4355324
Of 6 above, loans to Non-Target Group	513510	718643	1143084
Of 6 above, loans to SC/ST	2938882	4028904	5498408
Of 6 above, loans to SF/MF/AL	566107	693103	825579
Of 6 above, loans to Minorities	55868	120867	146532
Of 6 above, weaker sections	682468	683103	721838

**B. AVERAGES**

9.	<b>Average Deposits</b>	5754203	7845035	9923930
	Growth %	49.52%	36.34%	26.50%
10.	<b>Average Borrowings</b>	803746	637002	509735
	Growth %	2.84%	-20.75%	-19.98%
11.	<b>Average Gross Loans and Advances</b>	2580780	3415035	4633745
	Growth %	25.87%	32.33%	35.69%
12.	<b>Average Investments</b>	1804774	2343963	3022362
	Growth %	72.91%	29.88%	28.94%
	Average SLR Invt. as % to Average Deposits	26.70%	19.96%	19.49%
	Average Non-SLR Invt.as % to Avg. Deposits	4.66%	8.28%	10.97%
13.	<b>Average Working Funds</b>	6557950	8482037	10433665
	i) Average Business	8334983	11260070	14557675
	ii) Average Business per branch	134432	173232	223964
	iii) Average Business per employee	44572	42977	50026

**C. LOANS ISSUED DURING THE YEAR**

14.	<b>Loans Issued during the year</b>	1601639	1587462	2105614
	Growth %	55.30%	- 0.89%	32.64%
	Of 14 above, loans to Priority Sector	951453	1210554	1484358
	Of 14 above, loans to Non-Target Group	650186	376908	621256
	Of 14 above, loans to SC/ST	1601639	1587462	2105614
	Of 14 above, loans to SF/MF/AL	252791	292321	531851
	Of 14 above, loans to Minorities	30156	20903	27890

**D. PRODUCTIVITY**

15.	Per Branch	105766	146732	161232
	Per Staff	25516	36403	39339

**E. RECOVERY PERFORMANCE**

16.	<b>Total</b>			
	Demand	930680	702872	2295866
	Recovery	764241	572910	1558179
	Overdues	166439	131804	742939
	Recovery % (June Position)	82.12%	81.51%	67.87%
17.	<b>Farm Sector</b>			
	Demand	230891	172214	373608
	Recovery	160383	117507	276792
	Overdues	70508	54771	103024
	Recovery % (June Position)	69.46%	68.23%	74.09%
18.	<b>Non-Farm Sector</b>			
	Demand	699789	530658	1922258
	Recovery	603585	455403	1281387
	Overdues	95931	77033	742939
	Recovery % (June Position)	86.29%	85.82%	66.66%

**F. ASSET CLASSIFICATION**

19.	a) Standard	2666217	3645970	5080462
	b) Sub-Standard	217407	243747	240990
	c) Doubtful	34902	94049	121690
	d) Loss	20356	45138	55266
	Total	2938882	4028904	5498408
20.	<b>Std. Assets as % Gross Loans O/S</b>	90.72%	90.50%	92.40%

**G. PROFITABILITY ANALYSIS**

21.	<b>Interest paid on</b>			
	a) Deposits	264951	394835	511273
	b) Borrowings	51097	48177	32474
22.	<b>Salary</b>	109319	154380	129040
23.	<b>Other Operating Expenses</b>	23232	34532	36950



24.	<b>Provisions made during the year</b>			
	a) Against NPAs	59691	21399	77471
	b) Other Provisions	7082	9956	24461
25.	<b>Interest received on</b>			
	a) Loans & Advances	264864	353688	528462
	b) Current A/c with Sp.bks/Other Banks	-	-	-
	c) SLR Invt.	130599	132317	161446
	d) TDR with Spr.banks	111736	173785	131903
	e) Non-SLR Investments	16612	46391	66728
	f) TDRs with other banks	-	431	-
26.	<b>Miscellaneous Income</b>	39466	34429	28967
27.	<b>Profit/Loss</b>	(+) 48005	(+) 77763	(+) 105836
<b>H.</b>	<b><u>OTHER INFORMATION</u></b>			
28.	<b>Share Capital etc</b>			
	a) Paid up	10000	10000	10000
	b) Additional Share Capital (Equity Support)	80382	80382	80382
	c) Recapitalization Funds	-	5000	42400
29.	<b>Cumulative Provision</b>	71577	110091	166692
	a) Against NPAs, frauds etc.	71032	100976	166692
	b) Against Intangible Assets	-	-	-
30.	<b>Interest Derecognised</b>			
	a) During the year	8086	8958	4587
	b) Cumulative	9791	18749	23336
31.	<b>Loans Written off during the year</b>			
	a) No. of Accounts	168	198	317
	b) Amount	101	4046	33462
32.	<b>Accumulated Loss</b>	-	-	-
33.	<b>Reserves</b>	62089	116036	187723

## **BRANCH NET-WORK**

The bank opened its 71st branch at Bawngkawn in Aizawl District on 28.03.2013 and has no pending licence for branch opening. Its branches spread over the entire state covering 8 districts and 26 R.D.Blocks. The bank has now extended its coverage to 14 urban,12 semi-urban and 45 rural centres. The districtwise break up of branches is as under:

Sl. No.	Name of District	No.of Branches	No.of Urban branch	No.of Semi-Urban	No.of Rural branch	of which			
						Relo-cated	Newly opened	exten-sion	Sate-lite
1	Aizawl	26	14	-	12	-	3	-	-
2	Kolasib	6	-	2	4	-	-	-	-
3	Mamit	6	-	1	5	-	-	-	-
4	Serchhip	7	-	2	5	-	-	-	-
5	Champhai	10	-	1	9	-	1	-	-
6	Lunglei	9	-	3	6	-	1	-	-
7	Saiha	3	-	2	1	-	1	-	-
8	Lawngtlai	4	-	1	3	-	-	-	-
	TOTAL	71	14	12	45	-	6	-	-

## **FINANCIAL INCLUSION :**

True to its mandate the MRB continues to spread over the entire length and breadth of the state taking upon itself the task of reaching out to remote and almost inaccessible interiors. The grassroots level connection it has established with the rural masses facilitates mass banking with the rural people and the State Govt. has entrusted on us the task of disbursing the NLUP funds through the 71 branches. The bank has also appointed B.Cs under the Financial Inclusion Technology Fund. NABARD has already sanctioned ` 42.00 lakhs for engaging a card based BCs with a target of opening 40,000 accounts in five blocks under the programme. With a view to achieve the objectives of greater Financial Inclusion as per the Reserve Bank of India's directives, the following basic banking schemes have been introduced in the bank.

**a) No Frills Account** - A huge number of rural customers have been brought under the scheme. Basic Banking with "No frills account" either with "NIL" or with very low of minimum balance Savings Bank Account in all the branches. We have 142 villages covering 100% financial inclusion through 148874 Nofrills Accounts.

**b) Overdraft Account** - Nofrills a/c holders are allowed overdraft facility upto a limit of ` 500/- These accounts are mainly meant for channelling funds of the NREGS beneficiaries. A good number of depositors have availed of this facilities.

b) **GCC** - To strengthen the credit delivery system at affordable cost, the GCC scheme has been introduced in the bank as per RBI guideline. Credit limit has been fixed at ` 25,000/-. The small ticket size scheme at one point of time was quite popular.

### **CORE BANKING SOLUTION**

Pursuant to RBI guidelines, the Bank initiated the process of Computerisation on CBS platform using “B@NCS 24” application software through the ASP model. Upgradation of the 71 branches of the bank have been completed and migrated to CBS platform on 21st June 2011. Hence, all the branches including Head Office have been placed under CBS. New branch opened after this have been placed and operated under the CBS system.

### **RISK FUND**

As per the prudential norms applicable to RRBs, the bank made a total provision of ` 1666.92 lakhs as on 31st March 2013 to fully cover bad and doubtful debt and assessable losses on account of frauds and misappropriations. No separate risk fund other than this provision has been made.

### **WRITE OFF OF LOANS**

The Bank undertook a write-off exercise of loans under agriculture and small business segments classified as loss assets with very bleak prospect of recovery, to the extent of ` 334.62 lakhs in 317 accounts during the year. There is no pending appropriation for write off at present. The bank observed restraint on write off despite the upward movement of NPA and started restoring to legal measures. Full provision has however, been made for bad and doubtful assets.

### **NON - FUND BASED BUSINESS**

The Bank is yet to start issuing LCs, inland and foreign. The BGs issued are also still insignificant as a source of income. We have a tie up agreement with SBI General Insurance which we hope, will effect a considerable increased in non-fund business income.

### **TRANSFER PRICE MECHANISM**

The Bank has introduced the Fund Transfer Price Mechanism between its Head Office and the branches on almost similar lines being followed by its sponsor bank with a view to eliminating loss making branches. The number of loss making branches has increased from 7 to 8 mainly due to the increase in overheads on account of increased in man power position at these branches after new recruitment. Permanent branch managers and clerks could now be posted to these branches.

### **LOAN POLICY**

For the first time in the history of Mizoram Rural Bank since its inception, we published “Loan Manual 2011” for internal circulation to meet the varied demands of its customers as well as the workers of different levels. The contents of the manual are a collection of various circulars issued by the Bank and our sponsor bank. This will help and much facilitate in credit delivery at the branch level.

