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Financially include all households of the State with Innovation and Technology.

Be the best Bank of Mizoram



Hope

Assurance

Integrity

Love

Service

Letter of Transmittal

**Mizoram Rural Bank
Head Office : Aizawl**

Date: 30.06.2019

The Secretary,
Ministry of Finance, Dept. of Financial Services
Banking Division, Government of India
Jeevan Deep Buildings, Parliament Street,
New Delhi-110001

Dear Sir,


In accordance with the provisions of Section 20 of the Regional Rural Banks Act 1976, I forward herewith the following documents.

A Report of Board of Directors as to the Bank's working and its activities during the period 1st April, 2017 to 31st March, 2019.

A copy of the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2019.

A copy of the Auditor's report in relation to the Bank's accounts for the period 1st April, 2018 to 31st March, 2019.

Yours faithfully,



(V. Jaya Chandra)
Chairman

Geographical Area & Offices

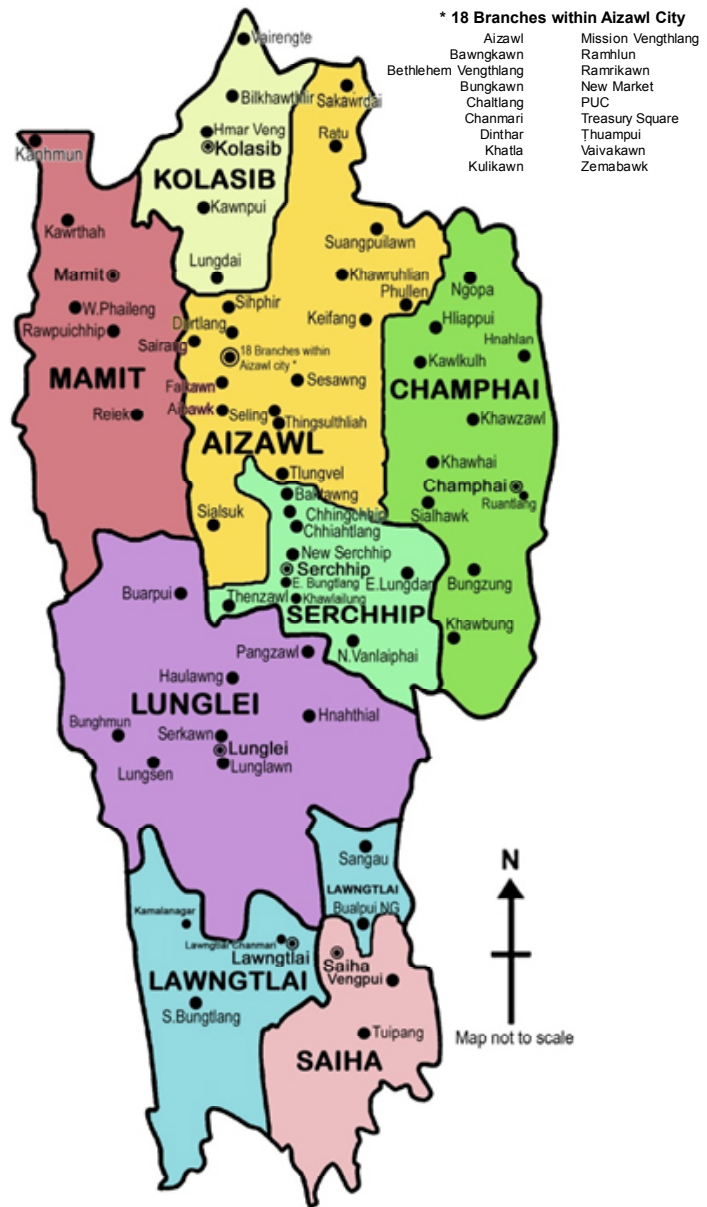
Head Office

B-5, Babu Tilla,
Zarkawt,
Aizawl - 796 007
Tel : 0389-2346380/84/88/2346457/
2346384/87
E-mail : mizobank@yahoo.com
Website : www.mizoramruralbank.in

Regional Office

Dawrpui Vengthar,
Aizawl- 796 001,
Tel : 0389-2323334, Fax 0389-2323334
E-mail : mizobank.roazl@yahoo.com

**Map of Mizoram
Indicating 85 Branches of
Mizoram Rural Bank**



List of Branches

1	Aibawk Branch, Aizawl District
2	Aizawl Branch, Aizawl District
3	Bawngkawn Branch, Aizawl District
4	Bethlehem Vengthlang Branch, Aizawl District
5	Bungkawng Branch, Aizawl District
6	Chaltlang Branch, Aizawl District
7	Chanmari Branch, Aizawl District
8	Dinthar Branch, Aizawl District
9	Durtlang Branch, Aizawl District
10	Falkawn Branch, Aizawl District
11	Keifang Branch, Aizawl District
12	Khatla Branch, Aizawl District
13	Khawruhlian Branch, Aizawl District
14	Kulikawn Branch, Aizawl District
15	Mission Vengthlang Branch, Aizawl District
16	New Market Branch, Aizawl District
17	Phullen Branch, Aizawl District
18	PUC Branch, Aizawl District
19	Ramhlun Branch, Aizawl District
20	Ramrikawn Branch, Aizawl District
21	Ratu Branch, Aizawl District
22	Sairang Branch, Aizawl District
23	Sakawrdai Branch, Aizawl District
24	Seling Branch, Aizawl district
25	Sesawng Branch, Aizawl District
26	Sialsuk Branch, Aizawl District
27	Sihphir Branch, Aizawl District
28	Suangpuilawn Branch, Aizawl District
29	Thingsulthliah Branch, Aizawl District
30	Thuampui Branch, Aizawl District
31	Tlungvel Branch, Aizawl District
32	Treasury Square Branch, Aizawl District
33	Vaivakawn Branch, Aizawl District
34	Zemabawk Branch, Aizawl District
35	Bungzung Branch, Champhai District
36	Champhai Branch, Champhai District
37	Hliappui Branch, Champhai District
38	Hnahlan Branch, Champhai District
39	Kawlkulh Branch, Champhai District
40	Khawbung Branch, Champhai District
41	Khawhai Branch, Champhai District
42	Khawzawl Branch, Champhai District
43	Ngopa Branch, Champhai District

44	Ruantlang Branch, Champhai District
45	Sialhawk Branch, Champhai District
46	Bilkhawthlir Branch, Kolasib District
47	Hmarveng Branch, Kolasib District
48	Kawnpui Branch, Kolasib District
49	Kolasib Branch, Kolasib District
50	Lungdai Branch, Kolasib District
51	Vairengte Branch, Kolasib District
52	Kamlanagar Branch, Lawngtlai District
53	Lawngtlai Branch, Lawngtlai District
54	Lawngtlai Chanmari Branch, Lawngtlai District
55	Sangau Branch, Lawngtlai district
56	South Bungtlang Branch, Lawngtlai District
57	Tuipang Branch, Lawngtlai District
58	Buarpui Branch, Lunglei District
59	Bunghmun Branch, Lunglei District
60	Haulawng Branch, Lunglei District
61	Hnahthial Branch, Lunglei District
62	Lunglawn Branch, Lunglei District
63	Lunglei Branch, Lunglei District
64	Lungsen Branch, Lunglei District
65	Pangzawl Branch, Lunglei District
66	Serkawn Branch, Lunglei District
67	Kanhmun Branch, Mamit District
68	Kawrthah Branch, Mamit District
69	Mamit Branch, Mamit District
70	Rawpuichhip Branch, Mamit District
71	Reiek Branch, Mamit District
72	West Phaileng Branch, Mamit District
73	Baktawng Branch, Serchhip District
74	Chhiahtlang Branch, Serchhip District
75	Chhingchhip Branch, Serchhip District
76	East Bungtlang Branch, Serchhip District
77	East Lungdar Branch, Serchhip District
78	Khawlailung Branch, Serchhip District
79	New Serchhip Branch, Serchhip District
80	North Vanlaiphai Branch, Serchhip District
81	Serchhip Branch, Serchhip District
82	Thenzawl Branch, Serchhip District
83	Bualpui 'NG' Branch, Siaha District
84	Saiha Branch, Siaha District
85	Vengpui Branch, Siaha District

Board of Directors

Shri V. Jaya Chandra
Chairman
(Deputation from
State Bank of India)



Nominees of Central Government under
Section 9 (1) (a) of the Regional Rural Bank's Act, 1976

Vacant

Vacant

Nominee of Reserve Bank of India under
Section 9 (1) (b) of the Regional Rural Bank's Act 1976

Shri Sangpu Vaiphei Asst. General Manager,
Reserve Bank of India, Regional Office, Aizawl



Nominee of NABARD under
section 9 (1) (c) of the Regional Rural Bank's Act, 1976.

Shri V.R. Nag, Deputy General Manager NABARD, Regional Office,
Aizawl



Nominees of State Bank of India
under Section 9 (1) (d) of the Regional Rural Bank's Act, 1976

Shri Mukesh Papriwal
Assistant General Manager (RRBs),
State Bank of India, Corporate
Centre, Mumbai



Shri Imkong Sashi Pongener
Deputy General Manager,
State Bank of India, LHO, Guwahati



Nominees of State Government
under Section 9 (1) (e) of Regional Rural Bank's Act, 1976

Shri Lalhmingmawia Sailo
Addl. Secretary
Finance Department
Govt of Mizoram



Shri Rohmingthanga Colney
Director
Department of Agriculture
Govt. of Mizoram.



Executive Team



Shri V. Jaya Chandra
Chairman



Shri Amal Chandra Sarkar
General Manager



Shri Mrigen Chandra Deka
Chief Vigilance Officer

Heads of Departments



Mr. P.L. Chhuanthanga
Chief Manager
(Personnel)



Mr. V.L. Zahawma
Chief Manager
(Accounts)



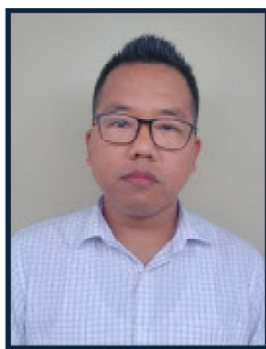
Mr. C. Zanghinglova
Chief Manager
(NPA)



Mr. Lalduhawma
Chief Manager
(Advances)



Mr. Lalrindika Fanai
Senior Manager
(MIS)



Mr. Isaac Lalfamkima Sailo
Manager
(IT Cell)



Mr. Liankunga
Chief Inspector
(Audit & Inspection)



Mrs. Sangzeli
Chief Manager
(Cross Selling)



Mr. Lalngilneia
Regional Manager
Regional Office



Mr. C. Malsawma
Chief Manager
AMH, Bawngkawng

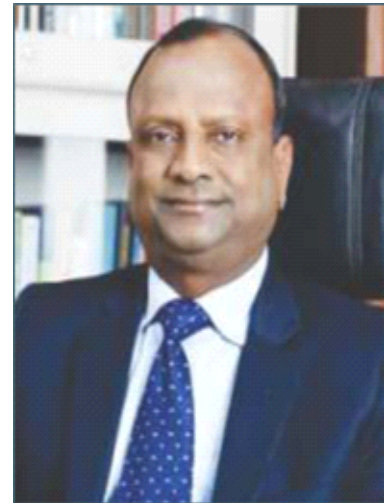


Mr. Lianchungnunga
Chief Manager
AMH, Mission Vengthlang

Our Mentors



Shri Dinesh Khara
Managing Director
State Bank of India
Corporate Centre,
Mumbai



Shri Rajnish Kumar
Chairman
State Bank of India
Corporate Centre, Mumbai



Shri S.P. Singh
Chief General Manager
(A&S),
State Bank of India
Corporate Centre, Mumbai

Our Regulator & Supervisor



Smt. Mary Deng
General Manager
RBI, RO, Aizawl



Shri Sritavasta
General Manager,
NABARD Regional Office, Aizawl

Highlights : 2018-19

- ❖ Total Business of the Bank has reached a level of ₹ 3826.06 crore with a growth of ₹ 588.78 crore @ 18.19% (₹ 3237.28 crore @ 16.05%)
- ❖ Deposits at ₹ 2595.05 crore increased by ₹ 447.09 crore at 20.81% from ₹ 2147.95 crore.
- ❖ The share of CASA has increased to 63.87% from 61.83%
- ❖ Advances at ₹ 1231.02 crore increased by ₹ 141.69 crore at 13.01% from ₹ 1089.33 crore.
- ❖ Net profit decreased to ₹ 8.42 crore as on 31.03.19 from ₹ 22.10 crore.
- ❖ Gross NPAs reduced to ₹ 64.29 crore as on 31.3.2019 from ₹ 64.69 crore.
- ❖ Net NPAs reduced to ₹ 25.25 crore (2.05%) from ₹ 42.87 crore (3.94%).
- ❖ Provision Coverage Ratio increased to 60.72% from 40.11%
- ❖ Cost of deposits increased to 5.00% as on 31.3.19 from 4.87%.
- ❖ Business per Branch ₹ 45.01 crore (38.15 crore)
- ❖ Business per Employee ₹ 9.15 crore (9.01 crore)
- ❖ Net Profit per Employee ₹ 2 lakh
- ❖ Net worth increased to ₹ 154.05 crore as on 31.03.2019 from ₹ 145.63 crore as on 31.03.2018 @ 5.78%.
- ❖ Reserves increased to ₹ 123.02 crore as on 31.3.19 from ₹ 114.59 crore as on 31.03.2018 @ 7.36%.
- ❖ Return on Assets decreased to 0.31% as on 31.03.2019 from 0.97%.
- ❖ Return on Equity is 5.47% as on 31.03.2019.
- ❖ Yield on advances marginally declined to 10.85% as on 31.03.2019 from 11.48%.
- ❖ Cost to Income Ratio (Expenses Ratio) has considerably come down to 41.86% from 47.49%.
- ❖ NII was up by 20.10%. It increased to ₹ 94.11 crore in 2018-19 from ₹ 78.36 crore.
- ❖ NIM improved to 3.87% as on 31.03.2019 from 3.80%.
- ❖ Capital Adequacy Ratio at 10.95% as on 31.03.2019 down by 5.89% vis-à-vis 11.63% as on 31.03.2018.
- ❖ Other Income grew by 143.98% to reach a level of ₹ 24.13 crore from ₹ 9.89 crore.
- ❖ Credit to Agriculture and Allied Agriculture at ₹ 239.74 crore (₹ 208.89 crore) at a growth rate of 14.77% (₹ 30.85 crore)
- ❖ Disbursed ₹ 100.93 crore to agriculture.
- ❖ No. of Agriculture borrowers increased to 25547 from previous FY's level of 24092.
- ❖ SHGs Loan increased to 1817 from previous FY's number of 1496.
- ❖ SHG Loan o/s rose by 4.44 % to reach ₹ 22.35 crore (₹ 21.40 crore)
- Implemented:
 - UPI(Unified Payment Interface), IMPS (Immediate Payment Service)
 - Mobile Banking Application (Android, Windows, Apple stores)
 - Internet banking Facility
 - Sourcing of POS machines to merchants
 - BHIM Application
 - Missed call Banking

Note : Figures in brackets pertain to previous FY

Awards : 2018-19



Award for
Highest Growth in Deposits
2018-19

National Award for
SHG Bank Linkage 2018-19
RRBs (North Eastern Region)



Award for
No. 3 in Renewal Budget Achievement
for FY 2018-19

Award for
Business Convention Qualifier
for FY 2018-19

Chairman's Message



It gives me great pleasure to present the Annual Report for the Financial Year 2018-19, this being the first year of my tenure as Chairman of the bank. It is therefore with great pride and honour that I present the achievements and contributions of my bank in what has steadily become a highly competitive banking environment in the state.

