

**MIZORAM RURAL BANK**

**HEAD OFFICE : AIZAWL**

**31<sup>st</sup> ANNUAL REPORT**

**2013-2014**

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**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 30th 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 2014.

**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 75 branches comprising of 16 urban, 13 semi urban, 46 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 ` 1974.90 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 17.16% in deposits and 15.25% in advances.
- The bank participated in IBPC with our sponsor bank and lent our standard agriculture outstanding of ` 30.00 crores to State Bank of India.
- It posted total profit of ` 24.78 crores bringing its reserves to ` 35.13 crores. We have an achievement of MOU target of ` 14.20 crores by 247.39%.

- Average business per employee increased from ` 5.82cr. to ` 5.98cr.
- Average business per branch improved from ` 23.87 cr to ` 24.22cr.
- 142 villages have been 100% covered under financial inclusion by way of opening savings banks/no frills accounts.
- 4 new branches has been opened at Ramrikawn and Bungkawn in Urban centre, Lawngtlai Chanmari in Semi-Urban centre and Ruantlang 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 Bank received full amount of Rs. 22cr sanctioned by GoI from its three stake holders viz; GoI, GoM and SBI (i.e. Rs 424 in previous years and Rs. 1776cr during the year)
- 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. 4 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 ` 20.00 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 from 71 villages 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 SHG and individuals.

## **Business Development**

The bank achieved ` 1341.19 crore in deposits and ` 633.71cr in advances which constitute total business of ` 1974.91 cr. The percentage of achievement of MoU target was 99.29 % and 93.79% 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>2011-12</b>	<b>(` in Thousands)</b>	
		<b>2012-13</b>	<b>2013-14</b>
1. <b>No. of District covered</b>	8	8	8
2. <b>No. of Branches</b>	65	71	75
a) Rural	41	45	46
b) Semi-Urban	11	12	13
c) Urban	13	14	16
d) Metropolitan	-	-	-
3. <b>Total Staff (excluding sponsor bank staff)</b>	262	291	322
Of which, Officers	104	115	131
4. <b>Deposits</b>	9537641	11447524	13411880
Growth %	45.45%	20.02%	17.16%
5. <b>Borrowings Outstanding</b>	473472	378337	550710
Growth %	-45.72%	-20.09%	45.56%
6. <b>Gross Loans &amp; Advances Outstanding</b>	4028904	5498408	6337084
Growth %	37.09%	36.47%	15.25%
Of 6 above, loans to Priority Sector	3310261	4355324	2430106
Of 6 above, loans to Non-Target Group	718643	1143084	3906978
Of 6 above, loans to SC/ST	4028904	5498408	6337084
Of 6 above, loans to SF/MF/AL	693103	825579	983796
Of 6 above, loans to Minorities	120867	146532	140118
Of 6 above, weaker sections	683103	721838	372900

**B. AVERAGES**

9.	<b>Average Deposits</b>	7845035	9923930	12429702
	Growth %	36.34%	26.50%	25.24%
10.	<b>Average Borrowings</b>	637002	509735	465865
	Growth %	-20.75%	-19.98%	-8.61%
11.	<b>Average Gross Loans and Advances</b>	3415035	4633745	5917746
	Growth %	32.33%	35.69%	27.71%
12.	<b>Average Investments</b>	2343963	3022362	5238795
	Growth %	29.88%	28.94%	73.33%
	Average SLR Invt. as % to Average Deposits	19.96%	19.49%	17.95%
	Average Non-SLR Invt.as % to Avg. Deposits	8.28%	10.97%	24.20%
13.	<b>Average Working Funds</b>	8482037	10433665	12895567
	i) Average Business	11260070	14557675	18347448
	ii) Average Business per branch	173232	223964	251335
	iii) Average Business per employee	42977	50026	59764

**C. LOANS ISSUED DURING THE YEAR**

14.	<b>Loans Issued during the year</b>	1587462	2105614	2418901
	Growth %	- 0.89%	32.64%	14.88%
	Of 14 above, loans to Priority Sector	1210554	1484358	1727303
	Of 14 above, loans to Non-Target Group	376908	621256	691598
	Of 14 above, loans to SC/ST	1587462	2105614	2418901
	Of 14 above, loans to SF/MF/AL	292321	531851	425947
	Of 14 above, loans to Minorities	20903	27890	41500

**D. PRODUCTIVITY**

15.	Per Branch	146732	161232	263320
	Per Staff	36403	39339	61332

**E. RECOVERY PERFORMANCE**

16.	<b>Total</b>			
	Demand	702872	2295866	1318033
	Recovery	572910	1558179	1106379
	Overdues	131804	742939	211654
	Recovery % (June Position)	81.51%	67.87%	83.94%
17.	<b>Farm Sector</b>			
	Demand	172214	373608	285947
	Recovery	117507	276792	229288
	Overdues	54771	103024	56659
	Recovery % (June Position)	68.23%	74.09%	80.19%
18.	<b>Non-Farm Sector</b>			
	Demand	530658	1922258	1032086
	Recovery	455403	1281387	877091
	Overdues	77033	742939	154995
	Recovery % (June Position)	85.82%	66.66%	84.98%

**F. ASSET CLASSIFICATION**

19.	a) Standard	3645970	5080462	6012522
	b) Sub-Standard	243747	240990	150378
	c) Doubtful	94049	121690	91611
	d) Loss	45138	55266	82573
	Total	4028904	5498408	6337084
20.	<b>Std. Assets as % Gross Loans O/S</b>	90.50%	92.40%	94.88%

**G. PROFITABILITY ANALYSIS**

21.	<b>Interest paid on</b>			
	a) Deposits	394835	511273	579440
	b) Borrowings	48177	32474	26817
22.	<b>Salary</b>	154380	129040	151919
23.	<b>Other Operating Expenses</b>	34532	36950	65967



24.	<b>Provisions made during the year</b>			
	a) Against NPAs	21399	90172	39951
	b) Other Provisions	9956	11760	42584
25.	<b>Interest received on</b>			
	a) Loans & Advances	353688	528462	690318
	b) Current A/c with Sp.bks/Other Banks	-	-	-
	c) SLR Invt.	132317	161446	208487
	d) TDR with Spr.banks	173785	131903	198514
	e) Non-SLR Investments	46391	66728	21223
	f) TDRs with other banks	431	-	-
26.	<b>Miscellaneous Income</b>	34429	28967	35970
27.	<b>Profit/Loss</b>	(+) 77763	(+) 105836	(+) 247835
<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	220000
29.	<b>Cumulative Provision</b>	110091	166692	161746
	a) Against NPAs, frauds etc.	100976	166692	161746
	b) Against Intangible Assets	-	-	-
30.	<b>Interest Derecognised</b>			
	a) During the year	8958	4587	1268
	b) Cumulative	18749	23336	21455
31.	<b>Loans Written off during the year</b>			
	a) No. of Accounts	198	317	519
	b) Amount	4046	33462	45822
32.	<b>Accumulated Loss</b>	-	-	-
33.	<b>Reserves</b>	116036	187723	351323