## **NPA MANNUAL**

With a view to equip our working staff and to maintain the quality of assets, we have devised a 'NPA Management Policy' and have published the same for our internal circulation. This will facilitate our operating staff to have better clarity and focussed attention for settlement of chronic and bad loans through compromise.

## **AUDIT AND INSPECTION**

### **a) NABARD's Inspection :**

The compliance report on the last Audit and Inspection under Section 35(6) of Banking Regulation Act, 1949 conducted in March 2012 was already submitted. The report has helped the bank in reducing many deficiencies in the area of credit Management and internal control Mechanism.

b) **Management Audit :** Management Audit of the Bank under Section 24 (a) of RRB Act, 1976 was conducted from 6th to 13th December 2010 by officials from SBI Inspection Deptt., Hyderabad. The report highlighted deficiencies, such as the need for improvement in asset quality and control mechanism in respect of credit management, investment of surplus funds etc. It awarded the bank an Efficiency Rating of A. The remarks on the Executive summary as well as the main report has already been submitted in time. The audit will certainly help the bank in its overall improvement as many meaningful and valuable suggestions for improvement have been given in the report.

### **c) Internal Audit and Inspection :**

During the year 38 branches were subjected to audit & inspection, whereas we have carried out inspection & Audit for 34 branches during the year. Due to constant follow-up to the deficiencies brought out by the audit and inspection, there have been slow but steady improvement in the overall position of branches.

## **RURAL HOUSING LOAN SCHEME**

Under the Rural Housing Loan Scheme the bank's exposure to housing sector stood at ₹ 23287.31 lakhs as end of the year. The target being individuals in the lower and middle income groups. The bank's single largest exposure being the Rural Housing loan, they are sanctioned under "Priority Sector".

## **SELF-HELP GROUP**

The bank continues to promote and also finance to credit linked micro-enterprises in rural areas through the mechanism of self-help groups. A good number of self-help groups have been brought into the bank's book. It is intended that SHG linkage would be a part of the bank's mainstream credit operation. In this endeavour 2386 groups have been formed of which 1316 groups have been credit linked. In the coming years, emphasis will be on for formation and promotion of more groups with the necessary credit support. The bank's achievement in this area accounts for more than 50% of the aggregate achievement of all operating banks in the state.

## **KISAN CREDIT CARD SCHEME**

As in the case of SHGs, the bank's performance in issuing KCC has been quite appreciable. More than 60% of the total cards issued by all banks in the state is the share of the MRB. The KCC issued are mainly for production and consumption purposes to help farmers over their problems during the crops season. Produce marketing scheme is yet to be made popular.. Kisan Cash Credit as well as Agricultural Term Loans are sanctioned to KCC holders.

## **SHARE CAPITAL**

The total capital including equity support, recapitalization funds to the tune of ` 1327.82 lakhs have been contributed by all the share holders, viz., Government of India, Government of Mizoram and State Bank of India (Sponsor Bank) in the ratio of 50:15:35. The fund flow towards paid up share capital, equity support and recapital funds received from share holders are as given below :

(` in lakhs)						
	Share holders	% of share	Paid up Capital	Equity Support	Recapital Funds	Total Funds
i)	Government of India	50%	50.00	401.91	167.00	618.91
ii)	State Bank of India	35%	35.00	281.34	117.00	433.34
iii)	Government of Mizoram	15%	15.00	120.57	140.00	275.57
	<b>TOTAL</b>	<b>100%</b>	<b>100.00</b>	<b>803.82</b>	<b>424.00</b>	<b>1327.82</b>

## **DEPOSITS**

The Bank achieved aggregate deposits of ` 114475.24lakhs as on 31.03.2013 against the budgeted level of ` 110637.00 lakhs projected for the year ending 31st March,2013. The Bank registered a positive growth of ` 19098.63 lakhs over last year's level of ` 95376.41 lakhs, which is a growth of 20.02%. The comparative position of deposits, share of low-cost deposits and average cost of deposit mobilised during the last three years are given below :

Sl	Parameters	March 2011	March 2012	March 2013
i)	Total No.of Accounts	247851	276744	334197
ii)	Total Deposits	6557504	9537641	11447504
iii)	Absolute growth	1790138	2980137	1909863
iv)	Percentage growth	37.55%	45.45%	20.02%
v)	Institutional Deposits	505728	2366992	2678614
vi)	Non-institutional Deposits	6051776	7170949	8768910
vii)	Average Deposit per branch	92810	146733	161233
viii)	Average deposit per employee	30771	36403	39339
ix)	Average account per employee	1325	1056	3779
x)	Average cost of deposits	4.75%	7.58%	7.39%

**Category-wise break-up of deposits of the last three years is furnished as under :**

*(` in thousand)*

Category of deposits	Actual as on			%
	31.03.2011	31.03.2012	31.03.2013	growth
i) Current Deposits	315644	303980	856054	181.62%
ii) Savings Bank Deposits	3768427	6217041	7121959	14.56%
iii) Term Deposits	2473433	3016619	3469511	15.01%
<b>TOTAL</b>	<b>6557504</b>	<b>9537641</b>	<b>11447504</b>	<b>20.02%</b>

**Percentage of various deposit accounts for the last three years are as under :**

Parameters	31.03.2011	31.03.2012	31.03.2013
i) Percentage of Saving Bank Deposits to total deposit	57.47%	65.18%	62.21%
ii) Percentage of Current Deposits to total deposit	04.81%	3.19%	7.48%
iii) Percentage of Term Deposits to total deposit	37.72%	31.63%	30.31%
iv) Percentage of Institutional Deposits to total deposit	7.71%	24.82%	23.40%
v) Percentage of non-institutional deposit to total deposits	92.29%	75.18%	76.60%

The District-wise position of Deposits as on 31.03.2013 are also enumerated here under :

(` in thousands)

Name of District	March 2011	March 2012	March 2013	As on 31.03.2013		
				Rural	Semi-urban	Urban
Aizawl	3787596	5384041	6671878	529637	-	6142241
Kolasib	426002	623333	846873	283315	563558	-
Serchhip	366685	546190	535829	267969	267860	-
Mamit	183206	310667	449035	186252	262783	-
Champhai	491016	579088	673112	417039	256073	-
Lunglei	776721	1212498	1409686	273303	1136383	-
Lawngtlai	297511	560402	583186	48264	534922	-
Saiha	228767	321422	277925	41300	236625	-
<b>Total</b>	<b>6557504</b>	<b>9537641</b>	<b>11447524</b>	<b>2047079</b>	<b>3258204</b>	<b>6142241</b>

#### GOVT, SPONSORED & SPECIAL SCHEME

The Scheme-wise position of loans and advances issued and outstanding under Government Schemes for the year March 2012 and March 2013 is as under :

(` in thousand)

Sl. No	Scheme	O/s (31.03.12) Amount	Disbursed (2012-13)		O/s (31.03.13) Amount	% growth
			A/c	Amount		
1.	SGSY	24115	124	12245	27327	13.92%
2.	KCC	469094	6740	386756	645794	37.67%
3.	SHGs	93597	281	51104	105994	13.25%
4.	GCC	34383	841	18760	39198	14.00%
5.	SCC	2534	10	3213	4598	81.45%
	<b>TOTAL</b>	<b>623723</b>	<b>7996</b>	<b>472078</b>	<b>822911</b>	<b>31.94%</b>

## **BORROWINGS**

The Bank availed of refinance from outside agencies aggregating to ` 3783.36 lakhs as on 31st March 2013 from NABARD and SBI which are the major sources of funds of the Bank besides the deposits. During the year, the Bank fulfilled its repayment obligations of instalments as well as interest to the National Bank in strict conformity with the stipulated repayment schedules. The details of refinance obtained by the Bank and outstanding for the last two years i.e. as on 31.03.2012 and 31.03.2013 respectively are as under :

Sl.Scheme No.	Outstanding as on 31.03.2012.	Availed during the year	Repaid during the year	Outstanding as on 31.03.2013
<i>(` in thousand)</i>				
<b>1. <u>Refinance from NABARD</u></b>				
i) SHGs	19698	-	3283	16415
ii) SAO	10000	11000	10000	11000
iii) ARF (NFS)	33765	-	23355	10410
iv) RHL	409894	-	95529	314365
v) SRTO	-	-	-	-
vi) Venture Capital Fund	-	-	-	-
<b>Sub-total</b>	<b>473357</b>	<b>11000</b>	<b>132167</b>	<b>352190</b>
<b>2. <u>Refinance from Sponsor Bank (SBI)</u></b>				
i) ST (SAO)	115	30000	3969	26146
ii) ST (Non-SAO)	-	-	-	-
<b>Sub-total</b>	<b>115</b>	<b>30000</b>	<b>3969</b>	<b>26146</b>
<b>3. <u>Refinance from SIDBI</u></b>				
i) Sch (SRTO)	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>473472</b>	<b>41000</b>	<b>136136</b>	<b>378336</b>



## CASH AND BALANCES WITH BANKS

A policy decision has been taken to hold cash and non-interest bearing balances to the lowest possible level. The position in respect of cash and balance with other banks for the last three years are as under :