Ever since the bank wiped out its accumulated losses in the FY 2009-10, the bank's profitability and overall financial health has been on an upward curve. This year, we have posted an audited net profit of ` 8.42 crore despite putting over ` 36 crore in provisions for NPAs and pension liabilities. We have waged a tireless campaign against NPAs which has resulted in decreasing our gross NPA to 5.22% and net NPA to 2.05%, a proud achievement considering the turmoil in the banking industry in the country for the same year. Our Capital Adequacy Ratio stands at a respectable 10.95% while our reserves have risen to `123 crore. The size of our balance sheet has grown to ` 3048 crore as against ` 2559 crore of the previous financial year. Deposits have touched an all time high of ` 2595 crore and total business stands at ` 3826 crore. It is worthwhile to note that despite being a very small bank, the bank was able to provide provision to the tune of over ` 18 crore for pension liability, in tune with the spirit of the Hon'ble Supreme Court's landmark ruling on pension parity for employees of Regional Rural Banks. This has been achieved without the need for immediate recapitalization aid from the Government and is a testimony to the financial health of the bank. In spite of welcoming 43 new recruits in the last week of March 2019, we still managed to increase our business per employee to ` 9.15 crore, up from ` 8.9 crore for FY 2017-18. Our provision coverage ratio now stands at 60.72% as against 40.11% of the previous FY, and within the next one or two years, hope to achieve the benchmark 75% coverage.

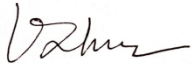
During the year, major reshuffling of portfolios at the administrative and branch level was put in place. This exercise had been undertaken to ensure continuity of the high standards already in place, as well as to present new challenges to personnel in key areas. The results have been positive and we hope to build on the encouraging initial feedbacks. Apart from our core business of providing banking services, the bank has made its responsibility to society one of its most important agenda. This year, we have spent over ` 28 lakh towards social service through the CSR scheme. Most notably, we have donated – (i) ambulance to joint YMA, West Phaileng, (ii) morgue van to MTP, Siaha, (iii) Plasma Expressor Penpol to Synod Hospital, Durtlang, (iv) Washing machine and steel almira to Mizoram Cancer Care Foundation, (v) Water coolers to Gilead Special School, Bawngkawm & Hermon Children's Home, (vi) Sponsorship of Hrangbana College Mizo Department Study Tour, to name a few. The bank remains indebted to the people of Mizoram and will continue to unwaveringly honour its social responsibilities.

The bank has come a long way from its very modest beginnings to being the largest networked bank in the state and the second largest in terms of business, just behind its sponsor bank, SBI. Although circumstances and situations have sometimes conspired to unfortunately pit us in competition with our sponsor bank in some places, we will forever remain indebted to them for their continued support and guidance.

We now look forward to building a motivated, professional workforce all the while keeping in touch with the common man and his needs. We will also be enhancing accessibility to our services through strengthening of our IT and alternate channel infrastructure. We remain committed as ever, to bringing banking services to those who previously have no access. We remain committed to promoting digitization of banking services, for the sheer convenience and transparency it brings and to play our role in sensitizing the general public on its benefits. And most of all, we remain committed to our role in driving forward the economic and social development of the state of Mizoram.

I personally thank each and every member of the bank's work force, for their dedication and the tremendous support I have received from them. I thank my colleagues in the Board of Directors for their guidance and invaluable counsel. And most of all, I sincerely thank all our customers and well-wishers, for your trust and the confidence to bank with us. We look forward to your continued support and patronage for the years to come.

Yours sincerely,



(V. Jaya Chandra)
Chairman

KEY PERFORMANCE OF THE BANK AT A GLANCE

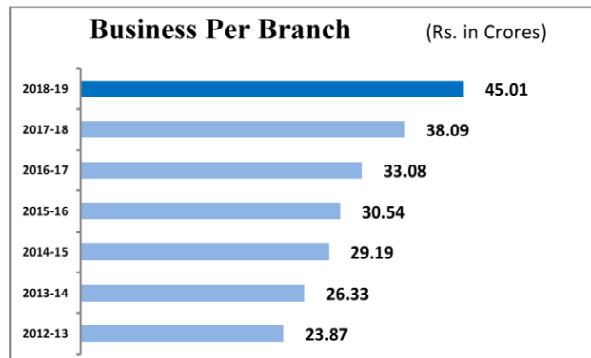
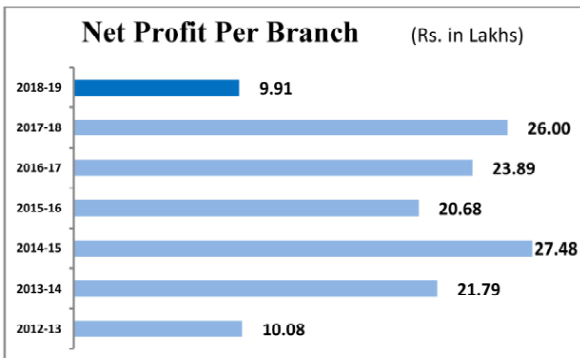
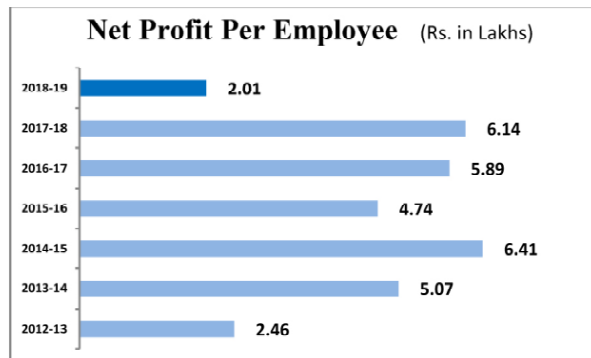
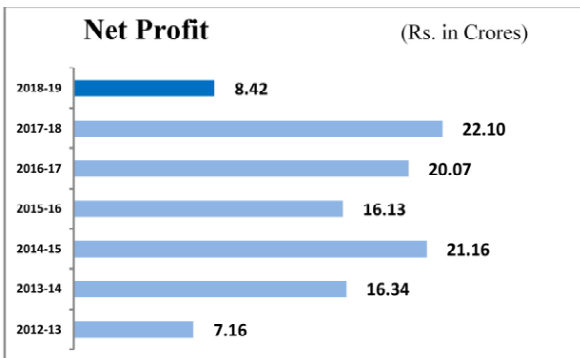
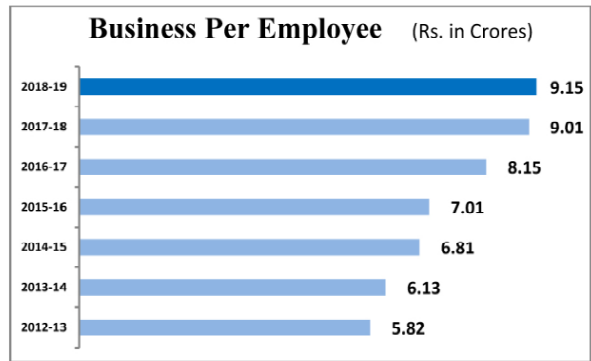
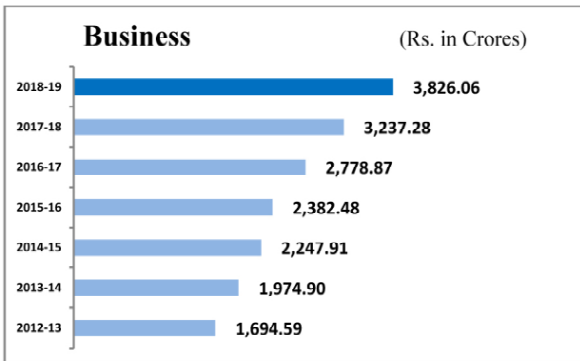
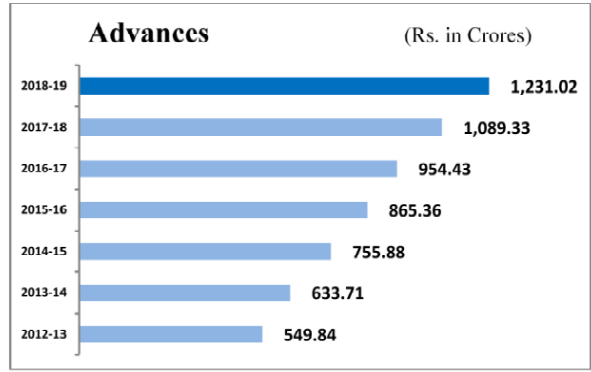
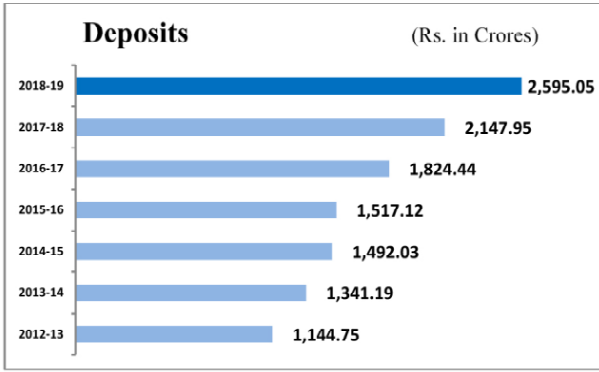
INDICATORS	(₹ in Thousands)		
	2016-17	2017-18	2018-19
A. KEY PERFORMANCE INDICATORS			
1. No. of District covered	8	8	8
2. No. of Branches	84	85	85
a) Rural	49	49	49
b) Semi-Urban	16	17	17
c) Urban	19	19	19
d) Metropolitan	-	-	-
3. Total Staff (excluding sponsor bank staff)	341	360	418
Of which, Officers	162	168	216
4. Deposits	18244375	21479458	25950492
Growth %	20.26%	17.76%	20.81%
5. Borrowings Outstanding	731080	1511703	1790638
Growth %	52.81%	106.78	18.45%
6. Gross Loans & Advances Outstanding	9544328	10893337	12310150
Growth %	10.29%	14.15%	13.01%
Of 6 above loans to Priority Sector	7493244	8688772	9909231
Of 6 above Non Target Groups	2051085	2204564	2400919
Of 6 above loans to SC/ST	9544328	10893337	12310150
Of 6 above loans to SF/MF/AL	1206663	1781359	2397441
Of 6 above loans to Minorities	200431	297274	323757
7. CD Ratio	52.31	50.71	47.44
8. Investments Outstanding	8912538	11427100	7145339
SLR Investments Outstanding	3287722	5326029	6524339
Non-SLR Investments Outstanding	5624816	6101071	621000

INDICATORS		2016-17	2017-18	2018-19
B. <u>AVERAGES</u>				
9.	Average Deposits	16923571	19690396	23437453
	Growth %	7.55%	16.35%	19.03%
10.	Average Borrowings	594059	957233	1475606
	Growth %	71.54%	61.13%	54.15%
11.	Average Gross Loans and Advances	8902178	9908956	11428923
	Growth %	12.31%	11.31%	15.34%
12.	Average Investments	5195613	6626008	6741394
	Growth %	23.88%	27.53%	1.74%
	Average SLR Investments as % to Average Deposits	19.46%	23.32%	30.83%
	Average Non-SLR Investments as % to Avg. Deposits	11.24%	10.85%	3.40%
13.	Average Working Funds	17517630	20647629	24913059
C. <u>LOANS ISSUED DURING THE YEAR</u>				
14.	Loans Issued during the year	2986804	3918942	4440492
	Amount growth	-147459	932138	521550
	Growth %	-4.70%	31.21%	13.31%
	Of 14 above loans to Priority Sector	1915263	2924731	3201995
	Of 14 above loans to SC/ST	2986804	3918942	4440492
	Of 14 above loans to SF/MF/AL	383986	109783	1009289
	Of 14 above loans to Minorities	65710	85881	97691
D. <u>PRODUCTIVITY(based on total Business)</u>				
15.	Per Branch	330818	380856	450125
	Per Staff	81492	89924	91533