## **BRANCH NET-WORK**

The bank opened its 75th branch at Bungkawn in Aizawl District on 27.03.2014 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	28	16	-	12	-	2	-	-
2	Kolasib	6	-	2	4	-	-	-	-
3	Mamit	6	-	1	5	-	-	-	-
4	Serchhip	7	-	2	5	-	-	-	-
5	Champhai	11	-	1	10	-	1	-	-
6	Lunglei	9	-	3	6	-	-	-	-
7	Saiha	3	-	2	1	-	-	-	-
8	Lawngtlai	5	-	2	3	-	1	-	-
	TOTAL	75	16	13	46	-	4	-	-

## **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 75 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 188525 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 not been fixed as per RBI instruction. The small ticket size scheme at one point of time was quite popular under the scheme.

### **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 75 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 ` 1617.46 lakhs as on 31st March 2014 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 ` 458.22 lakhs in 519 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 Life and General Insurance which we hope, will effect a considerable increased in non-fund business income.

### **TRANSFER PRICE MECHANISM**

The Bank has introduced Transfer Price Mechanism for floww of funds between its Head Office and the branches on almost similar lines being followed by our sponsor bank with a view to eliminating loss making branches. The number of loss making branches has decreased from 8 to 6. The loss making branches are mainly new barches.

### **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 published the same for our internal circulation. This has much 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 :**

NABARD's Inspection under Section 35(6) of Banking Regulation Act,1949 conducted in March 2014. The report has helped the bank in reducing many deficiencies in the area of credit Management and internal control Mechanism. Compliance in respect of the report is being prepared.

b) **Management Audit :** Management Audit of the Bank under Section 24 (a) of RRB Act, 1976 was conducted during December 2013 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 B .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 valuablet suggestions for improvement have been given in the report.

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

During the year we had carry out audit & inspection of 50 branches. The report reveal that, out of 50 branches, rating of 10 branches were upgraded, whereas 39 branches maintained and 1 brach have been downgraded from the previous inspection.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 ` 26594.99lakhs 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 and 347 SHGs have been credit linked during the year. 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. 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. 68.93% 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 for raising crops production. 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 ` 3103.82 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)						
	<b>Share holders</b>	<b>% of share</b>	<b>Paid up Capital</b>	<b>Equity Support</b>	<b>Recapital Funds</b>	<b>Total Funds</b>
i)	Government of India	50%	50.00	401.91	1100.00	1551.91
ii)	State Bank of India	35%	35.00	281.34	770.00	1086.34
iii)	Government of Mizoram	15%	15.00	120.57	330.00	465.57
	<b>TOTAL</b>	<b>100%</b>	<b>100.00</b>	<b>803.82</b>	<b>2200.00</b>	<b>3103.82</b>

## **DEPOSITS**

The Bank achieved aggregate deposits of ` 134118.80 lakhs as on 31.03.2014 against the budgeted level of ` 135080.78 lakhs projected for the year ending 31st March,2014. The Bank registered a positive growth of ` 19643.56 lakhs over last year's level of ` 114475.24 lakhs, which is a growth of 17.16%. 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	<b>Parameters</b>	<b>March 2012</b>	<b>March 2013</b>	<b>March 2014</b>
i)	Total No.of Accounts	276744	334197	404400
ii)	Total Deposits	9537641	11447504	13411880
iii)	Absolute growth	2980137	1909863	1964356
iv)	Percentage growth	45.45%	20.02%	17.16%
v)	Institutional Deposits	2366992	2678614	2300970
vi)	Non-institutional Deposits	7170949	8768910	11110910
vii)	Average Deposit per branch	146733	161233	178825
viii)	Average deposit per employee	36403	39339	41652
ix)	Average account per employee	1056	1144	1256
x)	Average cost of deposits	7.58%	7.39%	7.42%

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

*(` in thousand)*

Category of deposits	Actual as on			%
	31.03.2012	31.03.2013	31.03.2014	growth
i) Current Deposits	303980	856054	2721694	217.93%
ii) Savings Bank Deposits	6217041	7121959	6583885	-7.56%
iii) Term Deposits	3016619	3469511	4106301	88.16%
<b>TOTAL</b>	<b>9537641</b>	<b>11447524</b>	<b>13411880</b>	<b>17.16%</b>

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

Parameters		31.03.2012	31.03.2013	31.03.2014
i)	Percentage of Saving Bank Deposits to total deposit	65.18%	62.21%	49.09%
ii)	Percentage of Current Deposits to total deposit	3.19%	7.48%	20.29%
iii)	Percentage of Term Deposits to total deposit	31.63%	30.31%	30.62%
iv)	Percentage of Institutional Deposits to total deposit	24.82%	23.40%	17.16%
v)	Percentage of non-institutional deposit to total deposits	75.18%	76.60%	82.84%

The District-wise position of Deposits as on 31.03.2014 are also enumerated here under :

(` in thousands)

Name of District	March 2012	March 2013	March 2014	As on 31.03.2014		
				Rural	Semi-urban	Urban
Aizawl	5384041	6671878	6769883	663921	-	6105962
Kolasib	623333	846873	869322	375467	493855	-
Serchhip	546190	535829	666291	361090	305201	-
Mamit	310667	449035	421151	258420	162731	-
Champhai	579088	673112	666231	455803	210428	-
Lunglei	1212498	1409686	1453126	363123	1090003	-
Lawngtlai	560402	583186	2175831	78184	2097647	-
Saiha	321422	277925	390045	24016	366029	-
<b>Total</b>	<b>9537641</b>	<b>11447524</b>	<b>13411880</b>	<b>2580024</b>	<b>4725894</b>	<b>6105962</b>

#### GOVT, SPONSORED & SPECIAL SCHEME

The Scheme-wise position of loans and advances issued and outstanding under Government Schemes for the year March 2013 and March 2014 is as under :

(` in thousand)

Sl. No	Scheme	O/s (31.03.13) Amount	Disbursed (2012-13)		O/s (31.03.14) Amount	% growth
			A/c	Amount		
1.	SGSY	27327	29	3515	20272	-25.82%
2.	KCC	645794	4976	264550	602176	-6.75%
3.	SHGs	105994	347	60007	124209	17.18%
4.	GCC	39198	719	31306	54525	39.10%
5.	SCC	4598	14	3067	2368	-48.50%
	<b>TOTAL</b>	<b>822911</b>	<b>7996</b>	<b>472078</b>	<b>803550</b>	<b>-2.35%</b>