<i>( in thousand)</i>			
<b>Particulars</b>	<b>March 2011</b>	<b>March 2012</b>	<b>March 2013</b>
i) Cash in hand	101221	208059	217591
ii) Average cash during the year	69584	153102	205643
iii) Average cash as % to average deposits	1.06%	1.95%	2.07
iv) Balance with RBI	388177	500964	464005
v) Balance with Sponsor Bank			
a) in current account	194202	418223	386953
b) in STDRs	2238803	2749307	2725065
vi) Interest earned from			
a) current account	-	-	-
b) STDRs	111736	174216	131903

## INVESTMENTS

As on 31st March 2013, the aggregate investment amount of the Bank stood at ` 37998.87 lakhs. The SLR portion of the Bank's investments were kept in Government Securities as per stipulation. The position of investments, and the break-up of SLR and Non-SLR funds for the last three years are highlighted here under :

	<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2013</b>
1.	<b>Total investments</b>	<b>1735404</b>	<b>5433056</b>	<b>5424736</b>
	a) Approved Securities	1525404	1633169	2019671
	b) Other Securities	210000	3799887	3405065
2.	<b>SLR Investments</b>	<b>1525404</b>	<b>1633169</b>	<b>2019676</b>
3.	<b>Non-SLR Investments</b>	<b>210000</b>	<b>3799887</b>	<b>3405065</b>
4.	<b>Interest earned on</b>			
	a) SLR Funds	130599	132317	161446
	b) Non-SLR Funds	16613	46391	66728

## LOANS AND ADVANCES OUTSTANDING

The Bank's aggregate outstanding advances as on 31.03.2013 was ` 54984.08 lakhs as against ` 55538.00 lakhs projected by us for the year. It registered an absolute growth of ` 14695.04 lakhs over last year's outstanding of ` 40289.04 lakhs, which shows a growth of 36.47 % in total advances. The position of loans and advances outstanding during the last three years is furnished as under :

Sl.No.	Particulars	<i>( in thousand)</i>		
		31.03.2011	31.03.2012	31.03.2013
1.	No.of borrowal accounts	27148	31880	35677
2.	Amount outstandings	2938882	4028904	5498408
3.	Absolute growth	593615	1090022	1469504
4.	Percentage growth	25.31%	37.10%	36.47%
5.	Per account outstanding	108	126	154
6.	Per branch outstanding	47401	61983	77742
7.	Priority Sector outstanding	2425372	3310102	4355323
8.	Non-Priority sector outstanding	513510	718802	1143084

The Facility-wise break-up of loans and advances outstanding for the last three years are as under :

Sl. No	Sector	Outstanding as on			
		31.03.2011	31.03.2012	31.03.2013	%
1.	Agriculture	519351	586807	719638	13.09
2.	Allied Agriculture	46756	106296	105940	1.93
3.	SSI, Cottage and Rural artisans	116361	271913	163607	2.98
4.	Services and Small Business	263411	542300	893944	16.26
5.	Rural Housing	1253003	1798915	2328731	42.35
6.	Others	740000	722673	1286548	23.39
	<b>TOTAL</b>	<b>2938882</b>	<b>4028904</b>	<b>5498408</b>	<b>100.00</b>

District-wise and Sector-wise loan outstanding is as under :

( *in thousand*)

Sl. No.	Name of district	Total loan outstanding	Priority Sector outstanding	Non-Priority outstanding	% of P/s to total
01.	Aizawl Dist	2534690	1896503	638187	74.82
02.	Champhai Dist	341764	287207	54557	84.04
03.	Mamit Dist	171759	139686	32073	81.33
04.	Kolasib Dist	323533	264017	59516	81.60
05.	Serchhip Dist	363926	279256	84670	76.73
06.	Lunglei Dist	739099	605841	133258	81.97
07.	Lawngtlai	644493	566151	78342	87.84
08.	Saiha Dist	379144	316663	62481	83.52
	<b>Total Loan</b>	<b>5498408</b>	<b>4355324</b>	<b>1143084</b>	<b>79.21</b>

Sl.	Particulars	31.03.2011	31.03.2012	31.03.2013
01.	Percentage of Priority Sector advances to total outstandings	82.53%	82.16%	79.21%
02.	Target group outstanding	2417369	3306232	4211860
03.	Non-Target group outstanding	521513	1798916	1286548
04.	Percentage of target group to total outstandings	82.25%	82.06%	76.60%
05.	Outstanding to Minority Community	2938882	1208.67	146532
06.	C : D Ratio	44.82%	42.24%	48.03%
07.	Average interest rate charge	11.57%	11.81%	11.41%
08.	Outstandings to SC/ST	2938882	4028904	5498408

## **IRAC NORMS**

The Bank follows the RBI prudential norms for recognition of income based on classification of loans and advances as standard, sub-standard, doubtful and loss assets. Out of the total advances outstanding, 92.40% has been classified as standard assets. The Bank has made provisions of 0.25% and 0.40% for Std. Assets under agriculture & SME and non-agriculture respectively. Total provision made for the Bank's Loans and Advances as per the new norms stood at ` 1166.92 lakhs as on 31.03.2013 as against ` 1100.91 lakhs for last year. The provision also covers assessable losses against frauds and misappropriations.

The summary of Assets Classification, Position of Non Performing Assets (NPA), Interest De-recognised (INC) and Provisions made there against for the last three years are enumerated here as under :

<b>a)</b>	<b>Assets Classification</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2013</b>
i)	Standard Assets	2666217	3645970	5080462
ii)	Sub-standard Assets	217407	243747	240990
iii)	Doubtful Assets : D-I	18069	79158	58222
	D-II	13146	12817	39401
	D-III	3687	2074	24067
iv)	Loss Assets	20356	45138	55266
	<b>T O T A L</b>	<b>2938882</b>	<b>4028904</b>	<b>5498408</b>

### **b) Interest De-recognised**

<b>Particulars</b>	<b>31.03.11</b>	<b>31.03.12</b>	<b>31.03.13</b>
At the beginning of the year	9446	9791	18749
Recovery during the year	7741	12140	7442
Additions during the year	8086	16400	12028
At the end of the year	9791	18749	23335

**c) Provisions** ( in thousand)

	<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2013</b>
i)	Additional Provisions made during the year	59691	21399	90172
ii)	Total Provision held	71577	110091	166692
iii)	Provision held against NPA	64911	100976	166692

**d) NPA Mangement**

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2013</b>
NPA at the beginning of the year	166966	272665	382934
Recovery against NPA during the year	215343	70213	192300
Additions to NPA during the year	321042	180482	227312
NPA at the end of the year	272665	382934	417946
Percentage of NPA to gross advances	9.28%	9.50%	7.60%
Net NPA at the end of the year	201088	272843	251254
Net Advances at the end of the year	2867305	3918813	5331716
Percentage of Net NPA to Net Advances at the end of the year	7.01%	6.96%	4.71%

## **LOANS DISBURSED DURING THE YEAR**

During the year under report, the Bank disbursed fresh loans to the tune of ` 21056.14 lakhs against a budget of ` 19238.00 lakhs committed in the Memorandum of Understanding with the Sponsor Bank. Achievement was 109.45% against the budget. The position of loan disbursed vis-a-vis the targets for the last two financial years are as under :

*(` in thousands)*

<b>Particulars</b>	<b>2011-12</b>		<b>2012-13</b>		
	<b>Target</b>	<b>Achievt.</b>	<b>Target</b>	<b>Achievt.</b>	<b>%</b>
i) Loan disbursed during the year	2001930	1587462	1923800	2105614	109
ii) Priority Sector advances	1192510	1210554	1452700	1484358	102
iii) Non-Priority Sector advances	809420	376908	471100	621656	132
iv) % of Priority Sector to total loan disbursed	59.57%	76.26%	75.51%	70.50%	93
v) Target group advances	1192510	1210554	1452700	1484358	102
vi) Non-target group advances	809420	376908	471100	621656	132
vii) SC/ST Communities	2001930	1587462	1923800	2105614	109
viii) Minority Communities	15000	6880	18000	18180	101
ix) <u>Sector-wise disbursement</u>					
a) Agriculture & Allied Agriculture	400386	292321	350800	531851	152
b) Industries	300290	72408	99900	84969	85
c) Services	800770	845825	1015000	175405	173
d) Non-Priority Sector	500484	376908	520100	621256	119

(` in thousand)

	2011-2012		2012-2013	
	Target	Achievement	Target	Achievement
x) % of loans disbursement to gross advances	45.00%	54.50%	47.75%	38.29%
xi) % growth in disbursement	32.41%	55.30%	32.64	32.64%
xii) % of achievements	100.00%	118.00%	100.00%	109.45%

### **RECOVERY OF LOANS**

The recovery performance of the Bank at the end of June 2012 was 67.87% as against 81.51% at the end of previous year (i.e. June 2011). During the year under report, vigorous recovery campaigns were launched by all the branches. The position of loan recovery for the period July, 2011 to June 2012 is given below :

(` in thousand)

	Purpose/Sector	Demand	Recovery	Overdue	Recovery %
1.	Agricultural Short Term Loans	111149	93087	24206	83.75%
2.	Agricultural/Allied Term Loans	262459	183705	78818	69.99%
3.	Non-Agricultural Loans	1922258	1281387	639915	66.66%
	<b>T O T A L</b>	<b>2295866</b>	<b>1558179</b>	<b>742939</b>	<b>67.87%</b>

The position of Sector-wise/age-wise classification of overdues are as under :