INDICATORS		2016-17	2017-18	2018-19
E.	<u>RECOVERY PERFORMANCE</u>			
16.	Total			
	Demand	2131475	2114316	2647023
	Recovery	1716705	1744257	2200139
	Overdue	414770	370059	446884
	Recovery % (June Position)	80.54%	82.50%	83.12%
17.	Farm Sector			
	Demand	178018	163460	222879
	Recovery	129470	120731	181067
	Overdue	48548	42729	41812
	Recovery % (June Position)	72.73%	73.86%	81.24%
18.	Non-Farm Sector			
	Demand	1953457	1950856	2424144
	Recovery	1587235	1623526	2060522
	Overdue	366222	327330	363622
	Recovery % (June Position)	81.25%	83.22%	85.00%
F.	<u>ASSET CLASSIFICATION</u>			
19.	a) Standard	8974309	10246393	11667297
	b) Sub-Standard	233854	166259	203523
	c) Doubtful	259610	400775	375473
	d) Loss	76555	79910	63857
	Total	9544328	10893337	12310150
	Standard Assets as % to Gross Loans & Advances out standings	94.03%	94.06%	94.78%
G.	<u>PROFITABILITY ANALYSIS</u>			
20.	Interest paid on			
	a) Deposits	912260	959111	1171034
	b) Borrowings	35901	65112	78968
21.	Salary(including leave encashment)	228331	262958	282391
22.	Other Operating Expenses	144335	156120	212594

INDICATORS		2016-17	2017-18	2018-19
23.	Provisions made during the year			
	a) Against NPAs	25695	20000	190000
	b) Other Provisions	179662	222465	413218
	c) Amortization	-	-	-
24.	Interest received on			
	a) Loans & Advances	1033142	1133567	1239773
	b) Investments	647133	674239	539170
	c) Others	-	-	412133
25.	Other Income	46623	98950	241349
26.	a) Gross Profit	304062	339690	129458
	b) Net Profit	200715	220990	84220
H.	<u>OTHER INFORMATION</u>			
27.	Share Capital Deposit Received	Nil	Nil	Nil
28.	DI & CGC	Nil	Nil	Nil
	(a) Claims settled cumulative	Nil	Nil	Nil
	(b) Claims received but pending adjustment			
	(c) Claims pending with Corporation	Nil	Nil	Nil
29.	Cumulative Provision	208019	218246	390358
	(a) Against NPAs			
	(b) Against Standard Assets	31315	41315	41315
	(c) Against Intangible Assets Frauds, Wage, Pension, NPS etc	0	31615	398776
30.	Interest Derecognized			
	a) During the year	Nil	Nil	Nil
	b) Cumulative	Nil	Nil	Nil
31.	Loans Written off during the year			
	a) No. of Accounts	106	129	193
	b) Amount	19428	9923	14507
32.	Accumulated Loss	Nil	Nil	Nil
33.	Reserves	924957	1145947	1230166

INDICATORS		2016-17	2017-18	2018-19
34.	Net Worth	1235339	1456329	1540548
35.	Net NPAs	362002	428698	252,495
	% Provisions to gross NPAs	36.49%	33.73%	60.72%
	% Gross NPAs to advances	5.97%	5.94%	5.22%
	% Net NPAs advances	3.87%	3.94%	2.05%
36.	CRAR	11.55%	11.63%	10.95%
37.	Market Share			
	a) Deposits	23.08	21.69	24.64
	b) Advances	30.49	23.78	30.15



Board of Directors Report

2018 – 19



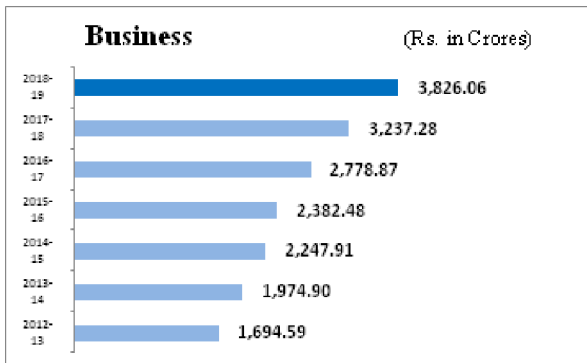
BOARD OF DIRECTOR'S REPORT 2018-19

We have pleasure in presenting the 36th Annual Report of Mizoram Rural Bank (MRB) together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the financial year ended on 31st March 2019.

Business Review

The Bank's business has registered a growth of ₹ 588.78 crore at 18.19% to reach ₹ 3826.06 crore as on 31st March 2019 as against ₹ 3237.28 crore as on 31.03.2018.

75.93% of the business growth of ₹ 588.78 crore was contributed by Deposits and the remaining 24.07% by Loans and Advances with an absolute growth of ₹ 447.09 crore and ₹ 141.69 crore respectively. The distribution of



growth between deposits and advances in FY 2018-19 was in the ratio of 76% and 24%.

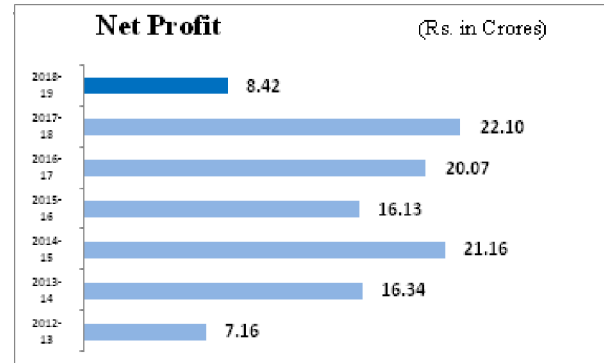
Profit Analysis

The Bank registered a Net Profit of ₹ 8.42 crore for the year 2018-19 as against ₹ 22.10 crore for the previous FY 2017-18. Net Profit drastically decreased due to more additional provisions for NPA, Pension and Frauds during FY 2018-19.

Increase in interest income by ₹ 38.33 Cr. The Bank's total income during the year as on 31.03.2019 stood at ₹ 243.24 crore of which

₹ 123.98 crore was income earned from advances, which is 50.97% of total income.

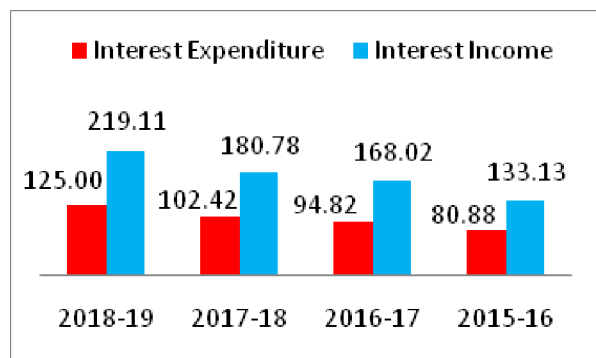
The Operating profit (before provisions and contingencies) of the Bank stood at ₹ 68.74 crore as on 31.3.19 vis-à-vis previous FY's figure of ₹ 46.35 crore. The increase of ₹ 22.40 crore (48.33%) in operating profit during this year is impressive when compared with the increase of ₹ 5.74 crore during 2017-18. This is due to increase in income in all areas i.e., interest on advances, investments, other income and decrease in expenses ratio during



Particulars	2017-18	2018-19	Growth %
Interest Income	180.78	219.11	21.20
Interest Expenditure	102.42	125.00	22.04
Non-Interest Income	9.89	24.13	143.91
Gross Profit/Operating Profit	33.97	12.95	-61.89
Tax Expenses	11.87	4.52	-61.89
Deferred Tax Assets & Earlier Year adjustments (excess)	0.00	0.00	0.00
Provision & Contingencies	12.38	55.80	350.84
Prior period depreciation & rent	0.00	0.00	0.00
Net Profit	22.10	8.42	-61.89

Net Interest Income

Total interest income earned during the year is ₹ 219.11 crore whereas total interest expenditure is at ₹ 125.00 crore. The net interest income has increased by ₹ 15.75 crore to ₹ 94.11 crore during the year vis-à-vis ₹ 78.36 crore in 2017-18 with a growth rate of 20.10%.



Interest Expenditure

- Interest paid on deposits has increased to ₹ 117.10 crore from the last FY's figure of ₹ 95.91 crore by ₹ 21.19 crore (22.09%).
- The Bank has paid ₹ 7.89 crore towards interest on borrowings (refinance from NABARD, NHB and MUDRA) during the year as against ₹ 5.51 crore of FY 2017-18 with an increase of ₹ 2.38 crore.

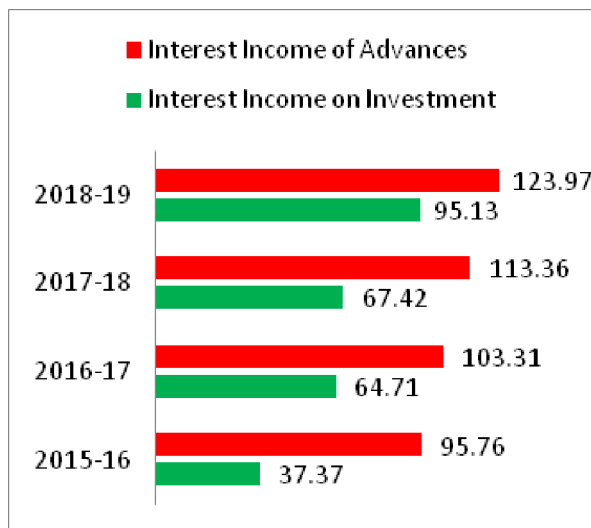
Operating expenditure

Operating expenditure has increased by ₹ 7.58 crore (18.09%) to ₹ 49.49 crore in 2018-19 from ₹ 41.91 crore in previous FY 2017-18.

Interest Income

- Interest income increased from ₹ 180.78 crore to ₹ 219.11 crore during the FY with an absolute growth of ₹ 38.33 crore (at 21.20%)
- The Bank has earned an interest income of ₹ 123.97 crore from loans and advances in current fiscal as against ₹ 113.35 crore in 2017-18 with an increase of ₹ 10.62 crore (@ 9.37%).

- The interest income received from investments has increased by ₹ 27.71 crore at 41.10% to reach ₹ 95.13 crore as against ₹ 67.42 crore in the previous FY. This including Interest received from TDR with SBI and NABARD TMB.



Provision for NPAs:

The Bank has made a provision of ₹ 19.00 crore on NPAs during the year, taking the total Provisions available on Advances to ₹ 43.17 crore (including cumulative provision of ₹ 4.13 crore on Standard Assets).

(₹ in crore)

Assets	2017-18		2018-19	
	O/s	Provisi on	O/s	Provisi on
Standard	1033.19	3.51	1171.07	3.91
Sub Standard	11.07	1.04	16.45	1.64
Bad & Doubtful	37.99	9.50	37.49	11.61
Loss	6.39	7.85	6.39	6.39
Total	1088.64	21.90	1231.40	23.55

Ratio Analysis

Ratio Analysis				
S.N	Ratios	2017-18	2018-19	
		Amt / Ratio	Amt / Ratio	% Change
1	Yield on advances	11.48	10.85	-5.49
2	Yield on investments	6.51	9.22	41.63
3	Cost of deposits	4.87	5.00	2.67
4	Cost of borrowings	6.80	5.35	-21.32
5	Avg. cost of funds	4.48	5.02	12.05
6	Avg. return of funds	9.24	9.76	5.59
7	Cost of management	2.04	1.99	-2.61
8	Misc. Income as % to Working Funds	0.48	0.97	101.83
9	Net Interest Margin	3.80	3.87	1.84
10	Financial Margin	3.34	2.49	-25.45
11	Risk Cost	0.70	0.76	8.57
12	Return on Assets	0.97	0.31	-68.04
13	Expenses ratio	47.49	41.86	-11.86
14	Gross NPAs	64.69	64.29	-0.62
15	Net NPAs	42.87	25.25	-41.10
16	% Provisions to gross NPAs	40.11	60.72	51.38
17	% Gross NPAs to advances	5.94	5.22	-12.12
18	% Net NPAs to advances	3.94	2.05	-47.97
19	CRAR	11.63	10.95	-5.85
20	CD Ratio	50.71	47.44	-6.45

Balance Sheet Size

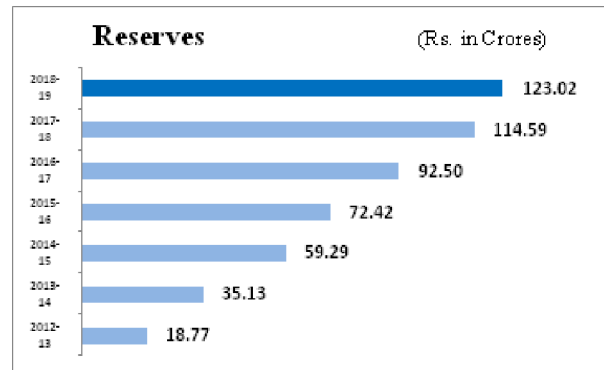
The balance sheet size amounted to ₹ 3048.47 crore with an increase of ₹ 489.14 crore over March 2018 level.

Capital & Reserves
Authorized Capital:

The Bank's Authorised capital stood at ₹ 31,03,82,000 (3,10,38,200 shares of ₹ 10 each)

Paid up Capital:

The Bank's paid up capital stood at ₹ 31,03,82,000 (3,10,38,200 shares of ₹ 10 each), subscribed by Government of India, State Government and State Bank of India in the ratio of 50:15:35. The Reserves increased by ₹ 8.42 crore at 7.35% from ₹ 114.59 Cr as on 31.03.18 to ₹ 123.02 Cr as on 31.03.19.


Net worth

Net worth of the Bank stood at ₹ 154.05 crore with a growth of ₹ 8.42 crore (5.78%) over previous FY's figure of ₹ 145.63 crore.

The Capital Adequacy Ratio stood at 10.95% well above the level of minimum 9% stipulated by Dr. K.C Chakravarthi Committee.



Mizoram Rural Bank was established in the year 1983, September 27th

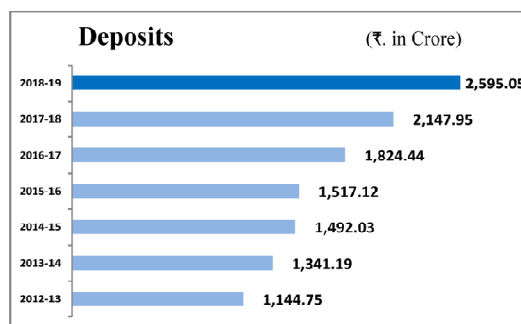
The following table gives the position of Tier-I, Tier-II Capital, Reserves and computation of CRAR.