## **BORROWINGS**

The Bank availed of refinance from outside agencies aggregating to ` 5507.10 lakhs as on 31st March 2014 from NABARD, SBI, NHFDC and NSTFDC 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 all agencies 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 31.03.2013 and 31.03.2014 respectively are as under :

Sl.Scheme No.	Outstanding as on 31.03.2013.	Availed during the year	Repaid during the year	Outstanding as on 31.03.2014
<i>(` in thousand)</i>				
<b>1. NABARD</b>				
i) SHGs	16415	-	3283	6441
ii) SAO	11000	17500	11000	17500
iii) ARF (NFS)	10410	67939	23355	78349
iv) RHL	314365	-	95529	158840
v) SRTO	-	-	-	-
<b>Sub-total</b>	<b>352190</b>	<b>85439</b>	<b>132167</b>	<b>261130</b>
<b>2. Sponsor Bank (SBI)</b>				
i) ST (SAO)	26146	30000	3969	255040
<b>Sub-total</b>	<b>26146</b>	<b>30000</b>	<b>3969</b>	<b>255040</b>
<b>3. NHFDC</b>	2684	-	599	2085
<b>Sub-total</b>	<b>2684</b>	<b>-</b>	<b>599</b>	<b>2085</b>
<b>4. NSTFDC</b>	-	32455	-	32455
<b>Sub-total</b>	<b>-</b>	<b>32455</b>	<b>-</b>	<b>32455</b>
<b>GRAND TOTAL</b>	<b>381020</b>	<b>41000</b>	<b>136136</b>	<b>550710</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 2012</b>	<b>March 2013</b>	<b>March 2014</b>
i) Cash in hand	208059	217591	236925
ii) Average cash during the year	153102	205643	280812
iii) Average cash as % to average deposits	1.95%	2.07%	2.28%
iv) Balance with RBI	500964	464005	554602
v) Balance with Sponsor Bank			
a) in current account	418223	386953	424478
b) in STDRs	2749307	2725065	1931295
vi) Interest earned from			
b) STDRs	174216	131903	22848

## INVESTMENTS

As on 31st March 2014, the aggregate investment amount of the Bank stood at ` 50528.60 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>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2014</b>
1.	<b>Total investments</b>	<b>5433056</b>	<b>5424736</b>	<b>5052860</b>
	a) Approved Securities	1633169	2019671	2441565
	b) Other Securities	3799887	3405065	2611295
2.	<b>SLR Investments</b>	<b>1633169</b>	<b>2019676</b>	<b>2441565</b>
3.	<b>Non-SLR Investments</b>	<b>3799887</b>	<b>3405065</b>	<b>2611295</b>
4.	<b>Interest earned on</b>			
	a) SLR Funds	132317	161446	208487
	b) Non-SLR Funds	46391	66728	219737

## LOANS AND ADVANCES OUTSTANDING

The Bank's aggregate outstanding advances as on 31.03.2014 was ` 63370.84 lakhs as against ` 67567.42 lakhs projected by us for the year. It registered an absolute growth of ` 8386.76 lakhs over last year's outstanding of ` 54984.08 lakhs, which shows a growth of 15.25 % 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>		
		31.03.2012	31.03.2013	31.03.2014
1.	No.of borrowal accounts	31880	35677	47643
2.	Amount outstandings	4028904	5498408	6337084
3.	Absolute growth	1090022	1469504	838676
4.	Percentage growth	37.10%	36.47%	15.25%
5.	Per account outstanding	126	154	133
6.	Per branch outstanding	61983	77742	84494
7.	Priority Sector outstanding	3310102	4355323	4233042
8.	Non-Priority sector outstanding	718802	1143084	2104042

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

Sl. No	Sector	Outstanding as on			
		31.03.2012	31.03.2013	31.03.2014	%share
1.	Agriculture	586807	719638	758266	13.09
2.	Allied Agriculture	106296	105940	225530	1.93
3.	SSI, Cottage and Rural artisans	271913	163607	240750	2.98
4.	Services and Small Business	542300	893944	927188	16.26
5.	Rural Housing	1798915	2328731	2659499	42.35
6.	Others	722673	1286548	1741851	35.39
	<b>TOTAL</b>	<b>4028904</b>	<b>5498408</b>	<b>6337084</b>	<b>100.00</b>

District-wise and Sector-wise loan outstanding as on 31.03.2014 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	2770657	2177245	593412	78.58
02.	Champhai Dist	408411	331537	76874	81.18
03.	Mamit Dist	241117	185545	55572	76.95
04.	Kolasib Dist	356100	279793	76307	78.57
05.	Serchhip Dist	451185	344170	107015	76.28
06.	Lunglei Dist	867573	699450	168123	80.62
07.	Lawngtlai	754113	634447	119616	84.13
08.	Saiha Dist	487928	395849	92079	81.13
	<b>Total Loan</b>	<b>6337084</b>	<b>5048036</b>	<b>1289048</b>	<b>79.66</b>

Sl.	Particulars	31.03.2012	31.03.2013	31.03.2014
01.	Percentage of Priority Sector advances to total outstandings	82.16%	79.21%	79.66%
02.	Target group outstanding	2763900	2221339	2351629
03.	Non-Target group outstanding	1798916	3277069	3985455
04.	Percentage of target group to total outstandings	68.60%	40.40%	37.11%
05.	Outstanding to Minority Community	120867	146532	140118
06.	C : D Ratio	42.24%	48.03%	47.25%
07.	Average interest rate charge	11.81%	11.41%	
08.	Outstandings to SC/ST	4028904	5498408	6337084

## **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, 94.88% 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 ` 1617.46 lakhs as on 31.03.2014 as against ` 1666.92 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>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2014</b>
i)	Standard Assets	3645970	5080462	6012522
ii)	Sub-standard Assets	243747	240990	150378
iii)	Doubtful Assets : D-I	79158	58222	46562
	D-II	12817	39401	32724
	D-III	2074	24067	12325
iv)	Loss Assets	45138	55266	82573
	<b>T O T A L</b>	<b>4028904</b>	<b>5498408</b>	<b>6337084</b>

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

<b>Particulars</b>	<b>31.03.12</b>	<b>31.03.13</b>	<b>31.03.14</b>
At the beginning of the year	9791	18749	23335
Recovery during the year	12140	7442	7696
Additions during the year	16400	12028	5816
At the end of the year	18749	23335	21455

**c) Provisions** (` in thousand)

	<b>Particulars</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2014</b>
i)	Additional Provisions made during the year	21399	90172	39951
ii)	Total Provision held	110091	166692	161746
iii)	Provision held against NPA	100976	151448	140942