Purpose/Sector	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 yrs. and above	Total over dues
1. Agricultural Short Term Loans	15926	1719	3191	2773	597	24206
2. Term Loan for Agricultural & Allied Agricultural	19147	9609	4884	4949	40229	78818
3. Non-Agricultural Loans (ST & TL)	572238	-	30503	-	-	639915
<b>T O T A L</b>	<b>607311</b>	<b>25448</b>	<b>38578</b>	<b>15282</b>	<b>56320</b>	<b>742939</b>

## **INCOME EARNED**

The Bank's total income during the year as on 31.03.2013 stood at ` 9175.06 lakhs of which ` 5284.62 lakhs was income earned from advances, which is 57.60% of total income. The break-up of Income earned during the last three years are detailed as under :

(` in thousand)

<b>Particulars</b>	<b>March 2011</b>	<b>March 2012</b>	<b>% growth</b>	<b>March 2013</b>	<b>% growth</b>
1. Income from advances	264865	353687	33.53%	528462	49.42%
2. Income from bank investments	147212	178708	21.39%	228174	27.68%
3. Income from Bank balance	111736	174216	55.92%	131903 (-)	24.29%
4. Other interest earned	-	-	-	-	-
5. Other/Miscellaneous Income	339466	34429	-12.76%	28967 (-)	15.86%

## **EXPENDITURE INCURRED**

Total expenditure incurred by the Bank during the financial year ending 31st March 2013 stood at ` 8116.70 lakhs as against ` 6632.78 lakhs in the previous year. The detailed position of expenditure incurred by the Bank for the last three years is enumerated here-under :

	<b>March 2011</b>	<b>March 2012</b>	<b>March 2013</b>
1. <u>Total Interest Expenses</u>	<b>316048</b>	<b>443012</b>	<b>543749</b>
i) Interest paid on deposits	264951	394835	511209
ii) Interest paid on borrowings	51097	48094	32474
iii) Other interest expenses	-	83	65



(*in thousand*)

	March 2011	March 2012	March 2013
<b>2. Total Operating Expenses</b>	<b>132551</b>	<b>188912</b>	<b>165990</b>
i) Salary & Allowances	109319	154380	129040
ii) Rent/Tax/Lighting	3545	4637	5497
iii) Depreciations	1458	1755	3129
iv) Repairs & maintainance	403	177	449
v) Insurance	6338	7653	6195
vi) Printing & Stationery	1695	2024	3254
vii) Other expenses	9793	18286	18426
<b>3. Total Provisions &amp; Contingencies</b>	<b>66673</b>	<b>31355</b>	<b>101932</b>
i) Provision for bad & doubtful debts	59691	21399	90172
iii) Provision for Gratuity	-	-	-
iv) Other provision & contingencies	6982	9956	11760

### **FINANCIAL RATIOS**

	31.03.2011 Prior year	31.03.2012 Prev. year	31.03.2013 This year
Average working fund	6557950	8482037	10433665
i) Financial Return	8.68%	8.33%	8.97%
ii) Financial cost	4.96%	5.22%	5.05%
iii) Financial Margin (i - ii)	2.88%	3.11%	3.92%
iv) Operating Cost	2.02%	2.23%	1.59%
v) Miscellaneous Income	0.53%	0.41%	0.28%
vi) Operating Profit [(iii+v) - iv]	2.47%	1.29%	2.05%
vii) Risk cost	1.63%	0.37%	0.86%
viii) Net Margin (vi - vii)	0.84%	0.92%	1.19%

### **INTEREST RATES**

The Bank itself determines interest rate structure on deposits and advances as permitted by the Reserve Bank. The interest rates on deposits and advances as on the 31st March 2013 are listed here under :

**Rate of Interest on deposits p.a.****As on March 2013**

1.	Current Deposits	Nil
2.	Savings Bank	4.00 % p.a.
3.	<b>Term Deposits (Period-wise)</b>	
	i) 7 days and up to 14 days	6.00 % p.a.
	ii) 15 days to 45 days	6.25 % p.a.
	iii) 46 days to 90 days	6.50 % p.a.
	iv) 91 days to less than 180 days	7.00 % p.a.
	v) 181 days to less than 1 year	7.25 % p.a.
	vi) 1 year to less than 2 years	8.25 % p.a.
	vii) 2 years to less than 3 years	8.50 % p.a.
	viii) 3 years to less than 5 years	9.00 % p.a.
	ix) 5 years to less than 8 years	8.50 % p.a.
	x) 8 years to less than 10 years	8.50 % p.a.
	xi) 555 days (Special bucket)	8.50 % p.a.
	xii) 1000 days (Special bucket)	9.00 % p.a.
4.	<b>Recurring Deposits (Period- wise)</b>	
	a) 181 days to less than 1 year	7.75 % p.a.
	b) 1 year to less than 2 years	9.25 % p.a.
	c) 2 years to less than 3 years	9.25 % p.a.
	d) 3 years to less than 5 years	9.25 % p.a.
	e) 5 years to less than 8 years	9.25 % p.a.
	f) 8 years to less than 10 years	9.25 % p.a.

**Rate of Interest on Advances p.a.****As on March 2013**

<b>1.</b>	<b>Small &amp; Medium Enterprise (SME)</b>	<b>Rate of interest</b>
a)	i) CC - SSI/SBF/Mortgage Loan upto 2 lacs	13.00% p.a.
	ii) More than 2 lakhs	14.00% p.a.
	iii) General Credit Card	12.50% p.a.
	iv) SPCC/SCC upto 50,000/-	12.50% p.a.
b)	i) SBF/SSI Term Loan upto 2 lakhs	13.00% p.a.
	ii) More than 2 lakhs	14.00% p.a.
<b>2.</b>	<b>Agriculture &amp; Allied Activities</b>	
a)	Crop Loan upto 1 lakh	7.00% p.a.
b)	i) Term loan upto 1 lakh	12.50% p.a.
	ii) More than 1 lakh	13.50% p.a.
	iii) KCC other than Crop Loan upto 1 lakh	12.50% p.a.
	iv) SHG/SGSY (Farm sector)	12.50% p.a.
	v) SHG/SGSY (non-farm sector)	13.00% p.a.

<b>3. Personal Segment</b>		
a) i) Housing Loan upto 10 years		10.50% p.a.
ii) More than 10 years		11.00% p.a.
b) i) Personal loan/Festival loan upto 3 years		14.00% p.a.
ii) More than 3 years		14.00% p.a.
c) i) Vehicle loan upto 3 years		13.00% p.a.
ii) More than 3 years		14.00% p.a.
d) i) Education loan upto 4 lakhs		13.50% p.a.
ii) More than 4 lakhs		14.50% p.a.
e) Demand loan against TDR		1.50% above
<b>4. Clean Overdraft</b>		
i) Public		15.00% p.a.
ii) No Frills Account upto 500/-		12.00% p.a.
<b>5. Staff Loans</b>		
a) i) Housing loan for Officer upto 1 lakh		5.00% p.a.
ii) More than 1 lakh		11.00% p.a.
b) i) Housing loan for sub-staff upto 1.10 lakh		5.00% p.a.
ii) More than 1.10 lakh		11.00% p.a.
c) i) Vehicle/Conveyance loan upto 80,000/-		8.50% p.a.
ii) More than 80,000/-		12.00% p.a.
d) Personal loan		8.50% p.a.

### **HUMAN RESOURCES DEVELOPMENT/TRAINING**

The bank lays emphasis on investment in human resources development. To improve skill and sharpen their knowledge, different categories of employees were deputed on various training programmes organised by the sponsor bank, the NABARD and the IIBM, Guwahati. Despite some constraints and the shortage of Man-Power, a good number of officers and clerical staff attended various training courses during the year under report. Besides this, seminar of Branch Managers and cashier - cum- clerks on SHGs, KCC, REGP and Management of NPA were organised by the Bank locally with the help of our sponsor bank and NABARD.

#### **Position of Staff & Training**

Sl. No	Category of Staff	No.of Staff as on 31.03.2012	No.of Staff recruit during the year	No.of Staff trained during the year	No.of Staff as on 31.03.2013
1.	Officers	104	7	99	115
2.	Office Assistants	92	12	28	101
3.	Office Attendants	66	11	-	75
	<b>TOTAL</b>	<b>262</b>	<b>30</b>	<b>127</b>	<b>291</b>

## MEMORANDUM OF UNDERSTANDING (MOU)

Based on the Development Action Plan prepared by the Bank, Memorandum of Understanding (MOU) in mutual consultation with our sponsor bank have been signed on various parameters for a period of one year. The performance of achievement under MOU have been monitored and reviewed by the board / Sponsor bank periodically. The performance under this memorandum during the year 2012-2013 in regard to major parameters are as under :

*( ` in thousand)*

<b>Sl. No</b>	<b>Parameters</b>	<b>Position as on 31.03.2012</b>	<b>Target for the yr. 2012-2013</b>	<b>Achievement as on 31.03.2013</b>
1.	Owned Funds			
	a) Share Capital	10000	10000	10000
	b) Reserves	116036	187800	187723
	c) Share Capital Deposit	85382	296100	122782
2.	Deposits	9537641	11063700	11447504
3.	Advances	4028904	5553800	5498408
4.	Borrowings	440446	630300	378337
5.	Investments			
	i) SLR	1633169	2434000	2019671
	ii) Non-SLR	3799887	3872300	3405065
6.	Loan Disbursed	1587462	1923800	2105614
7.	C : D Ratio	42.24%	50.20%	48.03%
8.	Recovery %	81.51%	82.10%	82.34%
9.	NPA			
	at the beginning of the year	272665	382934	382934
	addition during the year	180482	90200	227312
	recovery during the year	70213	84334	192300
	at the end of the year	382934	388800	417946
	% of NPA to total advances	9.50%	7.00%	7.60%