(₹ in crore)

Capital	2017-18	2018-19
1 Tier-I		
a. Paid up Capital	31.04	31.04
b. Share Capital Deposit	-	-
c. Statutory Reserves & Surplus	92.50	114.59
d. Capital Reserves	-	-
e. Other Reserves	-	-
f. Spl.Reserve u/s 36(1) (viii) of Income Tax Act 1961	-	-
g. Surplus in P&L	22.10	8.42
Total reserves(b+c+d+e+f+g)	114.59	123.02
Total Tier-I Capital	145.63	154.05
2 Tier-II	-	-
a. Undisclosed Reserves	-	-
b. Revaluation Reserves	-	-
c. General Provisions & Reserves	-	-
d. Investment fluctuations Reserves/Fund	-	-
Total Tier-II Capital	-	-
Grand Total (Tier I + Tier II)	145.63	154.05
3 a. Adjusted value of funded risk assets i.e., balance sheet items	1,252.34	1,406.67
b. Adjusted value of non-funded risk assets i.e., balance sheet items	-	-
c. a+b	1,252.34	1,406.67
d. Percentage of Capital (Tier-I + Tier II) to Risk Weighted Assets	11.63	10.95

Deposits

Deposits registered a growth of ₹ 447 crore over March 2018 level at a growth rate of 20.81%. Total deposits as on 31.03.2019 stands at ₹ 2595.05 crore as against ₹ 2147.95 crore as on 31.03.2018.



Deposit Mix

CASA deposits grew by ₹ 329.42 crore at 24.80% to reach ₹ 1657.50 crore as against ₹ 1328.08 Cr as on 31.3.18. Term Deposits grew by ₹ 117.69 crore to reach a level of ₹ 937.55 crore at 14.35 % as against ₹ 819.86 crore.

The share of CASA has increased from 61.83% (31.03.2018) to 63.87% as on 31.03.2019.

(₹ in crore)

Deposit mix	2017-18	2018-19
Current A/c	116.57	100.80
Growth	-23.50	-15.77
Growth %age	-16.78	-13.53
Savings Bank A/c	1211.52	1556.71
Growth	225.14	345.19
Growth %age	22.82	28.49
Total CASA	1328.08	1657.50
Growth	201.64	329.42
Growth %age	17.90	24.80
Term Deposits	819.86	937.55
Growth	121.87	117.69
Growth %age	17.46	14.35
Total deposits	2147.95	2595.05
Growth	323.51	447.10
Growth %age	17.73	20.82

Borrowings

The aggregate borrowings of the Bank as on 31st March 2019 stood at ₹ 179.06 crore whereas it was ₹ 151.17 crore as on 31st March 2018.

(₹ in crore)

Institution	2017-18	2018-19	Variance
NABARD	109.39	125.22	15.83
NSTFDC	33.90	46.99	13.09
NHB	6.15	5.13	(1.02)
SBI	1.71	1.71	-
	151.15	179.05	27.90

Assets

Investments

Total investments portfolio– both SLR and Non-SLR - of the Bank has increased to ₹ 1481.78 crore as on 31.3.19 from previous year's level of ₹ 1142.71 crore by ₹ 339.07 crore @29.67%.

INVESTMENT	2017-18	2018-19
SLR	532.60	652.43
Growth	204.83	119.83
Growth %	62.49	22.49
Non- SLR	610.11	829.35
Growth	47.63	219.24
Growth %	8.46	35.93
TOTAL INVESTMENT	1,142.71	1,481.78
Growth	251.46	339.07
Growth %	28.21	29.67

Investment Policy:

The Investment Policy (revised) of the Bank was adopted in 2018 and the same was reviewed/revised and approved by the Board from time to time, conforming to the RBI guidelines.

SLR Investments:

In terms of Section 24 of the BR Act 1949, the Bank has maintained investments in the avenues laid down in the Policy, to fulfill the

SLR requirements. All SLR investments are made in GOI/State Govt. Securities only. The purchase and sale of Govt. Securities are undertaken by the Portfolio Management Services Department of State Bank of India.

Non SLR Investments:

Non-SLR investments are invested in TDRs of Banks (SBI, NABARD). The Bank has been monitoring and following up for prompt receipt of interest due from Govt. Securities /Bonds. There was no instance of income leakage from Non-SLR investments portfolio.

CRR and SLR:

The Bank has complied with the regulatory requirement of maintenance of adequate balances towards CRR and SLR. There is a well laid down system of assessing the CRR and SLR requirements taking into account the NDTL. There was no default in maintenance of adequate balances during the year. The Bank has kept ₹ 102.42 crore in CRR and ₹ 652.43 crore in SLR as on 31.03.2019.

Credit Portfolio

The credit portfolio of the Bank rose by 13.01% to ₹ 1231.02 crore during the financial year ended 31.03.2019 from the previous year level of ₹ 1089.33 crore, thus showing an absolute growth of ₹ 141.69 crore as against the target of ₹ 131 crore.

Credit to Agriculture

Total credit to agriculture and allied activities including agriculture-portion of SHG lending, stood at ₹ 239.74 crore as on 31.03.2019 as against ₹ 211.40 crore with a growth of ₹ 28.34 crore (@13.41%). Total number of Bank's borrowers in Agriculture sector has increased to 25547.

The Bank has disbursed ₹ 100.93 crore to agriculture during the year as against the previous year's disbursement of ₹ 115.52 crore.

Total credit to agriculture and allied activities constitutes 19.48 % of the total credit portfolio as on 31.03.2019 vis-à-vis 19.18 % as at the end of previous FY.

Kisan Credit Card System

We have issued 11077 KCCs as on 31.3.2019 with an outstanding credit of ₹ 58.59 crore as against previous FY level of 13157 KCCs for ₹ 70.19 crore.

During the year 2018-19, we have disbursed an amount of ₹ 10.88 crore to 987 KCC card holders as against ₹ 26.36 crore to 3029 card holders during the year 2017-18.

Interest Subvention

As per Government of India guidelines, Bank is implementing 7% interest rate to all the crop loan borrowers up to ₹ 3.00 lakh and accordingly claimed an amount of ₹ 3,00,236/- towards 2% interest subvention from the GOI during the year 2018-19.

Joint Liability Groups (JLGs)

JLGs are expected to overcome the problem of tenant farmers getting deprived of institutional credit.

The Bank has financed an amount of ₹ 9.56 crore to the JLGs as on 31.03.2019, taking the total JLGs financed to 690. During the year 121 groups were financed amounting ₹ 3.16 crore.

Self Help Groups

Our Bank has financed 1,906 Self Help Groups with an outstanding portfolio of ₹ 24.25 crore as on 31.03.2019 as against previous year's level outstanding credit of ₹ 21.40 crore. The total loans outstanding under SHG segment has increased by ₹ 2.85 crore at a growth rate of 13.32% during the year 2018-19 against previous year growth of ₹ 7.51 crore (@54.07%).

The Bank has disbursed ₹ 12.38 crore to 847 Groups during the year as against ₹ 9.95 crore disbursed to 588 SHGs during the previous year.

The Bank has highest number of Self Help Groups linked to Bank and loan amount outstanding, among all Banks in the State.

National Rural Livelihood Mission (NRLM) - Aajeevika – Interest Subvention Scheme

Our Bank has implemented NRLM Scheme as per the guidelines issued by NABARD vide their letter No 249/MCID-LS/2013-14 dated 26.11.2013.

The government restructured Swarnajayanti Grama Swarozgar Yojana - SGSY (which was in existence since FY 2010-11) into National Rural Livelihoods Mission (NRLM) to provide greater focus and momentum for poverty reduction. The Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

Under the Scheme, all Women SHGs promoted by NRLM or other Central or State Government Line Departments or NABARD or any NGOs, which are linked with our Bank, are eligible to avail the benefits of the Scheme. As per the Scheme, GOI identified 250 backward districts all over the country under Category-I, of which we have three districts in our notified area namely Aizawl, Lunglei and Serchhip.

All such Women SHGs in the three districts have been extended credit at 7% rate of interest upto ₹ 3 lakh and Government would subvent to the extent of difference between 7% and actual rate of interest (12.5%) subject to a maximum of 5.5%. Apart from this, prompt paying SHGs will be extended an additional 3% subvention. SERP (Society for Elimination of Rural Poverty) would credit the remaining 4% interest for prompt repayers reducing "ZERO" interest burden to the groups.

We have five districts among the Category-II districts (other than the above 250 districts) under NRLM namely Kolasib, Champhai, Lawngtlai, Saiha and Mamit. Funding for this subvention will be provided by the MzSRLM (State Rural Livelihood Mission).

MzSRLM will provide each 7% interest as subvention for prompt repayers through e-transfer to the SHGs accounts under the Scheme for Category-II districts.

National Urban Livelihood Mission (NULM)

Government of India restructured Swarna Jayanti Shahari Rozgar Yojana (SJSRY) as National Urban Livelihood Mission (NULM). The SEP (Self Employment Programme) component of NULM focus on providing financial assistance through a provision of interest subsidy on loans to support establishment of Individual and Group Enterprises and SHGs of urban poor. Under the Scheme, (a) Interest subsidy, over and above 7% of ROI is available on a Bank loan of ₹ 2 lakh to individual enterprises and ₹ 10 lakh for Group Enterprises. The difference between 7% p.a. and the prevailing ROI will be provided to Banks under NULM; (b) SHGs in urban areas can avail Bank loan at 7% ROI. The difference between 7% p.a. and the prevailing ROI will be provided to Banks under NULM. Further, an additional 3% interest subvention will be provided to all women SHGs for prompt repayment as per repayment schedule by GOI.

Priority Sector Lending

In terms of RBI Circular No: FIDD.CO.Plan.BC. No.14/04.09.01/2015-16 dated December 3, 2015, w.e.f 01.01.2016, 75 per cent of outstanding advances should be towards Priority Sector, which constitutes loans extended to (a) Agriculture (Farm credit, Agriculture infrastructure, Ancillary activities) (b) Micro, Small and Medium Enterprises

(Manufacturing and Service Sector, KVI and OD to PMJDY) (c) Education (d) Housing (e) Social Infrastructure (f) Renewable Energy (g) Weaker Sections and (h) Others (SHG/JLG, distressed persons, Loans to State Sponsored Organizations for Scheduled Castes/ Scheduled Tribes).

RRBs will have a target of 75 per cent of their outstanding advances for priority sector lending and sub-sector targets as indicated in table below.

Categories	Targets
Total Priority Sector	75% of total outstanding
Agriculture	18% of total outstanding
Small and Marginal Farmers	8% of total outstanding
Micro Enterprises	7.5% of total outstanding
Weaker Sections	15% of total outstanding

The Bank's priority sector lending constitutes 80.50% of total advances. In absolute terms, total priority sector lending stood at ₹ 990.92 crore as on 31.03.2019 as against ₹ 857.77 crore as on 31.03.2018. There is a growth of ₹ 133.15 crore @ 15.52%.

Government Sponsored Schemes



The Bank has participated in Government Sponsored Schemes actively during the year and as on 31.03.2019. The Scheme-wise position of loans and advances issued and outstanding under Govt. Schemes/Special Scheme as on 31.03.2019 is as follows:

(Rs. in Crores)

Scheme	Outstanding as on 31.3.19		Disbursement during FY 2018-19	
	No. of A/cs	Amount	No. of A/cs	Amount
PMEGP	914	14.21	643	9.67
NRLM	923	9.25	707	9.07
MUDRA	6176	81.62	2476	50.40
NHFDC	20	0.06	0	-
NULM	545	7.12	177	3.02
PMAY	729	38.58	368	25.42
JNNSM	38	0.03	0	-
SGSY	92	0.87	0	-
NSTFDC	100	1.94	0	-
WCC	34	0.07	0	-

Participation in State Credit Plans

The Bank's participation in State Credit Plans is as under:

(Rs. in Crores)

Scheme/Segment	Target	Achievement	
	2018-19	(March 31, 2019)	
	SLBC	Amt.	%
Crop	56.43	6.14	10.9
Agriculture	88.02	94.79	107.7
Industries	190.65	40.88	21.4
Services/Other Priority Sector	119.27	178.39	149.6
Total Priority Sector	397.93	320.20	80.5
Total Non Priority Sector	235.98	123.85	52.5

Sector-wise Advances

(Rs. in Crores)

Sr. No	Sector	Current Year			Previous Year		
		Outstanding	Gross NPAs	% of Gross NPA to Total Advances	Outstanding	Gross NPAs	% of Gross NPA to Total Advances
A	Priority Sector						
1	Agriculture & allied activities	239.74	20.99	1.71	197.35	23.20	2.13
2	Industries	57.47	5.69	0.46	63.49	5.07	0.47
3	Services	231.15	18.75	1.52	220.23	22.10	2.03
4	Personal	462.56	11.76	0.96	393.79	7.76	0.71
	Sub-total (A)	990.92	57.19	4.65	874.86	58.13	5.34
B	Non Priority Sector						
1	Agriculture & allied activities	0.00	0.00	0.00	0.00	0.00	0.00
2	Industries	0.00	0.00	0.00	0.00	0.00	0.00
3	Services	0.00	0.00	0.00	33.78	0.14	0.01
4	Personal	240.09	7.10	0.58	180.69	6.42	0.59
	Sub-total (A)	240.09	7.10	0.58	214.47	6.56	0.60
C	Total (A+B)	1231.02	64.29	5.22	1089.33	64.69	5.94

Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

Our Bank had registered with CERSAI in terms of RBI guidelines and complied with the instructions. Registration of Equitable/Registered mortgages and Hypothecation in respect of our loans under CERSAI, which are covered under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) is in the initial stage.

Credit Information Companies

Our Bank has been a member of CIBIL (Credit Information Bureau (India) Limited), CRIF High Mark Credit Information Services Private Limited, Equifax Credit Information Services Private Limited and Experian Credit Information Company of India Private Limited. These Companies collect and maintain records of individuals' and non-individuals' (commercial entities) payments pertaining to loans and credit cards from Banks and other lenders on a monthly basis. Using this information a Credit Information Report (CIR) and Credit Score is developed, enabling lenders to evaluate and approve loan applications.

Our Bank has been uploading the data regularly and all our Regional Offices and Branches are accessing the credit history of the loan applicants from CIBIL and CRIF High Mark in their credit decisions.