**d) NPA Mangement**

<b>Particulars</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2014</b>
NPA at the beginning of the year	272665	382934	417946
Recovery against NPA during the year	70213	192300	216547
Additions to NPA during the year	180482	227312	177608
NPA at the end of the year	382934	417946	379007
Percentage of NPA to gross advances	9.50%	7.60%	5.98%
Net NPA at the end of the year	272843	251254	217261
Net Advances at the end of the year	3918813	5331716	6175338
Percentage of Net NPA to Net Advances at the end of the year	6.96%	4.71%	3.52%

## **LOANS DISBURSED DURING THE YEAR**

During the year under report, the Bank disbursed fresh loans to the tune of ` 24189.01 lakhs against a budget of ` 26951.86 lakhs committed in the Memorandum of Understanding with the Sponsor Bank. Achievement was 89.75% 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>2012-13</b>		<b>2013-14</b>		
	<b>Target</b>	<b>Achievt.</b>	<b>Target</b>	<b>Achievt.</b>	<b>%</b>
i) Loan disbursed during the year	1923800	2105614	2695186	2418901	89.75
ii) Priority Sector advances	1452700	1484358	2156148	1727303	80.11
iii) Non-Priority Sector advances	471100	621656	539038	691598	128.30
iv) % of Priority Sector to total loan disbursed	75.51%	70.50%	79.90%	71.41%	89.37
v) Target group advances	1452700	1484358	1078074	813348	75.44
vi) Non-target group advances	471100	621656	1617112	1605553	99.29
vii) SC/ST Communities	1905800	2087434	2676736	2453081	89.80
viii) Minority Communities	18000	18180	18450	15320	83.04
ix) <u>Sector-wise disbursement</u>					
a) Agriculture & Allied Agriculture	350800	531851	671406	425947	63.44
b) Industries	99900	84969	147632	116810	79.12
c) Services	1015000	175405	180440	270591	149.96
d) Non-Priority Sector	520100	621256	539038	691598	128.30

(` in thousand)

	2012-2013		2013-2014	
	Target	Achievement	Target	Achievement
x) % of loans disbursement to gross advances	47.75%	38.29%	39.89%	38.17%
xi) % growth in disbursement	32.64	32.64%	40.09%	14.88%
xii) % of achievements	100.00%	109.45%	100.00%	89.75%

### **RECOVERY OF LOANS**

The recovery performance of the Bank at the end of June 2013 was 83.94% as against 67.87% at the end of previous year (i.e. June 2012). During the year under report, vigorous recovery campaigns were launched by all the branches. The position of loan recovery for the period July, 2012 to June 2013 is given below :

(` in thousand)

	Purpose/Sector	Demand	Recovery	Overdue	Recovery %
1.	Agricultural Short Term Loans	107015	79785	27230	74.55%
2.	Agricultural/Allied Term Loans	178932	149503	29429	83.55%
3.	Non-Agricultural Loans	1032086	877091	154995	84.98%
	<b>TOTAL</b>	<b>1318033</b>	<b>1106379</b>	<b>211654</b>	<b>83.94%</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	19080	743	3092	4181	134	27230
2. Term Loan for Agricultural & Allied Agricultural	6894	8989	169	4949	8428	29429
3. Non-Agricultural Loans (ST & TL)	34120	17557	9868	77956	15494	154995
<b>TOTAL</b>	<b>60094</b>	<b>27289</b>	<b>13129</b>	<b>87086</b>	<b>24056</b>	<b>211654</b>

## **INCOME EARNED**

The Bank's total income during the year as on 31.03.2014 stood at ` 11545.13 lakhs of which ` 6903.18 lakhs was income earned from advances, which is 59.79% 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 2014</b>	<b>% growth</b>
1. Income from advances	353687	528462	49.42%	690318	30.63%
2. Income from bank investments	178708	228174	27.68%	407001	78.37%
3. Income from Bank balance	174216	131903	-24.29%	22848	-82.67%
4. Other interest earned	-	-	-	-	-
5. Other/Miscellaneous Income	34429	28967	-15.86%	35970	24.18%

## **EXPENDITURE INCURRED**

Total expenditure incurred by the Bank during the financial year ending 31st March 2014 stood at ` 9066.78 lakhs as against ` 8116.70 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 2012</b>	<b>March 2013</b>	<b>March 2014</b>
1. <u>Total Interest Expenses</u>	<b>443012</b>	<b>543749</b>	<b>606257</b>
i) Interest paid on deposits	394835	511209	579439
ii) Interest paid on borrowings	48094	32474	26817
iii) Other interest expenses	83	65	1



(` in thousand)

	March 2012	March 2013	March 2014
<b>2. Total Operating Expenses</b>	<b>188912</b>	<b>165990</b>	<b>217886</b>
i) Salary & Allowances	154380	129040	151919
ii) Rent/Tax/Lighting	4637	5497	7834
iii) Depreciations	1755	3129	7029
iv) Repairs & maintainance	177	449	11866
v) Insurance	7653	6195	6396
vi) Printing & Stationery	2024	3254	4626
vii) Other expenses	18286	18426	28216
<b>3. Total Provisions &amp; Contingencies</b>	<b>31355</b>	<b>101932</b>	<b>82535</b>
i) Provision for bad & doubtful debts	21399	90172	39951
iii) Provision for Gratuity	-	-	-
iv) Other provision & contingencies	9956	11760	42584

### **FINANCIAL RATIOS**

	31.03.2012 Prior year	31.03.2013 Prev. year	31.03.2014 This year
Average working fund	8482037	10433665	12895567
i) Financial Return	8.33%	8.97%	8.41%
ii) Financial cost	5.22%	5.05%	6.49%
iii) Financial Margin (i - ii)	3.11%	3.92%	3.72%
iv) Operating Cost	2.23%	1.59%	1.69%
v) Miscellaneous Income	0.41%	0.28%	0.28%
vi) Operating Profit [(iii+v) - iv]	1.29%	2.05%	2.31%
vii) Risk cost	0.37%	0.86%	0.31%
viii) Net Margin (vi - vii)	0.92%	1.19%	2.00%

### **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 2014 are listed here under :

**Rate of Interest on deposits p.a.****As on March 2014**

1.	Current Deposits	Nil
2.	Savings Bank	4.00 % p.a.
3.	<b><u>Term Deposits (Period-wise)</u></b>	
	i) 7 days and up to 14 days	7.00 % p.a.
	ii) 15 days to 29 days	7.00 % p.a.
	iii) 30 days to 45 days	7.00 % p.a.
	iv) 46 days to 60 days	7.00 % p.a.
	v) 61 days to 90 days	7.50 % p.a.
	vi) 91 days to 179 days	7.50 % p.a.
	vii) 180 days to 240 days	7.50 % p.a.
	viii) 241 days to less than 1 year	7.50 % p.a.
	ix) 1 year to less than 2 years	9.10 % p.a.
	x) 2 years to less than 3 years	9.10 % p.a.
	xi) 3 years to less than 5 years	8.75 % p.a.
	xii) 5 years to less than 10 years	8.50 % p.a.
4.	<b><u>Recurring Deposits (Period- wise)</u></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 2014**

		<b>Rate of interest</b>
<b>1.</b>	<b>Small &amp; Medium Enterprise (SME)</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	13.00% p.a.
	iv) SPCC/SCC upto 50,000/-	13.00% p.a.
b)	i) SBF/SSI Term Loan upto 2 lakhs	13.00% p.a.
	ii) More than 2 lakhs	14.50% p.a.
<b>2.</b>	<b>Agriculture &amp; Allied Activities</b>	
a)	Crop Loan upto 3 lakh	7.00% p.a.
b)	i) Term loan upto 1 lakh	13.50% 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)	13.50% p.a.