(` in thousand)

Sl. No	Parameters	Position as on 31.03.2012	Target for the yr. 2012-2013	Achievement as on 31.03.2013
10.	Assets Classification			
	Standard Assets	3645970	5165100	5080462
	Sub-standard Assets	243747	234500	240990
	Doubtful Assets	94049	142000	121690
	Loss Assets	45138	12200	55266
11.	Business per branch	208716	244400	238675
12.	Profit & Loss	(+) 77763	(+) 90100	(+) 105836
13.	Business per employee	51781	55400	58233
14.	Profit per employee	297	300	364

### **ACKNOWLEDGEMENT**

The Board of Directors of the Bank put on record its warm appreciation and sincere thanks to its valued customers, which have increased many folds during the last few years, all officers and members of staff of the Bank for their sincere efforts and dedication towards discharging their duties. The Board also expresses its sincere thanks, gratitudes and appreciation to our Statutory Central Auditor M/s D. Bandyopadhyay & Co., Chartered Accountants, Kolkata for the accounting year 2012 - 2013 for the services rendered by them in finalisation of our accounts. The firm has successfully and dutifully completed its 2nd year tenure as Central Auditors. The Board expresses its gratitude to the Government of India, Government of Mizoram, Reserve Bank of India, National Bank for Agriculture and Rural Development and our Sponsor Bank (State Bank of India) for their valuable guidance, constant support, advice and directions which have been a source of inspiration and have shaped up the improvement of the Bank towards viability and progress in serving the rural masses and having placed it on a strong pedestal to march ahead for the years to come.

*For and on behalf of*  
Board of Directors

Dated : Aizawl  
10<sup>th</sup> July, 2013

**Bhupen Deka**  
*Chairman*

## **D. Bandyopadhyay & Co.**

*CHARTERED ACCOUNTANTS*

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*Behala, Kolkata-700 034*

*Phone : 2397-1421*

### **AUDITOR'S REPORT**

We have audited the Balance Sheet of the MIZORAM RURAL BANK, headquartered at Aizawl, Mizoram, as on 31st March 2013 and also the Profit & Loss Account of the said Bank for the year ended on that date, wherein statement have been prepared as the requisite formats, and disclose the information as may be necessary to confirm to the provision of the Banking Regulation Act, 1949. These Financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require to plan and perform the audit to obtain a reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the audit indicated herein, with due consideration to the information and explanation contained in returns from 15 branches audited by us, 51 branches audited by others and 5 un-audited branches, subject to the limitations of disclosure required therein and subject to our following observations annexed here with we report as under :

1. We have audited all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit, have found them to be satisfactory.
2. The Balance Sheet as at 31<sup>st</sup> March 2013 of the said bank, as authenticated by us, contains the necessary particulars and exhibits a true and fair view of the affairs of the Bank as at 31<sup>st</sup> March, 2013.
3. The Profit & Loss Account authenticated by us, show a true and fair view of the profit of the Bank for the year ended as at 31<sup>st</sup> March, 2013.
4. Transactions of the Banks which have come to our notice have been within the powers of the Bank.

5. The Balance Sheet and Profit & Loss Accounts referred to in this report are in agreement with the books of accounts maintained.

Observations:

1. The outstanding amount in system suspense A/C's, Balancing A/C's and Adjustment A/C's should be adjusted immediately.
2. CA A/C debit balance appearing in the Balance Sheets of Branches and HO to be immediately looked into & reconciled.
3. A CA with ICICI with old O/S balance of Rs. 566463.00 (overdraft) as per GL and Rs. 16105.32 as per bank statement to be reconciled immediately.
4. ADWDR receivable of Rs. 2636343.25 appearing in the Balance Sheet should be written off.
5. Aizawl Branch has opened an account with HDFC without intimating the HO. The matter should be looked into.

Place : Aizawl  
Date : 3rd May 2013

For D. Bandyopadhyay & Co.  
Chartered Accountants,

Sd/-  
Saurav Saha (Partner)  
M.No:- 065216  
FNR:- 323321E

## **D. Bandyopadhyay & Co.**

CHARTERED ACCOUNTANTS

42/3, Becharam Chatterjee Road

Behala, Kolkata-700 034

Phone : 2397-1421

### **FORM NO. 3CA**

(See rule 6G(I)(a))

**Audit report under section 44AB of the Income-tax Act, 1961, in a case where the accounts of the business or profession of a person have been audited under any other law**

We report that the statutory audit of MIZORAM RURAL BANK, B-5, BABU TILLA, ZARKAWT, AIZAWL, MIZORAM, HEAD OFFICE (PAN AAAAM1725F) was conducted by M/s. D. Bandyopadhyay & Co. in pursuance of the provisions of the Banking Regulation Act, and Banking Companies (Aquisition & Transfer of undertakings) Act 1970 and we annex hereto a copy of our audit report dated 03.05.2013 along with a copy each of -

- (a) the Audited Profit and Loss Account for the year ended on 31st March 2013.
- (b) the Audited Balance Sheet as at 31st March, 2013;
- (c) documents declared by the said Act to be part of, or annexed to, the Profit and Loss Account and Balance Sheet on that date.

2. The statement of particulars required to be furnished under section 44AB is anneded herewith in Form No. 3CD.

3. In our opinion and to the best of our information and according to explanations given to us, the particulars given in the said Form No. 3CD *and the annexure thereto* are true and correct.

Place : Aizawl  
Date : 3<sup>rd</sup> May 2013

For D. Bandyopadhyay & Co.  
Chartered Accountants,

Sd/-  
Saurav Saha (Partner)  
M.No:- 065216



**THE THIRD SCHEDULE**  
(See Section 29) **FORM - 'A'**  
**BALANCE SHEET OF MIZORAM RURAL BANK**

**Balance Sheet as on 31st March 2013**

*(000's Ommitted)*

<b>Capital and Liabilities :</b>	<b>Schedule</b>	<b>As on 31.03.2013 (Current Year)</b>	<b>As on 31.03.2012 (Previous Year)</b>
Capital	1	10,000	10,000
Share Capital Deposit		80,382	80,382
Recapitalisation		42,400	5,000
Reserve and Surplus	2	187,723	1,16,036
Deposits	3	11,447,524	95,37,641
Borrowings	4	378,337	4,73,472
Other Liabilities and Provisions	5	432,684	5,22,196
<b>TOTAL</b>	<b>:</b>	<b>12,579,050</b>	<b>1,07,44,727</b>
<b>Assets :</b>			
Cash and Balance with			
Reserve Bank of India	6	681,597	7,09,023
Balances with Banks and			
Money at Call & Short Notice	7	386,953	4,18,223
Investments	8	5,424,736	54,33,056
Advances	9	5,498,408	40,28,904
Fixed Assets	10	35,434	12,400
Other Assets	11	551,922	1,43,121
<b>TOTAL</b>	<b>:</b>	<b>12,579,050</b>	<b>1,07,44,727</b>
Contingent Liabilities	12	11,837	11,837
Notes Forming Parts of Accounts	19		

*Schedules referred to above form an integral part of the Balance Sheet* For D. Bandyopadhyay & Co.

**For and on behalf of Mizoram Rural Bank**

Sd/-  
(S. Hmingthanga)

Director

Sd/-  
(Dr. C. Lalzarliana)

Director

Sd/-  
(F.R. Marak)

Director

Sd/-  
(Bhupen Deka)

Chairman

Sd/-  
Saurav Saha (Partner)  
Chartered Accountants

The 3rd May 2013

**FORM - 'B'**  
**PROFIT AND LOSS ACCOUNT OF MIZORAM RURAL BANK**  
***For the Year ending 31st March 2013***

	Schedule	As on 31.03.2013 (Current Year)	As on 31.03.2012 (Previous Year)
<b>I N C O M E</b>			
Interest Earned	13	888,539	7,06,612
Other Income	14	28,967	34,429
<b>T O T A L</b>	<b>:</b>	<b>917,506</b>	<b>7,41,041</b>
<b>E X P E N D I T U R E S</b>			
Interest Expended	15	543,748	4,43,011
Operating Expenses	16	165,990	1,88,912
Provisions & Contingencies	17	101,932	31,355
<b>T O T A L</b>	<b>:</b>	<b>811,670</b>	<b>6,63,278</b>
<b>P R O F I T / L O S S</b>			
Net Profit/(Loss) for the year		105,836	77,763
Provision for Tax		-33,000	-21,633
Additional Income Tax (for last year)		-1,149	-403
Additional Income Tax (for current year)		-	-1,749
Deferred Tax		-	-31
Profit/(Loss) brought forward		116,036	62,089
<b>T O T A L</b>	<b>:</b>	<b>187,723</b>	<b>1,16,036</b>
<b>A P P R O P R I A T I O N S</b>			
Transferred to Statutory/Reserves		187,723	1,16,036
Transferred to other Reserves		0	0
Transferred to Govt./Proposed Divident		0	0
<b>T O T A L</b>	<b>:</b>	<b>0</b>	<b>0</b>
Balance carried over to Balance Sheet		<b>187,723</b>	<b>1,16,036</b>
Significant Accounting Policies	18	Notes Forming Parts of Accounts	19