Reserve Bank of India vide its letter No. DBR No. CID.BC.60/20.16.056/2014-15 dated 15.01.2015 has advised us that all Credit Institutions have a mandate to become members of all CICs. Accordingly we have become members of the above four CICs.

Asset Quality – Management of Non-Performing Assets

The Non-Performing Assets have decreased by ₹ 0.4 crore from ₹ 64.69 crore as on 31st March 2018 to ₹ 64.29 crore as on 31st March 2019. Gross NPAs as a percentage to total advances has come down from 5.94% as on 31.03.2018 to 4.90% as on 31.03.2019. Net NPAs (as a percentage to Net advances) has come down from 3.94% to 2.05%. In absolute terms, Net NPAs was reduced from ₹ 42.86 crore to ₹ 25.25 crore.

SARFAESI Act and Suit filing

Notices under SARFAESI Act were issued after all possible actions, legal and non-legal failed to recover the due amount after the account become NPA. This was monitored by Head Office at quarterly interval and as and when necessary. Resolution Agent of the Bank is bound to submit Quarterly Report on progress of action taken under SARFAESI Act to NPA Cell, Head Office. Our actions in this regard have yielded good results. We have taken demonstrative actions particularly under SARFAESI.

Performance under SARFAESI is as under:

(₹ in lakh)

	A/cs	Amt
Demand Notice 13(2) issued	73	1040.21
Demand Notice 13(4) issued	38	700.93
Possession taken	22	447.31
Auctioned	1	5.02
Regularized	35	323.16

Performance under Suit-filed cases during the year is as under:

(₹ in lakh)

	Cases	Amt
Suit filed	74	305.1
Decreed	60	190.89
EP Filed	3	2.25
Recovery after filing suits	62	60.68

Lok Adalat

Lok Adalat is conducted without the intervention of court and member from Legal services authority and all parties of the dispute are present during the adalat. It is a negotiated settlement and this strategy is successful in settlement of NPA accounts in the Bank.

Every award of Lok Adalat shall be final and deemed to be a decree of Civil Court binding on all the parties to the dispute. Such civil court having jurisdiction shall execute the order as if it were a decree made by that court.

No appeal shall lie to any court against the award of the Lok Adalat not even under Article 226 of the Constitution because it is a judgement by consent.

During the last financial year i.e. 2018-19, Lok Adalat was conducted a number of times in the State and District level and our branches have participated and successfully settled a number of cases through these Adalat. During the year, 526 cases for an amount of ₹ 6.64 crore were referred to Lok Adalats of which 208 cases were settled for an amount of ₹ 1.83 crore.

Compromise settlements

Our Bank have recovered a good sum amount from NPA accounts during the year 2018-19 under compromise settlement.

Summary of settlement through Compromise settlement:

(₹ in lakhs)

Compromise	2017-18	2018-19
No of A/Cs	26	5
Amount in lakh	38.31	10.78

The following strategies were adopted to reduce/ contain NPA:

1. Apart from all Branches monitoring NPA accounts of their own Branches, Regional Office has been monitoring NPA accounts of Branches under its control and give instruction and advice to these Branches as and when necessary.
2. NPA Cell at Head Office is continuously and actively monitoring NPA Accounts of all Branches. Many technical NPA accounts were rectified and upgraded thanks to active monitoring by NPA Cell.
3. Top 50 NPA accounts were discussed in every Board meetings held during the year and actions were taken as per advice of the Board.
4. Performance Review meeting was held six times during the year wherein inter-alia performance of Branches in recovery of NPA and top 10 NPA accounts of each of these Branches were discussed.
5. A team from NPA Cell, HO frequently visited Branches and discussed with them both technical and non-technical issues.

6. Detail NPA report such as overall NPA status of the Bank, Branches which reduced their NPA amount and those for which NPA amount increased and further NPA reduction and increase in Advances needed to achieve target are prepared and shared with all Branches in NPA whatsapp group on daily basis.

Asset Classification

(₹ in crore)

Assets	2017-18		2018-19	
	O/s	%	O/s	%
Standard	1024.63	94.06	1166.72	94.78
Sub Standard	16.62	1.52	20.35	1.65
Bad & Doubtful	40.08	3.68	37.55	3.05
Loss	7.99	0.73	6.38	0.52
Total NPAs	64.69	5.94	64.28	5.22
Total Advances	1089.33	100	1231.01	100

URI functionality

During the year under report, a new NPA functionality (URI functionality) was introduced on 21.09.2018 in the CBS system and more than ₹ 3.00 crore URI amount was reversed and credited back to NPA accounts.

Internal Control System – Inspection & Audit

All activities of the Bank are subjected to internal audit function, which comprises four different types of audits namely (a) Risk Focused Internal Audit (RFIA) (b) Snap Audit and (c) Concurrent Audit.

Risk Focused Internal Audit (RFIA)

The Risk Focused Internal Audit Report System has been implemented in the Bank as suggested by our Sponsored Bank i.e. State Bank of India. To tighten the criteria to qualify for better ratings, the Bank has raised the benchmark for the Inspection ratings.

For further strengthening of the audit system the new format of RFIA has been introduced in the Bank as advised by our Sponsored Bank, with the following rating system parameter-wise marks.

Revised Rating	Range of Marks
Well Controlled – A+	>=850
Adequately Controlled - A	>700 and <=850
Moderately Controlled - B	>600 and <=699
Unsatisfactorily Controlled - C	<600

The marks allotted under each parameter have also been revised as under:

S.N	Parameter	Revised Format - Marks
1	Business Development	100
2	Credit Risk Management	450
3	Operational Risk Management	410
4	External Compliance	30
5	Self-Audit	10

Revised reporting format of Risk Focused Internal Audit (RFIA) has been implemented during the year, incorporating IS Audit in it.

Branches with ‘Well Controlled – A+’ and ‘Adequately Controlled - A’ ratings are audited within 18 months from the previous audit date while the Branches with ‘Moderately Controlled - B’ and ‘Unsatisfactorily Controlled - C’ rated branches are audited within a year.

During the year 45 branches have fallen due for Audit and 45 branches have been audited. Rating acquired by 45 branches are as under:

Rating	Out of 45 Branches audited during 2018-19
Well Controlled – A+	2
Adequately Controlled - A	43
Moderately Controlled - B	-
Unsatisfactorily Controlled - C	-
Total	45

The reports submitted by the Auditors have been dealt with by taking corrective measures, wherever necessary. The Department has carried out its operations with fair and without prejudice which helped in strengthening the systems and procedures.

Out of 45 Audit Reports which have fallen due for closure during the year, 41 have been dealt with and remaining Reports are

pending for closure. These reports are overdue for closure for less than 3 months.

Snap Audit

The schedule of Snap Audits have been advised to Branch Managers, Officials from Head Office and ROs on periodical basis deputing Officials from Branch to other Branch to carry out the Snap Audit of Branches to have effective audit of the Branches. 55 Snap Audits have been conducted during the year 2018-19.

Concurrent Audit

As a part of internal control system in our Bank, Concurrent Audit is introduced from the financial year 2018-19 as per the policy guidelines issued by NABARD. Keeping in view the staff availability, the Concurrent Audit is being conducted at 3 branches with the help of two Concurrent Auditors. We empanelled retired Bank Officials to cover the Credit and other exposures of the Bank under Concurrent Audit System in compliance with the guidelines issued by NABARD.

The Scope of Concurrent Audit is designed to cover (a) handling of cash (b) safe custody of securities (c) exercise of discretionary powers (d) sundry and suspense accounts (e) clearing differences (f) off balance sheet items, security aspects, verification of Assets Quality etc.

Compliance Audit

Compliance Audit was conducted at 1 branch during this year as per instruction.

IS Audit

IS Audit has been conducted at all Branches and Head Office with the help of DISA qualified personnel.

Audit Committee of the Board

The Audit Committee, with one SBI-nominee-director as Chairman and nominee directors of RBI, SBI and One Charter Accountant as members has been constituted.

Management Audit

The Management Audit of our Bank has been conducted by our Sponsor Bank, SBI. There was no Management audit during the FY 2018-19.

NABARD Inspection under Section 35(6) of the Banking Regulation Act 1949

The NABARD Audit has been conducted as on 05.09.2018 and the Rating awarded is – Good. Final Compliance for the Report Dated 01.10.2018 is submitted on 16.02.2019.

Policy Framework of the Bank

We have tried to identify all areas of Banking and put in place a policy framework for consistency in our approach. While framing the Policies, all extant instructions of Reserve Bank of India, NABARD, Sponsor Bank and general principles of banking as envisaged in various Acts governing the Banking, have been taken into account. Our Bank has the following policies now on record, duly deliberated in the Board Meetings and approved by the Board.

1. Credit Policy
2. NPA Management Policy
3. Policy on Internal Capital Adequacy Assessment Process (ICAAP)
4. Investment Policy
5. KYC/AML/CFT Policy
6. Internal Audit Policy
7. Concurrent Audit Policy
8. Transfer & Posting Policy
9. Complaints Redressal Policy
10. Information Technology (IT) Policy & Information Security (IS) policy
11. Whistle Blower Policy
12. Write Off Policy
13. Policy on Account Portability
14. Guidelines on Compliance Function
15. Codes of Standard and Fair Practices Policy
16. ALM Policy
17. Risk Management Policy

These policies are meant to help ensure that the Bank has an effective and proven systems and procedures on every key area

of the Bank's functioning. They also guide the operating staff to comply with the regulatory requirements.

Risk Management

To enhance the monitoring mechanism and initiating corrective measures, Risk Indicators on some of the key areas of Banking are identified and a tool is developed and put in place as part of Risk Management.

Depending on the periodicity and tolerance levels, each Key Area is assigned the undernoted colors which indicates the level of risk and alert for taking for corrective action.

Green Colour-Acceptable: No immediate concern;

Amber colour-Increased concern: A potential problem that requires further review and analysis, Needs close monitoring and appropriate action to manage and bring back to Green.

Red colour-Unacceptable: Needs immediate escalation for resolution and requires appropriate initiatives to bring it back to Green.

SI No	Key Risk Indicator	Threshold
1	BCGA Debit entries	Pending : 1. Up to 3 days- Green 2. 3 to 7 days- Amber 3. Above 7 days- Red
2	e-VVR checking	Pending: 1. Up to one day- Green 2. One to 3 days- Amber 3. Above 3 days-Red
3	Loan mix: a) SHG to total Adv	1. Up to 30%- Green 2. Above 30% & up to 40%- Amber 3. Above 40%- Red
4	Loan mix: b) Personal loans to salaried class to total Adv	1. Up to 5%- Green 2. Above 5% & up to 10%- Amber 3. Above 10%- Red
5	Time barred debts: % to total Advances	1. Up to 0.50%- Green 2. Above 0.50% to 1.0%- Amber 3. Above 1.0%- Red
6	Missing documents: % to total Advances	1. Ideal – Zero Green 2. Up to 0.50%- Amber 3. Above 0.50% -Red

7	Gross NPAs	1. Up to 1.75%- Green 2. Above 1.75% to 3.00%- Amber 3. Above 3.00%- Red
8	Inspection Rating	1. Rated Efficiently Run/Upgraded - Green 2. Downgraded by one step - Amber 3. Downgraded by two steps - Red
9	KYC Compliance	1. 100% - Green 2. 90% to below 100% - Amber 3. Less than 90% - Red

Key Risk Areas, Threshold limits - level of risk wise and mitigation measures initiated are as under:

The Bank has put in place the above monitoring mechanism available to all levels of management and operating staff to initiate appropriate risk mitigating measures.

Financial Inclusion

Financial Inclusion has been the concern of Indian economy and banking industry since the independence. Leveraging technology is the basic idea behind our initiative in providing Banking Services at the doorsteps of the unbanked and underprivileged people of the society.

As a Bank (established jointly by Government of India, State Bank of India and State Government) we have been making difference in their lives. Using technology has greatly galvanised our efforts to bring in unprecedented transformation in providing banking facilities to these people at their door steps.

As part of financial inclusion, the bank has 65 Bank Mitras equipped with micro ATMs, operating 159 villages which do not have a formal banking outlet of any Bank. Out of 272 villages, 268 villages are having less than 2000 population and the remaining 4 villages have more than 2000 population.

The Bank Mitras use the hand held Micro ATM devices to carry out the banking transactions in real time on our CBS platform. The following banking transactions are enabled at Bank Mitra Points:

- Account opening
- Cash withdrawal and deposit through Kiosk
- Receipt of loan instalments

- Rupay Debit card transactions
- Transfer / Remittance
- Balance Enquiry

The entire Financial Inclusion (FI) operations at BCAs work on the principle of Biometric verification of the beneficiaries through micro ATMs and are online, hitting our CBS server instantly through Third Party Integration, which facilitates updation of transactions carried out by BCAs on real time basis, in CBS Server, via TSPs' Servers.

As at the end of the FY 2018-19, no. of SB Accounts opened and maintained by Bank Mitras is 4245 and the number of transaction summed to 45208 and we have set a target of 25% growth during the coming FY.

Financial Inclusion Accounts – Aadhaar Seeding

It is mandatory to link bank accounts with Aadhaar. To speed up the process of Aadhaar Seeding, we have instructed all our Branches to hold Aadhaar Seeding Campaign periodically. Out of 496726 total operative accounts, 469996 accounts have been seeded with Aadhaar i.e. 95 %.

Financial Inclusion – Social Security Schemes (JJB, SBY & APY)

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

PMJJBY is a one-year life insurance scheme, backed by Government of India, renewable from year to year, offering coverage for death. People in the age group of 18 to 50 years having a bank account who give their consent to join/enable auto-debit, are eligible. Aadhaar would be the primary KYC for the bank account. The life cover of ₹ 2 lakh shall be for the one year period stretching from 1st June to 31st May and will be renewable. Risk coverage under this scheme is for ₹ 2 lakh in case of death of the insured, due to any reason. The premium is ₹ 330/- per annum which is to be auto-debited in one instalment from the subscriber's bank account as per the option given by the customer on or before 31st May of each annual coverage period under the scheme.

We have enrolled new 34315 customers under Pradhan Mantri Jeevan Jyothi Bima Yojana during FY 2018-19. Total 350 claims worth ₹ 7.00 crore amount was settled under PMJJBY till FY 2018-19.