### 3. Personal Segment

a)	i) Housing Loan upto 10 years	12.00% p.a.
	ii) More than 10 years	12.50% p.a.
b)	Personal loan/Festival loan any amount	14.50% p.a.
c)	i) Vehicle loan upto 0.50 lacs	13.00% p.a.
	ii) Up to 2 lakhs	14.00% p.a.
	iii) 2 lakhs above	14.50% 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	2.00% above

### 4. Clean Overdraft

i) Public	16.00% p.a.
ii) No Frills Account upto 500/-	12.00% p.a.

### 5. Staff Loans

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 31.03.2013	No. of Staff recruit during the year	No. of Staff trained during the year	No. of Staff as on 31.03.2014
1.	Officers	115	12	128	131
2.	Office Assistants	101	27	55	120
3.	Office Attendants	75	-	-	71
	<b>TOTAL</b>	<b>291</b>	<b>39</b>	<b>183</b>	<b>322</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 2013-2014 in regard to major parameters are as under :

(` in thousand)

Sl. No	Parameters	Position as on 31.03.2013	Target for the yr. 2013-2014	Achievement as on 31.03.2014
1.	<b>Owned Funds</b>			
	a) Share Capital	10000	10000	10000
	b) Reserves	187723	329722	351323
	c) Share Capital Deposit	122782	300382	300382
2.	Deposits	11447524	13508078	13411880
3.	Advances	5498408	6756742	6337084
4.	Borrowings	378337	361704	550710
5.	Investments			
	i) SLR	2019671	3106858	2441565
	ii) Non-SLR	3405065	4035344	2611295
6.	Loan Disbursed	2105614	2695186	2418901
7.	C : D Ratio	48.03%	50.02%	47.25%
8.	Recovery %	82.34%	84.00%	83.94%
9.	NPA			
	at the beginning of the year	382934	417946	417946
	addition during the year	227312	113656	177608
	recovery during the year	192300	195116	216547
	at the end of the year	417946	336486	379007
	% of NPA to total advances	7.60%	4.98%	5.98%

(` in thousand)

Sl. No	Parameters	Position as on 31.03.2013	Target for the yr. 2013-2014	Achievement as on 31.03.2014
10.	Assets Classification			
	Standard Assets	5080462	6420256	6012522
	Sub-standard Assets	240990	197787	150378
	Doubtful Assets	121690	103437	91611
	Loss Assets	55266	35262	82573
11.	Business per branch	238675	270198	263320
12.	Profit	105836	141999	247836
13.	Business per employee	58233	64129	61332
14.	Profit per employee	364	449	770

#### **ACKNOWLEDGEMENT**

The Board of Directors of the Bank put on record its warm appreciation and sincere thanks to its valued customers, which have increased our business volume 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 2013 - 2014 for the services rendered by them in finalisation of our accounts. The firm has successfully and dutifully completed its 3rd 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  
28<sup>th</sup> June, 2014

**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 2014 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 14 branches audited by us, 56 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 2014 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, 2014.
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, 2014.
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. Cash management at branch level should be closely monitored.
4. Closing Cash in hand, as on 31st March 2014 is as certified by the management.
5. Amount appearing as Interest Receivable on Advances (under various categories) of Rs. 8.24 lakhs needs to be reconciled and adjusted.

Place : Aizawl  
Date : 23rd April, 2014

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**

		<b><i>Balance Sheet as on 31st March 2014</i></b>	
		<b><i>(000's Ommitted)</i></b>	
<b>Capital and Liabilities :</b>	<b>Schedule</b>	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
		<b>(Current Year)</b>	<b>(Previous Year)</b>
Capital	1	10,000	10,000
Share Capital Deposit		80,382	80,382
Recapitalisation		220,000	42,400
Reserve and Surplus	2	351,323	187,723
Deferred Tax Liability		150	-
Deposits	3	13,411,880	11,447,524
Borrowings	4	550,710	381,020
Other Liabilities and Provisions	5	1,053,796	430,001
<b>TOTAL</b>	<b>:</b>	<b>15,678,241</b>	<b>12,579,050</b>
<b>Assets :</b>			
Cash and Balance with			
Reserve Bank of India	6	791,527	681,597
Balances with Banks and			
Money at Call & Short Notice	7	424,478	386,953
Investments	8	5,052,860	5,424,736
Advances	9	6,337,084	5,498,408
Fixed Assets	10	55,206	35,434
Other Assets	11	3,017,087	551,922
<b>TOTAL</b>	<b>:</b>	<b>15,678,241</b>	<b>12,579,050</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/-  
(F.R. Marak)  
Director

Sd/-  
(Dr. C. Lalzarliana)

Sd/-  
(Bhupen Deka)

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 2014***

	Schedule	As on 31.03.2014 (Current Year)	As on 31.03.2013 (Previous Year)
<i>(000's Ommitted)</i>			
<b>I N C O M E</b>			
Interest Earned	13	1,118,543	888,539
Other Income	14	35,970	28,967
<b>T O T A L</b>	<b>:</b>	<b>1,154,513</b>	<b>917,506</b>
<b>E X P E N D I T U R E S</b>			
Interest Expended	15	606,257	543,748
Operating Expenses	16	217,886	165,990
Provisions & Contingencies	17	82,535	101,932
<b>T O T A L</b>	<b>:</b>	<b>906,678</b>	<b>811,670</b>
<b>P R O F I T / L O S S</b>			
Net Profit/(Loss) for the year		247,835	105,836
Provision for Tax		84,236	33,000
Additional Income Tax (for current year)		0	0
<b>Profit After Tax</b>		<b>163,600</b>	<b>72,836</b>
Additional Income Tax (for last year)		0	1149
Deferred Tax		150	0
Profit/(Loss) brought forward		187,723	116,036
<b>T O T A L</b>	<b>:</b>	<b>351,173</b>	<b>187,723</b>
<b>A P P R O P R I A T I O N S</b>			
Transferred to Statutory/Reserves		0	0
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>351,173</b>	<b>187,723</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/-	Sd/-	Sd/-
(S. Hmingthanga)	(F.R. Marak)	Saurav Saha (Partner)
Director	Director	Chartered Accountants
Sd/-	Sd/-	The 3rd May 2013
(Dr. C. Lalzarliana)	(Bhupen Deka)	