*Schedules referred to above form an integral part of the Balance Sheet For D. Bandyopadhyay & Co.*

***For and on behalf of Mizoram Rural Bank***

Sd/- (S. Hmingthanga) Director	Sd/- (F.R. Marak) Director	Sd/- Saurav Saha (Partner) Chartered Accountants
Sd/- (Dr. C. Lalarliana) Director	Sd/- (Bhupen Deka) Chairman	The 3rd May 2013

## SCCHEDULE -1

<b><u>CAPITAL</u></b>	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>I. <u>FOR NATIONALISED BANKS</u></b>		
<b>Capital</b> (fully owned by Central Government	Nil	Nil
<b>II. <u>FOR BANKS INCORPORATED OUTSIDE INDIA</u></b>		
<b>Capital</b>		
i) (The amount brought in banks by way of start-up Capital as prescribed by RBI should be shown under this head)	Nil	Nil
ii) Amount of deposit kept with the RBI under section II (2) of the Banking Regulation Act, 1949	Nil	Nil
<b>TOTAL</b>	Nil	Nil
<b>III. <u>FOR OTHER BANKS</u></b>		
<b>Authorised Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
<b>Issued Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
<b>Subscribed Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
<b>Called-up Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
Less: Calls unpaid	Nil	Nil
Add : Forfeited Shares	Nil	Nil
<b>Paid up Capital</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>
<b>TOTAL</b>	<b><u>10,000,000.00</u></b>	<b><u>10,000,000.00</u></b>

## SCHEDULE - 2

### RESERVE & SURPLUS

	As on 31.03.2013 (Current Year)	As on 31.03.2012 (Previous Year)
<b>I. Statutory Reserves</b>		
Opening Balance		
Additions during the year		
Deductions during the year	Nil	Nil
<b>II. Capital Reserves</b>		
Opening Balance		
Additions during the year		
Deductions during the year	Nil	Nil
<b>III. Share Premium</b>		
Opening Balance		
Additions during the year		
Deductions during the year	Nil	Nil
<b>IV. Revenue and other Reserves</b>		
Opening Balance	116,036,100.90	62,088,968.87
Additions during the year	71,687,021.19	53,947,132.03
Deductions during the year	Nil	Nil
<b>V. Balance in Profit &amp; Loss Account</b>		
<b>TOTAL(I,II,III,IV &amp; V)</b>	<b>187,723,122.09</b>	<b>116,036,100.90</b>

## **SCHEDULE - 3**

### **DEPOSIT**

		<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
		<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>A.</b>	<b>I. DEMAND DEPOSITS</b>		
	i) From Banks	-	-
	ii) From Others	856,053,958.93	303,980,411.25
	<b>II. SAVINGS BANK</b>		
	i) From Banks	-	-
	ii) From Others	7,121,959,350.31	6,217,041,380.26
	<b>III. TERM DEPOSITS</b>		
	i) From Banks	-	-
	ii) From Others	3,469,510,925.05	3,016,618,730.50
	<b>TOTAL</b>	<b><u>11,447,524,234.29</u></b>	<b><u>9,537,640,522.01</u></b>
<b>B.</b>	i) Deposits of Branches in India	<b>11,447,524,234.29</b>	<b>9,537,640,522.01</b>
	ii) Deposit of Branches outside India	-	-
	<b>TOTAL</b>	<b><u>11,447,524,234.29</u></b>	<b><u>9,537,640,522.01</u></b>

## **SCHEDULE - 4**

### **BORROWINGS**

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>I. Borrowings in India</b>		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies* (Annexure - I)	378,336,403.75	473,472,078.34
<b>II. Borrowings Outside India</b>	NIL	NIL
<b>TOTAL</b>	<b><u>378,336,403.75</u></b>	<b><u>473,472,078.34</u></b>
Secured borrowings included in I & II above	NIL	NIL

<b><u>Annexure - I</u></b>	<b>As on 31.3.2013</b>	<b>As on 31.3.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>* Other Institutions and Agencies</b>		
<b>1 NABARD</b>		
i) Non Farm Sector	10,409,680.00	33,764,370.00
ii) Farm Sector	-	-
iii) SWRTO	-	-
iv) Rural Housing	314,365,210.00	409,894,150.00
v) Self Help Group	16,415,250.00	19,698,300.00
vi) SAO	11,000,000.00	10,000,000.00
vii) Venture Capital	-	-
<b>Sub-Total</b>	<b><u>352,190,140.00</u></b>	<b><u>473,356,820.00</u></b>
<b>2 STATE BANK OF INDIA</b>		
i) ST (SAO)	26,146,263.75	115,258.34
ii) ST (OSAO)	-	-
<b>Sub-Total</b>	<b><u>26,146,263.75</u></b>	<b><u>115,258.34</u></b>
<b>TOTAL</b>	<b><u>378,336,403.75</u></b>	<b><u>473,472,078.34</u></b>

**SCHEDULE - 5**  
**OTHER LIABILITIES AND PROVISIONS**

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Bills Payable	-	-
II. Inter-Office adjustment (Net)	-	177,510,422.72
III. Interest accrued	184,824,328.85	151,141,790.26
IV. Others (including provisions)	247,859,941.99	193,544,211.89
<b>T O T A L</b>	<b><u>432,684,270.84</u></b>	<b><u>522,196,424.87</u></b>

**Annexure - II**

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b># Others includes :</b>		
i) Provision for audit fee	397,587.00	351,632.00
ii) Outstanding in B.Chq	10,741,905.67	7,793,487.09
iii) Outstanding in Sundry A/c	4,337,374.95	6,278,933.95
iv) Provision for B & D	166,691,682.42	110,090,562.28
v) Balance in INC A/c	23,335,551.54	18,748,916.15
vi) Credit balance in CC	1,132,555.00	2,719,478.59
vii) Credit balance in OD	342,830.41	1,010,246.40
viii) Prov. for Leave Encashment	10,671,500.00	10,671,500.00
ix) Prov. for Gratuity	7,904,857.00	7,904,857.00
x) Interest Relief to Farmers	689,153.00	689,153.00
xi) Balance in Adjusting A/c	2,641,540.00	2,641,540.00
xii) Balance in SD Unidentified A/c	501,250.00	3,470,150.00
xiii) Excess provision on Service Tax	288,418.00	288,418.00
xiv) NHFDC Fund	2,683,447.00	3,480,975.00
xv) NEFT Commission A/c	-	4,305.00
xvi) Financial Inclusion Technology Fund	2,047,667.00	2,047,667.00
xvii) Subsidy Reserve Fund	-	3,364,540.00
xviii) Provision for depreciation on Investments	-	5,962,313.43
xix) Balance in Steps Rapid Remittance	13,452,623.00	4,276,709.00
xx) Additional Income Tax for PY 2011-12	-	1,748,828.00
<b>T O T A L</b>	<b><u>247,859,941.99</u></b>	<b><u>193,544,211.89</u></b>

## SCHEDULE - 6

### CASH AND BALANCE WITH RESERVE BANK OF INDIA

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Cash in hand (including foreign currency notes)	217,591,443.06	208,059,340.67
II. Balance with Reserve Bank of India		
i) In Current Account	464,005,466.02	500,964,112.02
ii) In other Accounts	-	-
<b>TOTAL</b>	<b><u>681,596,909.08</u></b>	<b><u>709,023,452.69</u></b>

## SCHEDULE - 7

### BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>I IN INDIA</b>		
i) Balance with Banks		
a) in current account	386,953,311.55	418,222,879.17
b) in other deposit account (SBISTDRs)	-	-
ii) Money at Call & short notice		
a) With banks	-	-
b) With other institutions	-	-
<b>TOTAL</b>	<b><u>386,953,311.55</u></b>	<b><u>418,222,879.17</u></b>
<b>II. OUTSIDE INDIA</b>		
i) In current Accounts	-	-
ii) In other deposit Accounts	-	-
iii) Money at call & short notice	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (I + II)</b>	<b><u>386,953,311.55</u></b>	<b><u>418,222,879.17</u></b>



## SCHEDULE - 8

### INVESTMENTS

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>Investments in India in</b>		
i) Government Securities	2,019,670,777.50	1,633,168,777.00
ii) Other approved Securities	-	-
iii) Shares	-	-
iv) Debenture and Bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others (to be specified @) (Annexure-III)	3,405,065,049.00	3,799,886,797.00
<b>TOTAL</b>	<b><u>5,424,735,826.50</u></b>	<b><u>5,433,055,574.00</u></b>
<b>II. Investments outside India in</b>		
i) Government securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures	-	-
iii) Other Investments (to be specified)	-	-
<b>TOTAL</b>	-	-
<b>GRAND TOTAL (I + II)</b>	<b><u>5,424,735,826.50</u></b>	<b><u>5,433,055,574.00</u></b>

### Annexure - III

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
<b>@ Others Includes:</b>	<b>(Current Year)</b>	<b>(Previous Year)</b>
i. SBI Mutual Fund	200,000,000.00	310,000,000.00
ii. UTI Mutual Fund	480,000,000.00	320,580,000.00
iii. TDRs with SBI	2,725,065,049.00	2,749,306,797.00
iii. TDRs with IDBI Bank	-	420,000,000.00
<b>TOTAL</b>	<b><u>3,405,065,049.00</u></b>	<b><u>3,799,886,797.00</u></b>