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

PMSBY is an accident insurance scheme and offers a one-year accidental death and disability cover, which can be renewed annually. The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join/enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhaar would be the primary KYC for the bank account. The risk coverage under the scheme is ₹ 2.00 lakh for accidental death and full disability and ₹ 1.00 lakh for partial disability. The premium of ₹ 12/- per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one instalment.

We have enrolled new 51,355 customers under Pradhan Mantri Suraksha Bima Yojana during FY 2018-19.

Atal Pension Yojana (APY)

APY is a pension scheme for unorganised sector workers such as personal maids, drivers, gardeners etc., launched in June 2015 by the Govt of India. APY aims to help these workers save money for their old age while they are working and guarantees returns post retirement. Under the APY, there is guaranteed minimum monthly pension for the subscribers ranging between ₹ 1000 and ₹ 5000 per month, depending on the entry age and monthly contribution.

All Bank Account holders aged between 18-40 years are eligible for enrolment.

Total of 4209 enrolments were mobilised under Atal Pension Yojana (APY) for FY 2018-19 with the active participation of the 85 branches.

Digital Financial Literacy Awareness Camps (dFLAPs)

Following the need of the hour and taking cues from RBI's policies and initiatives, our Bank launched Digital Financial Literacy Awareness Camps to create awareness among rural people and encourage them to use Card technology,

ATMs, micro ATMs, PoS transactions, use Mobile Banking, Mobile Wallets and to highlight the role of Bank Mitras engaged by the Bank. Street shows have been deployed in the villages with the above contents so as to attract the rural customers to upgrade their financial and technical skills. The publicity material in the form of pamphlets, brochures and banners were distributed during the camps to spread the message of financial awareness among the rural people. While we have conducted these programmes in 78 villages, NABARD sanctioned grant assistance for all the programmes.

Aadhar Enrolment and Updation Centres

Following the mandate from Government of India for all the Banks to open Aadhaar Enrolment and Updation Centres in atleast 10% of their Branch network, our Bank has initiated the task of opening Aadhaar Enrolment Centres at 8 locations to extend the services of Aadhaar enrolment and updation to the public including our customers. Bank officials will assist in enrolment process. 9 officials have been identified to supervise these Aadhaar Enrolment Centres. As part of this exercise, the Bank has attended a Training programme for these officials in SBI Regional Business Office, Aizawl with the inputs by UIDAI Official.

To enable our customers for new enrolments at this centre in addition to getting modifications to the exiting cards, the Bank signed an agreement with M/s Sanjivani Vikas Foundation Pvt. Ltd., Patna. But the vendor declined and withdraws the agreement as they failed to complete establishing the centres on time.

Cross Selling

SBI Life Insurance

The Bank is a corporate agent of SBI Life Insurance Corporation Limited, to meet the life insurance needs of the Bank's customers, as part of Financial Inclusion apart from earning non-interest income. The Bank mobilized a New Business Premium (NBP) of ₹ 94.47 lakh and earned a commission of ₹ 14.27 lakh during the FY 2018-19.

SBI General Insurance

The Bank mobilized a business premium of ₹ 145.27 lakh and earned a commission of ₹ 16.87 lakh during the year 2018-19.

Information Technology

Handholding the undereducated and rural population to a technology driven banking has been the hallmark achieved by our bank during the year. The IT initiatives introduced during the year have more to do with the customers willing to embrace it. Although the IT has been engulfing all sectors in urban areas, it is slower in rural areas - particularly banking space. Large number of our clientele is in farms and do not have great urge to go tech-savvy. The way things are moving towards complete transformation with IT, left alone, Rural will also catch up with the technology but at its own pace. We have accelerated the penetration of technology in rural areas, by educating and sensitizing the rural folk.

Mobile Banking was introduced and other Alternative Delivery Channels, has been popularized widely among the rural customers. We have conducted campaigns, awareness programmes, instilled competition among operating staff in Branches and Regions, to take the IT Products and services to the rural customers.

The Bank has introduced the following new IT initiatives during the year:

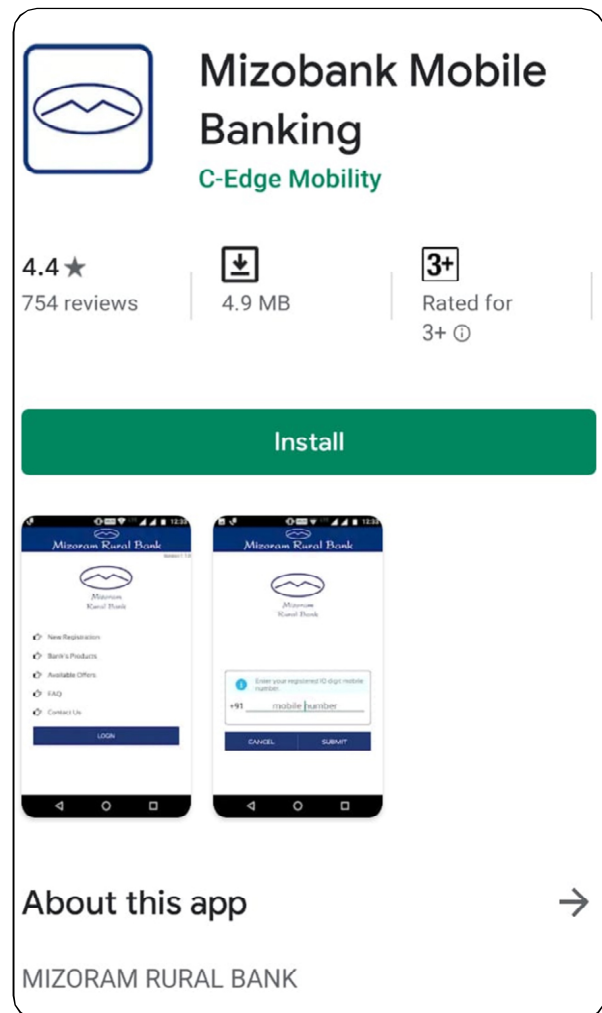
A. MOBILE BANKING:

It is a new experience for a farmer to do banking while in farm. Bilingual, the mobile banking app is a user friendly. The app is compatible with, Android and iOS mobile operating systems. The requirement of a PIN mailer for registration/activation has been done away with as a Go Green initiative. Mobile Banking app offers remittance of funds through NEFT, IMPS and RTGS transfer transactions within the bank and balance enquiry.

The transactions through Mobile Banking are secured with three way authentication i.e. MPIN to access the services and TPIN to perform financial transactions, the third

factor of security, is authentication of a financial transactions by the onetime pass word flashed to the registered mobile of the customer.

Our Bank's mobile banking services have been well received by the customers and their satisfaction can be gauged from the rating awarded by them to the mobile banking app on the Google Playstore feedback platform. The mobile banking app has been receiving a consistent rating of 4.4 on the platform.



Unified Payment Interface (UPI) Services

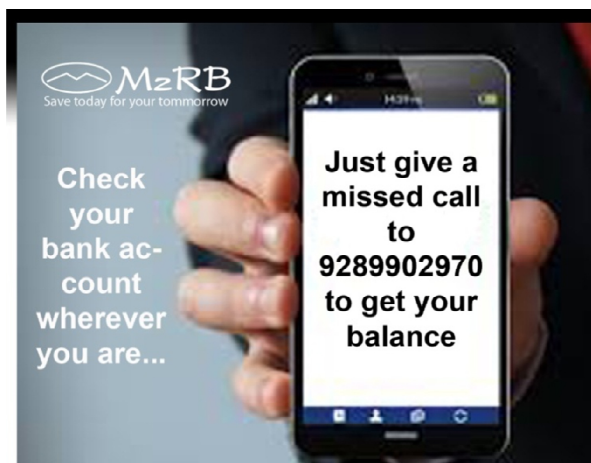
UPI is the most sophisticated public payments infrastructure which our Bank has extended to our customers in January 2018. UPI simplifies online payments and it is way ahead of NEFT/IMPS/digital wallet such as Paytm with regard to convenience. UPI is a layer over existing IMPS facility.

The following benefits accrue to the customer who uses the UPI services of the bank.

1. The enabling of the UPI facility has revolutionized funds transfer by our customers and made it as simple as sending a message.
2. Immediate funds transfer through mobile devices round the clock 24x7, 365 days of the year.
3. Our onboarding the UPI platform enables our customer to use a single mobile application made available by NPCI, Bharat Interface for Money (BHIM) for accessing different bank account and carrying out their transactions.
4. UPI facilitates the use of virtual address for performing banking transactions.
5. The customer using UPI facility can make payments for purchases made at merchant establishments by scanning the Quick Response (QR) code.
6. Customer can raise complaints regarding transaction status directly from the BHIM app.

Missed Call Banking:

Many of our rural customers, particularly the beneficiaries of DBT and Government Sponsored Schemes, come to branch to know their account balance, thereby losing their daily wage and incurring travel expenditure. To mitigate the hardship of hand-to-mouth customers, the Bank introduced Missed Call Banking to know their account balance. The customer through the mobile registered with the account has to give a missed call to a predefined number to get an SMS showing the account balance. This facility is available 24x7 and has considerably reduced footfalls at the branch counters and enhanced the customer service at the counters by cutting down the waiting time.



This is an initiative which has instant impact on the customer service in the most inevitable area of banking i.e., need to know the balance.

In order to popularize and maximize the usage of missed call banking, we have displayed Banners prominently in the branches and important location of the villages, depicting the facility. In all Financial Literacy Camps and in Grama Sabhas, the demonstrations were given to the villagers to provide a feel of the facility to the rural folk.

Alternate Delivery Channels (ADCs):

Banking transactions through Alternate Delivery Channels has been on the rise vis-à-vis transactions through brick and mortar branches, reducing the footfalls considerably in the Branches, thereby resulting in more focus on marketing and business development. Various alternative delivery channels introduced by the Bank has enabled the customers to avail banking services 24x7 at their convenience. The following ADCs are live in our Bank:

1. RTGS
2. NEFT
3. CTS
4. IMPS & UPI
5. POS
6. ATM
7. AEPS
8. Mobile Banking Services
9. NACH (APBS & ACH)
10. PFMS

POS Machine Installation

During the year, our Bank has also took up the initiative of installing PoS machines (as sub member of SBI) at merchant establishments, who are our Bank's customers. Necessary agreements have been entered into with the respective SBI circles and 3 PoS machines have been installed successfully.

Online Voucher Verification System:

During the year, the Bank has introduced and implemented online Voucher Verification System. Earlier, each transaction put through CBS, supported by a Voucher used to be checked manually with the Voucher Verification Reports generated from CBS

tallying with the physical vouchers. The timely checking of the Voucher Verification Report (VVR) is a very important function which would bring out the correctness of the transaction performed by the CBS user and also brings out any fraudulent/mischievous transaction that has been perpetuated by any fraudulent user of CBS. This function of VVR checking also need to be monitored by the controllers so as to ensure that technology implemented in the banking operations are not misused by any insider. In the manual system, there used to be certain issues pertaining to responsibility/accountability of the operating staff in regard to the verification and more importantly the monitoring aspect as to ensure 100% checking.

Online Voucher Verification system automated the checking of transactions online by a person other than the checker or maker. This acts as a deterrent in perpetuating fraudulent transactions. The controller has been provided an effective tool for verifying the pendency of VVR checking at branches from a central location.

This has also effectively eliminated the necessity of printing the Voucher Verification Reports saving paper, time and space and curtailing the usage of peripherals like printer, leading to Go Green initiative.

New NPA Module:

The health of loans and advances are system tracked. The NPA tracking is carried out on a daily basis. The IRAC status of the loan accounts identified by the system was studied and the following steps initiated to improve the accuracy of the system identification.

- a. Data Gap in the loan/advances accounts as per the system was shortlisted.
- b. The data gaps were shared with the branches and updated as per the loan documents.
- c. The errors in classifying the loan accounts by the system were studied to eliminate the error in system tracked NPAs.
- d. A new NPA module was developed and promoted to address and fix all the bugs in the old NPA module and promoted.

Information Security:

The bank pays utmost importance towards safeguarding the information technology assets

of the bank. The Bank has formulated, Information Security Policy, Information Technology Policy, Information Security Audit Policy and implemented after obtaining Board's approval. As a policy, the Information technology assets of the bank at our Application Service Provider M/s C-Edge Technologies Ltd, are subjected to information security review on yearly basis by an external IS audit agency. Bank's controlling offices are subject to Information Security Audit by external agency at periodical intervals. Information systems audit is part of Risk Focused Internal Audit systems (RFIA) of the bank which plays an important role in the assessment of the IS assets and practices in use at the branches during branch audits carried out by Internal auditors of the bank.

Anti-virus is installed and monitored in the bank centrally. The patches of antivirus in branch servers are updated regularly. In client systems the up-dation of antivirus is taken up by the AMC providers. Regular instructions and updates are provided to the branches to caution them in regard to any impending threat. The use of external media is disabled at the branches to arrest spread of any attack from the external media.

The effectiveness of information technology is the continuous availability of all the services to the branches to carry out daily business and the customers for availing banking services at their convenience.

The CBS platform functions on Wide Area Network (WAN) which functions on connectivity provided on various carriers like VSAT, RF and MPLS leased lines.

Branch Connectivity Upgradation:

As the volume of transactions have increased over the years, to enable branches to perform transactions at a faster rate upgradation of the branch connectivity to 2 Mbps RF has been taken up.

Security Measures – Installation of CCTVs and Burglar Alarm Systems

Physical security systems that effectively protect the Bank assets, customers and employees assume paramount importance in view of increasing incidence of robberies, mischief. The Bank has provided Close

Circuit Cameras & Burglar Alarms to all 85 branches of the Bank.

Customer Service & Complaints handling

While complaints cannot be avoided, some of the complaints provide useful feedback to review our performance and systems and procedures. A genuine complaint from a customer means an opportunity to the Bank to upgrade our skills and efficiency. The Bank has put in place complaint-handling-policy to redress the grievances of the customers and improve the quality of customer service. The Bank has placed enormous emphasis on timely disposal of complains and follow up system has been strengthened to dispose off the complaints within timelines set.