## SCCHEDULE -1

<u>CAPITAL</u>	<b>As on 31.03.2014</b> <b>(Current Year)</b>	<b>As on 31.03.2013</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>

## SCCHEDULE - 2

### RESERVE & SURPLUS

	As on 31.03.2014 (Current Year)	As on 31.03.2013 (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	187,723,122.09	116,036,100.90
Additions during the year	163,599,571.73	71,687,021.19
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>351,322,703.82</b>	<b>187,723,122.09</b>

## **SCHEDULE - 3**

### **DEPOSIT**

		<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
		<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>A.</b>	<b>I. DEMAND DEPOSITS</b>		
	i) From Banks	-	-
	ii) From Others	2,721,693,913.03	856,053,958.93
	<b>II. SAVINGS BANK</b>		
	i) From Banks	-	-
	ii) From Others	6,583,885,565.61	7,121,959,350.31
	<b>III. TERM DEPOSITS</b>		
	i) From Banks	-	-
	ii) From Others	4,106,301,006.20	3,469,510,925.05
	<b>TOTAL</b>	<b><u>13,411,880,484.84</u></b>	<b><u>11,447,524,234.29</u></b>
<b>B.</b>	i) Deposits of Branches in India	13,411,880,484.84	11,447,524,234.29
	ii) Deposit of Branches outside India	-	-
	<b>TOTAL</b>	<b><u>13,411,880,484.84</u></b>	<b><u>11,447,524,234.29</u></b>

## SCHEDULE - 4

### BORROWINGS

	As on 31.03.2014 (Current Year)	As on 31.03.2013 (Previous Year)
<b>I. Borrowings in India</b>		
i) Reserve Bank of India	-	-
ii) Other Banks	255,040,032.23	26,146,263.75
iii) Other Institutions and Agencies* (Annexure - I)	295,670,362.00	354,873,587.00
<b>II. Borrowings Outside India</b>	NIL	NIL
<b>T O T A L</b>	<b><u>550,710,394.23</u></b>	<b><u>381,019,850.75</u></b>
Secured borrowings included in I & II above	NIL	NIL

<b><u>Annexure - I</u></b>	As on 31.3.2014 (Current Year)	As on 31.3.2013 (Previous Year)
<b>* Other Institutions and Agencies</b>		
<b>1. NABARD</b>		
i) Non Farm Sector	78,348,900.00	10,409,680.00
ii) Farm Sector	-	-
iii) SWRTO	-	-
iv) Rural Housing	158,839,800.00	314,365,210.00
v) Self Help Group	6,441,750.00	16,415,250.00
vi) SAO	17,500,000.00	11,000,000.00
vii) Venture Capital	-	-
<b>Sub-Total</b>	<b><u>261,130,450.00</u></b>	<b><u>352,190,140.00</u></b>
<b>2. NHFDC</b>	2,085,301.00	2,683,447.00
<b>Sub-Total</b>	<b><u>2,085,301.00</u></b>	<b><u>2,683,447.00</u></b>
<b>3. NSTFDC</b>	32,454,611.00	-
<b>Sub-Total</b>	<b><u>32,454,611.00</u></b>	<b><u>-</u></b>
<b>T O T A L</b>	<b><u>295,670,362.00</u></b>	<b><u>354,873,587.00</u></b>

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

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Bills Payable	-	-
II. Inter-Office adjustment (Net)	-	-
III. Interest accrued	220,048,251.27	184,824,328.85
IV. Others (including provisions)	833,747,779.71	245,176,494.99
<b>T O T A L</b>	<b><u>1,053,796,030.98</u></b>	<b><u>430,000,823.84</u></b>

**Annexure - II**

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b># Others includes :</b>		
i) Provision for audit fee	486,885.00	397,587.00
ii) Outstanding in B.Chq	1,393,993.67	10,741,905.67
iii) Outstanding in Sundry A/c	3,695,773.95	4,337,374.95
iv) Provision for B & D	161,745,711.91	166,691,682.42
v) Balance in INC A/c	21,455,214.60	23,335,551.54
vi) Credit balance in CC	-	1,132,555.00
vii) Credit balance in OD	-	342,830.41
viii) Prov. for Leave Encashment	20,846,500.00	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
xiii) Provision for Service Tax	-	288,418.00
xiv) Current A/c Interbranch Balance	422,628,305.56	-
xv) NEFT Commission A/c	600.00	-
xvi) Financial Inclusion Technology Fund	2,047,667.00	2,047,667.00
xvii) Provision for Wage Arrear	24,066,000.00	-
xviii) Steps Rapid Remittance	20,992,698.00	-
xix) Provision for Income Tax	84,235,874.00	-
xx) Balance in Steps Rapid Remittance	-	13,452,623.00
xxi) Balance in AUCA	58,917,006.02	-
<b>T O T A L</b>	<b><u>833,747,779.71</u></b>	<b><u>245,176,494.99</u></b>

## SCHEDULE - 6

### CASH AND BALANCE WITH RESERVE BANK OF INDIA

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Cash in hand (including foreign currency notes)	236,925,305.74	217,591,443.06
II. Balance with Reserve Bank of India		
i) In Current Account	554,601,503.02	464,005,466.02
ii) In other Accounts	-	-
<b>TOTAL</b>	<b><u>791,526,808.76</u></b>	<b><u>681,596,909.08</u></b>

## SCHEDULE - 7

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

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>I IN INDIA</b>		
i) Balance with Banks		
a) in current account	424,478,276.45	386,953,311.55
b) in other deposit account (SBI STDRs)	-	-
ii) Money at Call & short notice		
a) With banks	-	-
b) With other institutions	-	-
<b>TOTAL</b>	<b><u>424,478,276.45</u></b>	<b><u>386,953,311.55</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>424,478,276.45</u></b>	<b><u>386,953,311.55</u></b>



## SCHEDULE - 8

### INVESTMENTS

	As on 31.03.2014 (Current Year)	As on 31.03.2013 (Previous Year)
<b>Investments in India in</b>		
i) Government Securities	2,441,564,586.00	2,019,670,777.50
ii) Other approved Securities	-	-
iii) Shares	-	-
iv) Debenture and Bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others (to be specified @) (Annexure-III)	2,661,295,252.00	3,405,065,049.00
<b>TOTAL</b>	<b><u>5,052,859,838.00</u></b>	<b><u>5,424,735,826.50</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>5,052,859,838.00</u></b>	<b><u>5,424,735,826.50</u></b>