**SCHEDULE - 9**

**ADVANCES**

	<b>As on 31.03.2013 (Current Year)</b>	<b>As on 31.03.2012 (Previous Year)</b>
<b>A.</b>		
i) Bills purchased and discounted	-	-
ii) Cash Credits, Overdrafts and loans repayable on demand	1,600,898,520.10	961,277,941.98
iii) Term Loans	3,897,509,393.30	3,067,626,438.58
<b>T O T A L</b>	<b><u>5,498,407,913.40</u></b>	<b><u>4,028,904,380.56</u></b>
<b>B.</b>		
i) Secured by tangible Assets	5,409,883,545.99	3,964,068,708.71
ii) Covered by Bank/ Government Guarantee	-	-
iii) Unsecured	88,524,367.41	64,835,671.85
<b>T O T A L</b>	<b><u>5,498,407,913.40</u></b>	<b><u>4,028,904,380.56</u></b>
<b>C. I.</b>		
<b>Advances in India</b>		
i) Priority Sector	4,355,323,586.61	3,310,261,251.77
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	1,143,084,326.79	718,643,128.79
<b>T O T A L</b>	<b><u>5,498,407,913.40</u></b>	<b><u>4,028,904,380.56</u></b>
<b>II. Advances outside India</b>		
i) Due from Banks	-	-
ii) Due from others	-	-
iii) a) Bills purchased & discounted	-	-
b) Syndicate loans	-	-
c) Others	-	-
<b>T O T A L</b>	-	-
<b>GRAND TOTAL (CI + CII)</b>	<b><u>5,498,407,913.40</u></b>	<b><u>4,028,904,380.56</u></b>

## SCHEDULE - 10

### FIXED ASSETS

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Premises		
At cost as on 31st. March of the preceding year	-	-
Addition during the year	-	-
Deductions during the year	-	-
Depriciation to date	-	-
II. Other Fixed Assets \$ (Annexure - IV) ( including furnitures and fixtures)		
At cost as on 31st. March of the preceding year	20,962,773.87	15,719,786.18
Additions during the year	26,381,884.00	5,527,127.69
Deductions during the year	12,757.85	-
Depreciation to date	11,897,832.15	8,847,031.56
Written Down Value	35,434,067.87	12,399,882.31
<b>TOTAL</b>	<b><u>35,434,067.87</u></b>	<b><u>12,399,882.31</u></b>

## SCHEDULE - 11

### OTHER ASSETS

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I Inter-Office adjustments (Net)	443,610,060.24	-
II Interest accrued	77,674,080.16	113,146,698.95
III Tax paid in advance/tax deducted at source	-	-
IV Stationery and stamps	1,587,897.27	1,378,370.53
V Non-banking Assets acquired in satisfaction of claims	-	-
VI Others @ \$ (Annexure - V)	29,049,964.90	28,595,886.59
<b>TOTAL</b>	<b><u>551,922,002.57</u></b>	<b><u>143,120,956.07</u></b>

@ In case there is any unadjusted balance of loss the same may be shown under this item.

### Annexure - V

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>\$ Other Assests</b>		
i) Outstanding in suspense a/c	1,861,426.33	746,280.34
ii) Bal in H.O. P.B. a/cs	-	397,500.00
iii) Bills receivables a/c	24,225,141.00	23,191,298.00
iv) ADWDRS Receivable	2,636,343.25	2,636,343.25
v) Deferred Tax	-	-
vi) Adjustment to be made on Fixed Assets	-12,757.85	-144,661.00
vii) Balance in System Suspense account	153,882.17	-
viii) Balance in system Suspense account	185,930.00	1,769,126.00
<b>TOTAL</b>	<b><u>29,049,964.90</u></b>	<b><u>28,595,886.59</u></b>

## SCHEDULE - 12

### CONTINGENT LIABILITIES

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Claims against the bank not acknowledged as debts	11,837,396.00	11,837,396.00
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Guarantees given on behalf of constituents		
a) In India	-	-
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable. Income Tax liability if any, arising for non-compliance with income Tax Laws	-	-
<b>TOTAL</b>	<b><u>11,837,396.00</u></b>	<b><u>11,837,396.00</u></b>

## SCHEDULE - 13

### INTEREST EARNED

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Interest/discount on advances/ bills	528,461,947.38	353,687,439.51
II. Income on Investments	360,076,827.25	352,924,109.54
III. Interest on balances with Reserve Bank of India & other Inter-Bank funds.	-	-
IV. Others	-	-
<b>TOTAL :</b>	<b><u>888,538,774.63</u></b>	<b><u>706,611,549.05</u></b>

#### **SCHEDULE - 14**

##### **OTHER INCOME**

	<b>As on 31.03.2013 (Current Year)</b>	<b>As on 31.03.2012 (Previous Year)</b>
I. Commission, exchange and brokerage	28,967,360.53	34,429,387.78
II. Profit on sale of investments less- loss on sale investments	-	-
III. Profit on revaluation of investments less- loss on revaluation of investments	-	-
IV Profit on sale of land, buildings and other assets(Vehicles)	-	-
V Profit on exchange transaction less- Loss on exchange transaction.	-	-
VI Income earned by way of dividends etc, from subsidiaries/companies/and/or joint ventures abroad in India.	-	-
VII Miscellaneous Income		
a) Write back of Provision	-	-
b) Interest on ADWDRS	-	-
<b>TOTAL</b>	<b><u>28,967,360.53</u></b>	<b><u>34,429,387.78</u></b>

#### **SCHEDULE - 15**

##### **INTEREST EXPENDED**

	<b>As on 31.03.2013 (Current Year)</b>	<b>As on 31.03.2012 (Previous Year)</b>
I. Interest on deposits	511,208,438.92	394,834,794.40
II. Interest on Reserve Bank of India/ Inter-Bank borrowings	32,474,215.00	48,093,479.00
III. Others	64,950.00	83,257.00
<b>TOTAL</b>	<b><u>543,747,603.92</u></b>	<b><u>443,011,530.40</u></b>

### SCHEDULE - 16

#### OPERATING EXPENSES

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Payments to and provisions for employees	129,040,309.45	154,380,169.87
II. Rent, taxes and lightning	5,946,636.00	4,637,073.00
III. Printing and stationery	3,254,213.26	2,024,400.79
IV. Advertisement and Publicity	76,410.00	23,455.00
V. Depreciation on bank's property.	3,129,178.76	1,754,736.55
VI. Total Branch Computerisation	1,804,171.00	8,765,360.00
VII. Auditors' fees and expenses (including branch Auditors)	385,386.00	351,632.00
VIII. Law charges	365,373.00	579,385.00
IX. Postage, Telegrams, Telephones..	700,808.00	718,272.90
X. Repairs and maintenances	448,990.00	177,139.00
XI. Insurance	6,194,516.00	7,653,406.00
XII. Wages of Security Guards	4,828,966.00	-
XIII. Other expenditures	9,815,429.10	7,846,912.36
<b>TOTAL</b>	<b><u>165,990,386.57</u></b>	<b><u>188,911,942.47</u></b>

### SCHEDULE - 17

#### PROVISIONS & CONTINGENCIES

	<b>As on 31.03.2013</b>	<b>As on 31.03.2012</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
1 Provision for Bad & Doubtful Debts (including Risk fund)	90,172,248.28	21,398,695.52
2 Service Tax	7,562,313.00	976,749.00
3 Premium for purchase of Investment	4,197,499.50	3,589,569.50
4 Depreciation on Investments	-	5,389,817.91
5. Reversal of wrong entry as per MOC	-	-
6. Reversal of Service Charge	-	-
7. Addl. Service Charge as per MOC	-	-
<b>TOTAL</b>	<b><u>101,932,060.78</u></b>	<b><u>31,354,831.93</u></b>

## **SCHEDULE - 18**

### **SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING FINANCIAL STATEMENTS**

1. **General :**

1.1. *The accompanying financial statements are prepared under the historical cost convention. They conform to the statutory provisions, regulatory / RBI guidelines, Accounting Standards, of going concern concept, except as otherwise stated.*

2. **Revenue Recognition:**

2.1. *Revenue is recognized generally on accrual basis except as mentioned in (2.2) below.*

2.2. *In case of non-performing assets, Income is recognized to the extent of realization. Partial recoveries of interest in NPA accounts are recognized as income as per Reserve Bank of India guidelines.*

2.3. *Commission on exchange is normally recognized on cash basis. Commissions on drafts, collection bills, etc. are recognized on cash basis.*

3. **Investments:**

3.1. *Investment under 'Held to Maturity' are valued at cost. The excess of acquisition cost, if any, over face value is amortized over the remaining period of maturity.*

4. **Advances :**

4.1. *Advances are classified as per Reserve Bank of India's guidelines/directives under four categories i.e., (i) Standard Assets, (ii) Sub-Standard Assets, (iii) Doubtful Assets, and (iv) Loss Assets.*

4.2. *Provisions are arrived on all outstanding net off interest de-recognized on non- performing assets (NPAs) as under :*



<u>ASSET CLASSIFICATION</u>	<u>PROVISION MADE</u>
a) Standard Assets :	0.25%
b) Sub-Standard Assets :	10.00%
c) Doubtful Assets	
i) Secured portion upto 3 yrs.doubtful :	20.00%
ii)Secured portion 3 yrs.to 5 yrs. “ :	30.00%
iii)Secured portion more than 5 yrs. “ :	50.00%
iv)Unsecured portion :	100.00%
d) Loss Assets of the outstanding after netting off interest de-recognised. :	100.00%

4.3. Unrealized Interest of previous years on advances which become non-performing during the year is provided for.

5. **Fixed Assets :**

5.1. Fixed assets are accounted for on historical cost basis.

5.2. Depreciation has been provided at the following rates & methods :

Particulars	Rate for 1 yr	Rate after 1/2 yr	Method
Furniture	10%	5%	W.D.V.
Office Equipment	10%	5%	W.D.V.
Vehicles	15%	0	W.D.V.
Plant & Machineries	15%	7.5%	W.D.V.
Computer & Accessories	33.33%	33.33%	S.L.M.
Electrical Equipments	10%	5%	W.D.V.