Regional Manager and Officials from Head Office are attending the customer meetings whenever feasible. The status of complaints both received directly and through Banking Ombudsman, if any, is being put up the Board of Directors in every meeting for their review and information.

Customer Complaints: Status as on 31.03.2019

For complaints received through Banking Ombudsman, General Manager is designated as “Principal Nodal Officer” of our Bank at Head Office. The position of complaints received through/from Banking Ombudsman during the year.

S.No.	Particulars	No.
1	No. of Complaints pending at the Beginning of the year	NIL
2	No. of Complaints received during the year 2017-18.	NIL
3	Total Complaints	NIL
4	No. of Complaints Redressed / Disposed-off during the year	NIL
5	No. of Complaints pending at the end of the year	NIL

Whistle Blower Policy with an objective of providing an avenue for raising concerns related to frauds, corruption or any other misconduct is also in place.

Right to Information Act

The Bank implemented the Right to Information Act, 2005 in letter & spirit setting out the

practical regime of right to information for citizens to secure access to information under the control of bank in order to promote transparency and accountability in the working of bank’s various functionaries.

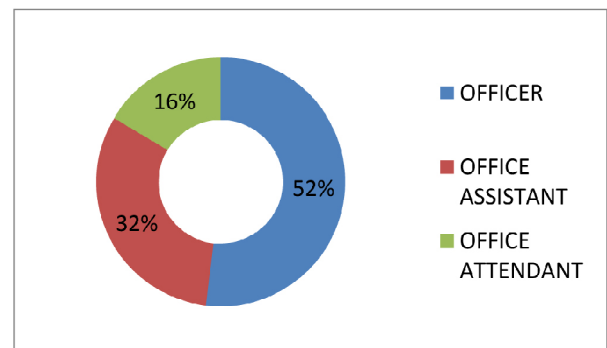
General Manager of the Bank has been designated as Central Assistant Public Information Officer while the Chairman of the Bank is designated as the Central Public Information Officer.

During the year 2018-19, the Bank has not received applications under RTI Act.

Human Resource Management

As at the end of FY 2018-19, the staff strength (excluding those who exited the Bank service in the month of March 2019 on account of retirements / resignations) and its composition is as under:

Officers S-IV	16
Officers S-III	10
Officers S-II	55
Officers S-I	135
Office Assistants	132
Office Attendants	68
Total	416



During the year, 4 staff members have retired from the Bank’s Service. 4 staff members have resigned.

Recruitments

Since 2009-10, the Bank has been recruiting staff through IBPS, as per manpower assessment and requirement undertaken as on 31st March of every year in terms of *Thorat Committee* recommendations, presently as per *Mitra Committee* recommendations approved by Govt of India.

Accordingly, based on the business volumes as on 31.03.2019, the Bank has taken up recruitment exercise for augmentation of staff in various grades, including lateral recruitment of Officer Scale I and Office Assistant (Multipurpose).

Grade		No. of Candidates recruited during the year
1	Office Assistants	21
2	Officers Scale-I	20

The Bank's in-house Learning Centre has been working continuously to train and re-train the new recruits imparting skills and supply inputs in all areas to equip them to handle the day to day functions well. All the recruitments have been completed through the Common Written Test including interviews conducted by IBPS.

Promotions

Keeping in view the Bank's policy of giving promotions promptly to staff, we have taken up promotion exercise in terms of manpower assessment as on 31.03.2019 and promoted as many as 40 people in various cadres to next higher grade as under. Written Test for promotion was arranged through IBPS online from this FY onwards.

Promoted to		No. of Posts
1	Officers Scale-I	18
2	Officers Scale-II	6
3	Officers Scale-III	2
4	Officers Scale-IV	7
5	Office Asst.	7
Total		40

Industrial Relations

The Management and Officers' Association and Employees Association have worked in tandem for the welfare of the staff members

and business development, sorting out amicable solutions for routine issues that cropped up during the year. Cordial and amiable working atmosphere has prevailed during the year.

Settlement of Terminal Benefits

The Bank has made a policy that all terminal benefits are settled on the date of retirement of staff members. The process begins two months in advance of retirement to ensure that all formalities are completed to make payment on the date of retirement.

Sports & other recreational activities

On 19th October 2018, the 4th Badminton One-Day Tournament for MRB employees was organised by Head Office Staff employees at Leitan Indoor Hall, Aizawl. The event featured several players, enthusiasts and hobbyists paired up as doubles partners, all pairings chosen by randomly picking of names of participants. The event was co-sponsored by SBI General Insurance, where medals were handed to category winners followed by a sumptuous dinner. The event was a smashing success and overall, a great stress reliever for the hardworking participants. Employees of the bank, at the invitation of several State Departments also took part in the Annual Inter-Department Sports Meet organised by the Government of Mizoram the same year. Even though participants from the bank did not win any significant laurels in any discipline, the event afforded us access to several important Government employees and officials and greatly enhanced the networking capabilities of the bank. It is also noteworthy to know that Mizoram Rural Bank was one of the only two banks invited to this event, the other being Mizoram Co-operative Apex Bank, which is more or less, a subsidiary of the State Government.

Vigilance Administration

As the Bank is growing in size and with the infusion of young and inexperienced workforce, who now constitute over 50% of total staff members, vigilance together with sensitization to be vigilant has been thrust area for the Bank.

A new set up of Vigilance administration has been introduced in the Bank with the active involvement of Sponsor Bank vide their letter No: A&S/RRB/SKJ/416 dated 12th Sept 2017 after obtaining the Board's approval.

Chief Vigilance Officer of State Bank of India is overseeing the Vigilance Administration of our Bank, through Deputy General Manager (Vigilance), State Bank of India, LHO, Guwahati.

Deputy General Manager (Vigilance), on a monthly periodicity, reviews Pendency of vigilance cases, implementation of Complaint handling policy and whistle blower policy, pending complaints, PVC Meetings, regular preventive visits of Branches by Vigilance Cell officials, job rotation, submission of Assets & Liabilities Statements by all Officials, and will communicate his/her observations, if any. He will also send a quarterly report to State Bank of India, Corporate Centre, Mumbai on the vigilance administration of our Bank.

All Branches conduct Preventive Vigilance Meetings once a quarter and officials from Vigilance Department, State Bank of India, LHO, Guwahati would visit at least one Branch in a quarter during Preventive Vigilance Meeting.

Vigilance Awareness week:

The Bank has organized Vigilance Awareness week from 29th October 2018 to 3rd November 2018 in Head Office, Regional Offices and all Branches. .

In all training programmes, workshops and Review Meetings, a session is taken to sensitize all staff members to be vigilant in day to day operations.

Board of Directors

The Board of Directors of the Bank is constituted by

- a) Chairman of the Bank
- b) two non-official directors appointed by Government of India
- c) one nominee director each from Reserve Bank of India and NABARD

- d) two nominee directors from Sponsor Bank
- e) two nominee directors from state Government of Mizoram.

With Chairman of the Bank as Chairman of the Board.

Board Meeting Rules stipulate that the Board meets minimum six times a year, at least once in a quarter. Minimum quorum for the Board Meeting to transact business is four directors and no meeting was adjourned for want of quorum.

Attendance of Directors at Board Meetings during the calendar year 2018

Sl. No	Name of the Director	W.E.F	No. of Meetings held	No. of Meetings attended
1	Shri V. Jaya Chandra Chairman Mizoram Rural Bank	02.02.2019	1	1
2	Shri Gautam Sengupta Chairman Mizoram Rural Bank	10.01.2015	6	6
3	Shri C. Sangpu Vaiphei AGM, RBI Aizawl	17.11.2017	7	7
4	Shri V.R. Narg DGM, NABARD Aizawl	13.06.2018	7	4
5	Shri Mukesh Papiwal AGM (RRB), SBI (A&S) Corporate Centre, Mumbai	05.02.2019	1	1
6	Shri Imkong Sashi Pongener Dy. General Manager State Bank of India LHO, Guwahati	13.09.2017	7	3
7	Shri Mohammad Umar AGM (A&S), CC Mumbai	15.09.2017	6	3
8	Shri J. Lalzamlia Director of Agriculture, Govt of Mizoram	07.09.2017	6	2
9	Shri Rohmingthanga Colney Director of Agriculture, Govt of Mizoram	25.02.2019	1	1
10	Shri Lalhmingmawia Sailo Addl. Secretary (Fin) Govt of Mizoram	25.05.2018	6	3

Brain Storming Sessions for Business Development & Managerial Skills

Organisation has been growing in business volume and complexity of issues has also been increasing with sweeping changes brought in by technology. The complexity is augmented by skewed mix of experienced and inexperienced staff. Our Bank's top management often brainstorm on crucial issues concerning the Bank. The following four areas which we thought have immense relevance at this juncture have been deliberated upon in the brainstorming session, inviting new ideas and suggestions.

- a) How to ensure adherence to systems and procedures
- b) How to strengthen the machinery at HO and ROs to monitor Branches effectively.
- c) Implementation of Technology – Opportunities and Threats – Our preparedness.
- d) Identification and grooming of youngsters to shoulder higher responsibility.

The Ideas generated in the session have been taken into consideration in our policy framework.

The Board has undergone the following changes in the composition on account of transfer of officials during the year:

Shri Gautam Sengupta, Chairman, Mizoram Rural Bank was transferred to State Bank of India, Kolkata Circle and has been replaced by Shri Vadde Jaya Chandra, SMGS-V, State Bank of India.

Shri Mohammad Umar, Officer of the State Bank of India has been replaced by Shri Mukesh Papriwal, Asst. General Manager, State Bank of India, Corporate Centre, Mumbai.

Shri J. Lalzamlina, Director of Agriculture, Govt of Mizoram, attained superannuation and has been replaced by Shri Rohmingthanga Colney, Director of Agriculture, Govt of Mizoram as nominee from State Government.

Shri Lalthansanga, nominee director from Govt of Mizoram has been replaced by Lalhmingmawia Sailo, Addl. Secretary (Finance), Govt of Mizoram.

Both the two Govt. of India nominee directors has been vacant during the year.

Acknowledgements

The Board of Directors of the Bank would like to express their sincere gratitude for the continued trust and patronage received from the customers who have stood with the Bank all through. The feedback received from customers by way of suggestions/complaints/interactions during the meetings on the service element have helped the Bank to take corrective measures and new initiatives to improve our efficiency levels.

The Board takes immense pleasure in expressing their gratitude for the guidance and cooperation received from the Sponsor Bank, Government of India, Government of Mizoram, Reserve Bank of India, NABARD, other Financial Institutions and Banks for their unflinching and valuable support to the Bank from time to time. Apart from our customers, the support received from the Government Departments/ Institutions of Mizoram was immense and augmented our resources.

The Board also gives appreciation to all Mizoram Rural Bank officers and members of staff of the bank for their sincere efforts and dedication towards discharging their duties.

Further, the Board expresses its sincere thanks, gratitudes and appreciation to our Statutory Central Auditor M/s Span & Associates, Charter Accountants, Kolkata for the accounting year 2018-19 for the service rendered by them in finalisation of our accounts. They shared their knowledge, their ideas, and numerous tips all of which were extremely useful in taking this Bank forward. The Bank is indebted to these executives for their constant hand holding.

The Board would like to gratefully acknowledge the support rendered by our Technology Service Provider M/s C-Edge Technologies, Mumbai. The Board also thanks the MRB Officers Association and MRB Staff Association for their constructive role played in overall development of the Bank.

Words are not adequate to recall the excellent performance, sense of involvement, ownership and dedicated services rendered by each and every staff member in achieving the sustained business growth and profit and surpassing all the targets set out for the year under MoU with our sponsor bank. Amazing work by the individuals is always valued and kept on record.

For and on behalf of Board of Directors of

Mizoram Rural Bank



(V. Jaya Chandra)
Chairman

INDEPENDENT AUDITOR'S REPORT

To,

The Members of **Mizoram Rural Bank**

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **MIZORAM RURAL BANK**, (the "Bank") Aizawl, Mizoram as at 31st March, 2019, which comprises the Balance Sheet as at March 31, 2019 and Profit and Loss Account for the year then ended, and a summary of significant Accounting Policies and other explanatory information. Incorporated in these financial statements are the returns of 26 branches audited by us and 58 branches audited by Statutory Branch Auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India/ NABARD. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 1 branch which has not been subjected to audit. This unaudited branch account for 0.00 per cent of advances, 0.0001 per cent of deposits, 0.0001 per cent of interest income and 0.00 per cent of interest expenses.

Management's Responsibility for the Financial Statements

2. Management of the bank is responsible for the preparation of these financial statements in accordance with Banking Regulation Act, 1949, accounting principles generally accepted in India along-with recognition and measurement principles laid down in the Accounting Standards issued by the Institute of Chartered Accountants of India so far as they are applicable to the Bank and Reserve Bank of India and NABARD guidelines from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

6. The Bank has made an excess provision to tune of ₹ 1,923.36 lakh in respect of NPA & other Assets.
7. We are unable to express an opinion on the impact that may arise out of reconciliation of Inter Branch Transactions which is underway and elimination of outstanding entries is in process.
8. We are unable to express an opinion on the impact arising due to GL Comp difference as it is due to mapping problem/technical error/link problem of account head in Bancs 24 & finance one.

Qualified Opinion

9. Subject to the observation made in para 6, 7 and 8 above, in our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:
 - (i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at **31st March, 2019** in conformity with accounting principles generally accepted in India;
 - (ii) the Profit and Loss Account, read with the notes thereon shows a true balance of Profit, in conformity with accounting principles generally accepted in India, for the year then ended

Emphasis of Matter

10. Without qualifying our opinion, we draw attention to Note no. 17B(i) regarding a number of Fraud occurred in four branches involving ₹ 14.09 crore. This indicates lack of Internal Control which needs further improvement.