### Annexure - III

	As on 31.03.2014 (Current Year)	As on 31.03.2013 (Previous Year)
<b>@ Others Includes:</b>		
i. SBI Mutual Fund	600,000,000.00	200,000,000.00
ii. UTI Mutual Fund	80,000,000.00	480,000,000.00
iii. TDRs with SBI	1,931,295,252.00	2,725,065,049.00
<b>TOTAL</b>	<b><u>2,611,295,252.00</u></b>	<b><u>3,405,065,049.00</u></b>

## SCHEDULE - 9

### ADVANCES

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>A.</b>		
i) Bills purchased and discounted	-	-
ii) Cash Credits, Overdrafts and loans repayable on demand	1,567,151,809.40	1,600,898,520.10
iii) Term Loans	4,769,931,778.98	3,897,509,393.30
<b>T O T A L</b>	<b><u>6,337,083,588.38</u></b>	<b><u>5,498,407,913.40</u></b>
<b>B.</b>		
i) Secured by tangible Assets	6,251,054,444.38	5,409,883,545.99
ii) Covered by Bank/ Government Guarantee	-	-
iii) Unsecured	86,029,144.00	88,524,367.41
<b>T O T A L</b>	<b><u>6,337,083,588.38</u></b>	<b><u>5,498,407,913.40</u></b>
<b>C. I.</b>		
<b>Advances in India</b>		
i) Priority Sector	4,233,041,781.05	4,355,323,586.61
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	2,104,041,807.33	1,143,084,326.79
<b>T O T A L</b>	<b><u>6,337,083,588.38</u></b>	<b><u>5,498,407,913.40</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>-</b>	<b>-</b>
<b>GRAND TOTAL (CI + CII)</b>	<b><u>6,337,083,588.38</u></b>	<b><u>5,498,407,913.40</u></b>

**SCHEDULE - 10**

**FIXED ASSETS**

	<b>As on 31.03.2014 (Current Year)</b>	<b>As on 31.03.2013 (Previous Year)</b>
I. Premises		
At cost as on 31st. March of the preceding year	-	-
Addition during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
II. Other Fixed Assets \$ (Annexure - IV) ( including furnitures and fixtures)		
At cost as on 31st. March of the preceding year	47,286,310.02	20,962,773.87
Additions during the year	26,931,308.50	26,381,884.00
Deductions during the year	130,068.38	12,757.85
Depreciation to date	18,881,501.70	11,897,832.15
Written Down Value	55,206,048.44	35,434,067.87
<b>T O T A L</b>	<b><u>55,206,048.44</u></b>	<b><u>35,434,067.87</u></b>

**HEAD OFFICE : AIZAWL**  
**SUMMARY OF FIXED ASSETS ACCOUNT AND DEPRECIATION AS ON 31.03.2014**

**ANNEXURE - IV**

Sl. Particulars No.	Value at cost 31.03.2013	Added during the period 31.03.2013	Dispos -ed off/ adjmnt 31.03.2013	Total as on 31.03.2014	Rate of Depre- ciation 31.03.2013	upto 31.03.2013	during the year 31.03.2014	upto 31.03.2014	WDV as on 31.03.2014	WDV as on 31.03.2013
	3	4	5	6	7	8	9	10	11	12
1 Steel furniture and Office equipment	18177252.23	10509915.00	75712.64	28611454.59	10%	3780743.35	2174388.44	5955131.79	22656322.80	14396508.88
2 Plant & Machinery	5512449.50	-	-	5512449.50	15%	3029345.28	372465.63	3401810.91	2110638.59	2483104.22
3 Furnitures&Fixures	17279412.24	7810388.00	53547.71	25036252.53	10%	3026123.30	1845921.75	4872044.95	20164207.58	14253289.04
4 Motor Vehicles	2273500.00	-	-	2273500.00	15%	1016195.52	188595.67	1204791.19	1068708.81	1257304.48
5 Electric Appliances	2405691.06	4668123.60	-	7073814.66	10%	447558.15	581375.72	1028033.87	6044880.79	1958132.91
6 Computer & Acces.										
Before 31-03-12	38189.33	-	-	38189.33	33.33%	19058.10	19131.23	38189.33	-	19131.23
1-4-12 to 31-03-13	1599815.66	-	-	1599815.66	33.33%	533218.56	533218.56	1066437.12	533378.54	1066597.10
Current year	-	3942881.90	808.03	3942073.87	33.33%	-	1314162.54	1314162.54	2628719.36	-
<b>Sub-total</b>	<b>1638004.99</b>	<b>3942881.90</b>	<b>803.03</b>	<b>5580078.86</b>		<b>552276.66</b>	<b>1866512.33</b>	<b>2418788.99</b>	<b>3162097.90</b>	<b>1085728.33</b>
<b>TOTAL</b>	<b>47286310.02</b>	<b>26931308.50</b>	<b>130068.38</b>	<b>74087550.14</b>		<b>11852242.16</b>	<b>7029259.54</b>	<b>18881501.70</b>	<b>55206048.44</b>	<b>35434067.86</b>

## SCHEDULE - 11

### OTHER ASSETS

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I Inter-Office adjustments (Net)	1,788,397,056.27	443,610,060.24
II Interest accrued	85,151,065.31	77,674,080.16
III Stationery and stamps	489,314.65	1,587,897.27
IV Non-banking Assets acquired in satisfaction of claims	-	-
V Others @ \$ (Annexure - V)	1,143,049,312.36	29,049,964.90
<b>TOTAL</b>	<b><u>3,017,086,748.59</u></b>	<b><u>551,922,002.57</u></b>

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

### Annexure - V

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>\$ Other Assests</b>		
i) Outstanding in suspense a/c	21,652,600.49	1,861,426.33
ii) Bal in AUCA. a/cs	58,916,006.02	-
iii) Bills receivables a/c	23,660,766.00	24,225,141.00
iv) ADWDRS Receivable	-	2,636,343.25
v) Steps Rapid Remittance	-	-
vi) Adjustment made on Fixed Assets	-	-12,757.85
vii) Balance in System Suspend Account	-	339,812.17
viii) Branch Clearing	995,187,604.96	-
ix) RTGS Settlement A/c	2,500,619.50	-
x) Core Inter-Branch A/c	7,214.39	-
xi) Advance Tax	41,124,501.00	-
<b>TOTAL</b>	<b><u>1,143,049,312.36</u></b>	<b><u>29,049,964.90</u></b>