Depreciation on computers have been provided on SLM basis as per RBI Notification.

5.3 Depreciation is provided for full year for times purchased up to half yearly closing. 50% of the prescribed percentage is provided for times purchased after half-yearly closing of the Bank except computer & accessories for which full year depreciation is provided irrespective of number of days of put to use.

6. **Retirement Benefits :**

6.1. *Provision for Gratuity on actuarial valuation, and Provident Fund to staff as per statutory requirement have been made. The amount has been contributed to approved funds.*

6.2. *Contribution to the Gratuity Fund is made based on actuarial valuation at the year end.*

6.3. *Leave encashment is accounted for on 'Pay-as-You-Go' method.*

7. **Taxation :**

7.1. *Provision for Income Tax has been made in accordance with the provisions of Income Tax Act, 1961. Provision for Fringe Benefit Tax has been made in accordance with the provisions of Income Tax Act, 1961.*

7.2. *Deferred Tax charge or credit is determined in accordance with the Accounting Standard 22 of the ICAI.*

8. **Net Profit :**

*Net Profit has been arrived at after accounting for the followings :*

8.1. *Provision for possible Loan losses.*

8.2. *Provisions on advances.*

8.3. *Provision for income Tax*

8.4. *Provision for amortization on investment*

8.5. *Other usual and necessary provisions.*

**SCHEDULE - 19**

**Notes on Accounts**

1) **Reconciliation :**

a) *Balancing, reconciliation of accounts relating to inter branch deposits and adjustment of transaction between Head Office and Branches has all been reconciled as on 31.03.2013.*

- b) *Interest & Income on Inter Bank borrowing of funds from Head Office and/ or lent to Head Office has also been reconciled up to 31.03.2013.*
- c) *Intra-branch deposits and deposits with sponsor bank and balances of borrowings has been reconciled up to 31.03.2013.*

2) **Investments :**

- a) *Pursuant to the policy of making investment, the Bank had made a total investment of `54,247.36 lakhs in Government Securities, Mutual Funds and Fixed Deposits with other banks. These investments are made only on specified securities approved by RBI/NABARD.*
- b) *All investments are valued at cost.*
- c) *Provision for Amortization of premium on investments has been made.*

3) **Advances :**

*For provisioning requirement, provision for bad and doubtful debts has been made strictly in conformity as per guidelines issued by RBI as on 8.3.2010. Provision to the extent of 0.25% to 1.00% have been made in performing assets as per Reserve Bank of India's recent instructions.*

4) **Profit and Loss Account :**

- a) *Transfer Price Mechanism (TPM) model has been followed in order to facilitate centralization of funds. Interest earned on funds borrowed from Head Office by branches and Interest on funds lent to Head Office by branches has been netted off to arrive at the actual Interest earned during the year.*
- b) *Incentives and penalties were levied between Head Office and branches for the funds flow which is netted off to arrive at the actual profit and loss.*

5) **Consolidation :**

*In case of un-audited branches returns / data including classification of advances have been adopted on the basis of information available at Head Office. LFAR in respect of audited branches have been prepared and consolidation with Head Office have also been prepared.*

6) **Additional Information :**

1. In terms of requirement of Reserve Bank of India, additional business ratios are as follows :-

i) Capital Risk Assets Ratio	:	7.92%
ii) Percentage of Share holding of the Government of India.	:	50.00 %
iii) Percentage of Net NPA to Net Advances	:	4.57%
iv) Provisioning & Contingencies as per the profit		

& Loss Account is Composed of the following :-

a) Provisions made towards Standard Assets	:	185.76 lakhs
b) Provision made towards NPA	:	715.96 lakhs
c) Provisions made for purchase of premium for investment	:	41.97 lakhs
d) Depreciation on investment	:	75.62 lakhs
v) Amount held in Interest Not Collected Account	:	233.36 lakhs
vi) Business per Branch	:	2386.75 lakhs
vii) Business per employee	:	582.33 lakhs
viii) Previous year figures have been grouped and or re-grouped wherever necessary.		
ix) Maturity pattern of Deposits Accounts :-		
a) 1 to 14 days	:	19980.66 lakhs
b) 15 to 28 days	:	2068.42 “
c) 29 days up to 3 months	:	622.04 “
d) 3 months to 6 months	:	4758.38 “
e) 6 months to 1 year	:	6392.10 “
f) 1 year up to 3 years	:	69641.25 “
g) Over 3 years up to 5 years	:	1570.75 “
h) Over 5 years	:	9441.64 “
<b>TOTAL</b>	:	<b>114475.24 “</b>

x)	<i>Maturity pattern of Loans and Advances :-</i>		
	a)	1 to 14 days:	∖ 5954.45 lakhs
	b)	15 to 28 days	∖ 287.30 “
	c)	29 days up to 3 months	∖ 468.79 “
	d)	3 months up to 6 months	∖ 1029.23 “
	e)	6 months up to 1 years	∖ 1925.39 “
	f)	Over 1 year up to 3 years	∖ 16764.98 “
	g)	Over 3 years up to 5 years	∖ 9302.58 “
	h)	Over 5 years	∖ 19251.36 “
		<b>TOTAL</b>	∖ <b>54984.08</b> “
xi)	<i>Maturity pattern of Investment :-</i>		
	a)	1 to 14 days	∖ - lakhs
	b)	15 to 28 days	∖ 4000.00 “
	c)	29 days up to 3 months	∖ - “
	d)	3 months up to 6 months	∖ - “
	e)	6 months up to 1 years	∖ 80.22 “
	f)	Over 1 year up to 3 years	∖ 800.00 “
	g)	Over 3 years up to 5 years	∖ 1719.80 “
	h)	Over 5 years	∖ 47647.34 “
		<b>TOTAL</b>	∖ <b>54247.36</b> “
xii)	<i>Movement in NPA Accounts:-</i>		
	i)	at the beginning of the year	∖ 3829.34 lakhs
	ii)	addition during the year	∖ 2273.12 “
	iii)	reduction during the year -	
	a)	recoveries	∖ 726.20 “
	b)	up gradation	∖ 862.18 “
	c)	write offs	∖ 334.62 “
	iv)	at the end of the year:	∖ 4179.46 “

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**HEAD OFFICE : AIZAWL  
SUMMARY OF FIXED ASSETS ACCOUNT AND DEPRECIATION AS ON 31.03.2013**

**ANNEXURE - IV**

Sl. Particulars No.	Value at cost 31.03.2012	Added during the period 31.03.2012	Dispos -ed off/ adjmnt 31.03.2012	Total as on 31.03.2012	Rate of Depre- ciation 31.03.2012	Total Depreciation upto 31.03.2012	Depreciation during the year 31.03.2013	WDV as on 31.03.2013	WDV as on 31.03.2012	
1	3	4	5	6	7	8	9	10	11	
1 Steel furniture and Office equipment	6528546.04	11661464.04	12757.85	18177252.23	10%	2720170.42	1060572.93	3780743.35	14396508.88	3808376.26
2 Plant & Machinery	5254449.50	258000.00	-	5512449.50	15%	2613915.12	415430.16	3029345.28	2483104.22	2640534.38
3 Wooden Furnitures	6431518.00	10847894.24	-	17279412.24	10%	2031868.08	994255.12	3026123.20	14253289.04	4399649.92
4 Motor Vehicles	1599333.00	674167.00	-	2273500.00	15%	853803.51	162392.01	1016195.52	1257304.48	4745529.89
5 Electric Appliances	1065148.00	1340543.06	-	2405691.06	10%	303215.09	144343.06	447558.15	1958132.91	761932.51
6 Computer & Acces.										
Before 31-03-11	45590.00	-	-	45590.00	33.33%	30394.85	115195.15	45590.00	-	15199.08
1-4-11 to 31-03-12	38189.33	-	-	38189.33	33.33%	9529.05	9529.05	19058.10	19131.23	28660.27
Current year	-	1599815.66	-	1599815.66	33.33%	-	533218.56	533218.56	1066597.10	-
<b>Sub-total</b>	<b>83779.33</b>	<b>1599815.66</b>	<b>-</b>	<b>1683594.99</b>		<b>39923.90</b>	<b>557942.76</b>	<b>597866.66</b>	<b>1085728.33</b>	<b>43859.35</b>
<b>TOTAL</b>	<b>20962773.87</b>	<b>26381884.00</b>	<b>12757.85</b>	<b>47331900.02</b>	<b>-</b>	<b>8562896.12</b>	<b>3334936.03</b>	<b>11897832.15</b>	<b>35434067.87</b>	<b>12399882.31</b>