## SCHEDULE - 12

### CONTINGENT LIABILITIES

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</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 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Interest/discount on advances/ bills	690,318,421.37	528,461,947.38
II. Income on Investments	428,224,394.18	360,076,827.25
III. Interest on balances with Reserve Bank of India & other Inter-Bank funds.	-	-
IV. Others	-	-
<b>TOTAL :</b>	<b><u>1,118,542,815.55</u></b>	<b><u>888,538,774.63</u></b>

## SCHEDULE - 14

### OTHER INCOME

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Commission, exchange and brokerage	34,232,605.65	28,967,360.53
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	1,737,683.06	-
<b>TOTAL</b>	<b><u>35,970,288.71</u></b>	<b><u>28,967,360.53</u></b>

## SCHEDULE - 15

### INTEREST EXPENDED

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Interest on deposits	579,438,948.70	511,208,438.92
II. Interest on Reserve Bank of India/ Inter-Bank borrowings	26,817,385.00	32,474,215.00
III. Others	600.00	64,950.00
<b>TOTAL</b>	<b><u>606,256,933.70</u></b>	<b><u>543,747,603.92</u></b>

## SCHEDULE - 16

### OPERATING EXPENSES

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Payments to and provisions for employees	151,919,363.38	129,040,309.45
II. Rent, taxes and lightning	7,834,490.00	5,946,636.00
III. Printing and stationery	4,625,956.75	3,254,213.26
IV. Advertisement and Publicity	20,500.00	76,410.00
V. Depreciation on bank's property.	7,029,259.54	3,129,178.76
VI. Director's Fees, Allowances & Expenses	149,698.00	-
VII. Auditors' fees and expenses (including branch Auditors)	-	385,386.00
VIII. Law charges	1,062,298.00	365,373.00
IX. Postage, Telegrams, Telephones..	846,650.78	700,808.00
X. Repairs and maintenances	11,865,522.29	448,990.00
XI. Insurance	6,395,633.74	6,194,516.00
XII. Other expenditures	26,136,485.33	11,619,600.10
<b>TOTAL</b>	<b><u>217,885,857.81</u></b>	<b><u>165,990,386.57</u></b>

## SCHEDULE - 17

### PROVISIONS & CONTINGENCIES

	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
1 Provision for Bad & Doubtful Debts (including Risk fund)	39,950,910.52	90,172,248.28
2 Service Tax	4,155,505.00	7,562,313.00
3 Depreciation on Investments	4,187,441.50	4,197,499.50
4 Provision for Wage Arrear	24,066,000.00	5,389,817.91
5 Provision for Leave Encashment	10,175,000.00	-
<b>TOTAL</b>	<b><u>82,534,857.02</u></b>	<b><u>101,932,060.78</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 :	
i) Agl & SME :	0.25%
ii) Commercial Real Estate :	1.00%
iii) Other Loans :	0.40%
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 :

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

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.*
- 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 standard advances.*
- 8.3. *Provision for income Tax*
- 8.4. *Provision for depreciation 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 31.03.2014.*

- b) *Interest & Income on Inter Bank borrowing of funds from Head Office and/or lent to Head Office has also been reconciled up to 31.03.2014.*
- c) *Intra-branch deposits and deposits with sponsor bank and balances of borrowings has been reconciled up to 31.03.2014.*

**2) Investments :**

- a) *Pursuant to the policy of making investment, the Bank had made a total investment of `50528.60 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 :**

- i) *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.*
- ii) *System Generated NPAs has been strictly followed for classification of advances.*

**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 arrived 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	:		10.08%
ii) Percentage of Share holding of the Government of India.	:		50.00 %
iii) Percentage of Net NPA to Net Advances	:		3.43%
iv) Provisioning & Contingencies as per the profit & Loss Account is Composed of the following :-			
a) Provisions made towards Standard Assets	:	`	208.04 lakhs
b) Provision made towards NPA	:	`	399.51 lakhs
c) Depreciation of investment	:	`	41.87 lakhs
d) Service Tax	:	`	41.56 lakhs
e) Provision for wage arrears	:	`	240.66 lakhs
f) Provision for leave encashment	:	`	101.75 lakhs
v) Amount held in Interest Not Collected Account	:	`	214.55 lakhs
vi) Total Business	:	`	197489.64 lakhs
vii) Business per Branch	:	`	2633.20 lakhs
viii) Business per employee	:	`	613.32 lakhs
ix) Net Profit per employee	:	`	5.08 lakhs

Previous year figures have been grouped and or re-grouped wherever necessary.

2. Financial Ratios	31.03.2014
Average Working Fund	128566.28
i) Financial Return	10.50%
ii) Financial Cost	5.59%
iii) Financial Margin (i-ii)	4.92%
iv) Operating Cost	1.69%
v) Miscellaneous Income	0.28%
vi) Operating Profit (iii+v-iv)	2.95%
vii) Risk Cost	0.31%
viii) Net Margin (vi-vii)	2.64%

7) *Maturity pattern of Deposits Accounts :-*

a)	1 to 14 days	:	`	35159.93	lakhs
b)	15 to 28 days	:	`	2348.67	“
c)	29 days up to 3 months	:	`	7182.74	“
d)	3 months to 6 months	:	`	5658.60	“
e)	6 months to 1 year	:	`	7554.07	“
f)	1 year up to 3 years	:	`	73568.51	“
g)	Over 3 years up to 5 years	:	`	2079.29	“
h)	Over 5 years	:	`	566.99	“
	<b>TOTAL</b>	:	`	<b>134118.80</b>	

8) *Maturity pattern of Loans and Advances :-*

a)	1 to 14 days:	`	4872.40	lakhs
b)	15 to 28 days	`	261.85	“
c)	29 days up to 3 months	`	598.99	“
d)	3 months up to 6 months	`	1181.18	“
e)	6 months up to 1 years	`	2266.45	“
f)	Over 1 year up to 3 years	`	18333.71	“
g)	Over 3 years up to 5 years	`	17786.59	“
h)	Over 5 years	`	18069.67	“
	<b>TOTAL</b>	`	<b>63370.84</b>	“

9) *Maturity pattern of Investment :-*

a)	1 to 14 days	`	26112.95	lakhs
b)	15 to 28 days	`	-	“
c)	29 days up to 3 months	`	-	“
d)	3 months up to 6 months	`	-	“
e)	6 months up to 1 years	`	-	“
f)	Over 1 year up to 3 years	`	-	“
g)	Over 3 years up to 5 years	`	5956.58	“
h)	Over 5 years	`	18459.07	“
	<b>TOTAL</b>	`	<b>50228.60</b>	“

**10) Movement in NPA Accounts:-**

i) at the beginning of the year	✓	4179.46	lakhs
ii) addition during the year	✓	1776.08	“
iii) reduction during the year -			
a) recoveries	✓	1470.98	“
b) up gradation	✓	226.25	“
c) write offs	✓	468.23	“
iv) at the end of the year:	✓	3790.07	“

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