Report on Other Legal and Regulatory Requirements

11. The Balance Sheet and the Profit and Loss Account have been drawn up in Form “A” and “B” respectively of the third schedule to the Banking Regulation Act, 1949.
12. Subject to the limitations of the audit indicated in paragraph 3 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.; and
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

We further report that:

- a) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns;



- b) the reports on the accounts of the branch offices audited by the Branch Auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;
- c) In our opinion, the Balance Sheet and Profit and Loss Account comply with the applicable Accounting Standards

Other Matters

The following observations require immediate attention –

- (i) The outstanding amount in Suspense A/c's, Balancing A/c's and Adjustment A/c's, Head Office A/c, NEFT commission A/c, Settlement A/c's, ATM Cash A/c should be reconciled and adjusted immediately.
- (ii) Inter Branch Current A/c credit balance appearing in the Balance Sheet of Branches and HO to be immediately looked into and reconciled.
- (iii) Cash Management at branch level should be closely monitored.
- (iv) Closing Cash in hand, as on 31st March, 2019 is as certified by the Management.
- (v) Balance confirmation certificate from various branches of SBI were not obtained.
- (vi) Interest on various Investments (SLR, TDR and Mutual Fund) as certified by the Management have been relied upon.
- (vii) NPA management and provision should be properly monitored.
- (viii) Bank has an investment in Mutual Fund to the tune of ₹ 62.10 crores that exceeds the Non-SLR investment limit as prescribed in the Investment Policy.
- (ix) An amount of ₹ 33.78 lakh is lying in Sundry Deposit account that is to be returned to the Apex Bank.

Place : Aizawl
Date : 3rd May, 2019

For, S P A N & ASSOCIATES
Chartered Accountants,
FRN: 302192E

(S. PALIT)
Partner
Membership No. 057072

The Third Schedule to the Banking Regulation Act, 1949

(See Section 29)

FORM - 'A'
Balance Sheet of Mizoram Rural Bank
Balance Sheet as on 31st March, 2019

	Schedule	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
Capital and Liabilities :			
Capital	1	31,03,82,000.00	31,03,82,000.00
Reserve and Surplus	2	1,23,01,66,437.91	1,14,59,46,732.57
Deposits	3	25,95,04,92,030.08	21,47,94,57,994.29
Borrowings	4	1,79,06,38,132.00	1,51,17,03,481.00
Other Liabilities and Provisions	5	1,20,29,71,518.21	1,14,58,54,884.16
TOTAL	:	30,48,46,50,118.20	25,59,33,45,092.02
Assets :			
Cash and Balance with Reserve Bank of India	6	1,50,93,58,633.52	1,21,73,08,030.20
Balances with Banks and Money at Call & Short Notice	7	7,88,31,77,349.24	47,70,61,192.63
Investments	8	7,14,53,38,511.00	11,42,71,00,131.00
Advances	9	12,31,01,50,110.72	10,89,33,36,548.36
Fixed Assets	10	24,57,41,768.25	5,51,54,223.38
Other Assets	11	1,39,08,83,745.47	1,52,33,84,966.45
TOTAL	:	30,48,46,50,118.20	25,59,33,45,092.02
Contingent Liabilities	12	0.00	0.00
Notes Forming Parts of Accounts	19		

Schedules referred to above form an integral part of the Balance Sheet as per our report of even date.

For and on behalf of Mizoram Rural Bank
Chairman
For SPAN & Associates

Chartered Accountants

FRN : 302192E

(V. JAYA CHANDRA)

Place : Aizawl

 Dated : 3rd May 2019

(S. PALIT)

Partner

Membership No. - 057072

**Form - 'B' Profit & Loss Account of Mizoram Rural Bank
For the Year ended 31st March 2019**

	Schedule	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
Income			
Interest Earned	13	2,19,10,75,397.03	1,80,78,05,486.08
Other Income	14	24,13,49,472.03	9,89,49,544.21
TOTAL	:	2,43,24,24,869.06	1,90,67,55,030.29
Expenditure			
Interest Expended	15	1,25,00,02,240.55	1,02,42,22,968.78
Operating Expenses	16	49,49,85,145.17	41,90,77,762.46
Provisions & Contingencies	17	55,79,79,778.00	12,37,64,543.00
TOTAL	:	2,30,29,67,163.72	1,56,70,65,274.24
Profit/Loss			
Profit/loss for the year		12,94,57,705.34	33,96,89,756.05
Provision for Tax	17A	4,52,38,000.00	11,87,00,000.00
Profit after Tax		8,42,19,705.34	22,09,89,756.05
Profit/loss brought forward		1,14,59,46,732.57	92,49,56,976.52
TOTAL	:	1,23,01,66,437.91	1,14,59,46,732.57
Appropriations			
Transferred to statutory reserves		1,68,43,941.07	4,41,97,951.21
Transferred to other reserves		0.00	0.00
Transfer to Govt./Proposed dividend		0.00	0.00
Balance carried over to balance sheet		1,21,33,22,496.84	1,10,17,48,781.36
TOTAL	:	1,23,01,66,437.91	1,14,59,46,732.57

Significant Accounting Policies

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**Schedules referred to above form an integral part of
the Balance Sheet as per our report of even date.**

For and on behalf of Mizoram Rural Bank
For SPAN & Associates

Chartered Accountants

Chairman

FRN : 302192E

(V. JAYA CHANDRA)
(S. PALIT)

Partner

Place : Aizawl

Membership No. - 057072

 Dated : 3rd May 2019

**Schedule - 1
Capital**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I.	For Nationalised Banks Capital (fully owned by Central Government)	-	-
II.	For Banks Incorporated outside India Capital		
	i) (The amount brought in banks by way of start-up Capital as prescribed by RBI should be shown under this head)	-	-
	ii) Amount of deposit kept with the RBI under section II (2) of the Banking Regulation Act, 1949	-	-
	TOTAL	-	-
III.	For Other Banks Authorised Capital (31,03,82,000 shares of ₹ 10/- each)	31,03,82,000.00	31,03,82,000.00
	Issued Capital (31,03,82,000 shares of ₹ 10/- each)	31,03,82,000.00	31,03,82,000.00
	Subscribed Capital (31,03,82,000 shares of ₹ 10/- each)	31,03,82,000.00	31,03,82,000.00
	Called-up Capital (31,03,82,000 shares of ₹ 10/- each)	31,03,82,000.00	31,03,82,000.00
	Less: Calls unpaid	-	-
	Add : Forfeited Shares	-	-
	Paid up Capital	31,03,82,000.00	31,03,82,000.00
	TOTAL	31,03,82,000.00	31,03,82,000.00

**Schedule - 2
Reserve & Surplus**

Reserve and Surplus	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I. Statutory Reserves		
Opening Balance	1,14,59,46,732.57	92,49,56,976.52
Additions during the year	1,68,43,941.07	4,41,97,951.21
Deductions during the year	-	-
II. Capital Reserves		
Opening Balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
III. Share Premium		
Opening Balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
IV. Revenue and other Reserves		
Opening Balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
V. Balance in Profit & Loss Account		
Opening Balance	-	-
Additions during the year	6,73,75,764.27	17,67,91,804.84
Deductions during the year	-	-
TOTAL :		
Opening Balance	1,14,59,46,732.57	92,49,56,976.52
Additions during the year	8,42,19,705.34	22,09,89,756.05
Deductions during the year	-	-
T O T A L (I,II,III,IV & V)	1,23,01,66,437.91	1,14,59,46,732.57

**Schedule - 3
Deposits**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
A.	I. Demand Deposits		
	i) From Banks	-	-
	ii) From Others	1,00,79,68,981.32	1,16,56,57,872.98
	II. Savings Bank Deposits		
	i) From Banks		
	ii) From Others	15,56,70,73,683.71	12,11,51,81,882.81
	III. Term Deposits		
	i) From Banks		-
	ii) From Others	9,37,54,49,365.05	8,19,86,18,238.50
	TOTAL	25,95,04,92,030.08	21,47,94,57,994.29
B.	i) Deposits of Branches in India	25,95,04,92,030.08	21,47,94,57,994.29
	ii) Deposit of Branches outside India	-	-
	TOTAL	25,95,04,92,030.08	21,47,94,57,994.29

**Schedule - 4
Borrowings**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I.	Borrowings in India		
	i) Reserve Bank of India	-	-
	ii) Other Banks	1,73,04,000.00	1,73,04,000.00
	iii) Other Institutions and Agencies* (Annexure - I)	1,77,33,34,132.00	1,49,43,99,481.00
II.	Borrowings Outside India	-	-
	T O T A L	1,79,06,38,132.00	1,51,17,03,481.00
	Secured borrowings included in I & II above	NIL	NIL

Annexure - I

		As on (Current Year)	As on 31.03.2018 (Previous Year)
	* Other Institutions and Agencies		
1	NABARD		
	i) Non Farm Sector(ARF)	4,67,61,800.00	7,26,68,650.00
	ii) SHGs	6,86,82,500.00	9,20,45,500.00
	iii) LTRCF	94,70,13,860.00	71,67,70,180.00
	iv) Solar(ARF)	54,26,000.00	17,24,09,800.00
	v) SAO	5,00,00,000.00	4,00,00,000.00
	vi) NFS -RH	13,43,23,000.00	
	Sub-Total	1,25,22,07,160.00	1,09,38,94,130.00
2	NSTFDC	46,98,61,972.00	33,89,80,351.00
	Sub-Total	46,98,61,972.00	33,89,80,351.00
3	NHB	5,12,65,000.00	6,15,25,000.00
	Sub-Total	5,12,65,000.00	6,15,25,000.00
	T O T A L	1,77,33,34,132.00	1,49,43,99,481.00

**Schedule - 5
Other Liabilities and Provisions**

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I. Bills Payable	-	-
II. Inter-Office adjustment (Net)	24,97,649.99	29,99,299.99
III. Interest accrued	32,47,14,573.91	25,40,50,847.34
IV. Others (including provisions) # (Annexure - II)	87,57,59,294.31	88,88,04,736.83
TOTAL	1,20,29,71,518.21	1,14,58,54,884.16

Annexure - II

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
# Others includes :		
i) Provision for audit fee	8,18,100.00	8,34,365.00
ii) Outstanding in B.Chq	14,32,572.67	-3,75,691.33
iii) Outstanding in Sundry A/c	68,34,006.01	39,32,125.79
iv) Provision for B & D	39,03,57,937.87	21,82,46,397.80
v) Balance in INC A/c	267.3	3,08,50,765.11
vi) Credit balance in AUCA	11,79,82,599.84	10,38,80,053.06
vii) Adjusting Account (Office A/c)	48,47,030.00	47,75,250.00
viii) NEFT Commission	600	600
ix) PMJJBY SBI Life	-4,059.00	-1,419.00
x) NACH (DR)	2,38,47,097.51	10,14,938.11
xi) PMSBY-NIC	192	216
xii) System Suspense	-3,52,49,042.47	-7,50,01,047.08
xiii) Provision for income Tax	4,52,38,000.00	11,87,00,000.00
xiv) Provision for construction		9,50,00,000.00
xv) CGST/SGST/IGST Payable	67,54,274.85	67,85,513.99
xvi) Provision for Standard Assets	4,13,15,484.91	4,13,15,484.91
xvii) APBS Settlement Account	-25,03,98,763.94	6,59,887.25
xviii) DEAFS RBI	-5,33,343.00	-3,026.00
xix) Gramin Pay Order	-31,65,358.33	-76,32,159.33
xx) Provision for Fraud	16,24,57,404.00	2,16,14,543.00
xxi) CA Inter-branch location	16,91,08,511.92	16,07,880.71
xxii) Other Provisions		26,10,13,222.84
xxiii) Subsidy Reserve Fund	-4,89,63,143.00	5,15,85,583.00
xxiv) UPI Outward	47,50,108.17	1,253.00
xxv) Provision for Wage Arrears	5,60,00,000.00	1,00,00,000.00
xxvi) Provision for Pension	17,26,67,576.00	
xxvii) SD Unidentified	20,10,000.00	
xxviii) Provision NPS	76,51,241.00	
TOTAL	87,57,59,294.31	88,88,04,736.83

Schedule - 6
Cash and Balances with Reserve Bank of India

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I. Cash in hand (including foreign currency notes)	48,51,60,446.50	39,31,09,843.18
II. Balance with Reserve Bank of India		
i) in Current Account	1,02,41,98,187.02	82,41,98,187.02
ii) in Other Accounts	-	-
TOTAL	1,50,93,58,633.52	1,21,73,08,030.20

Schedule - 7
Balances with Banks and Money at Call & Short Notice

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I In India		
i) Balance with Banks		
a) in current account	21,06,77,349.24	47,70,61,192.63
b) in other deposit account	7,67,25,00,000.00	-
ii) Money at Call & short notice		
a) With banks	-	-
b) With other institutions	-	-
TOTAL	7,88,31,77,349.24	47,70,61,192.63
II. Outside India		
i) In current Accounts	-	-
ii) In other deposit Accounts	-	-
iii) Money at call & short notice	-	-
TOTAL	-	-
GRAND TOTAL (I+II)	7,88,31,77,349.24	47,70,61,192.63

**Schedule - 8
Investments**

Investments		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I	Investments in India in		
	i) Government Securities	6,52,43,38,511.00	5,32,60,28,664.00
	ii) Other approved Securities		
	iii) Shares		
	iv) Debenture and Bonds		
	v) Subsidiaries and/or joint ventures		
	vi) Others (to be specified) @ (Annexure - III)	62,10,00,000.00	6,10,10,71,467.00
	TOTAL	7,14,53,38,511.00	11,42,71,00,131.00
II	Investments outside India in		
	i) Government securities (including local authorities)	-	-
	ii) Subsidiaries and/or joint ventures	-	-
	iii) Other Investments (to be specified)	-	-
	TOTAL	-	-
	GRAND TOTAL (I + II)	7,14,53,38,511.00	11,42,71,00,131.00

Annexure - III

@ Others Includes:

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
i.	SBI Mutual Fund	62,10,00,000.00	1,47,10,00,000.00
ii.	UTI Mutual Fund		3,00,00,000.00
iii.	TDR with SBI		3,79,00,71,467.00
iv.	NABARD TMB		81,00,00,000.00
	TOTAL	62,10,00,000.00	6,10,10,71,467.00

**Schedule - 9
Advances**

		As on 31.03.2019	As on 31.03.2018
		(Current Year)	(Previous Year)
A.	i) Bills purchased and discounted	-	-
	ii) Cash Credits, Overdrafts and loans repayable on demand	2,36,24,56,221.45	2,58,44,42,874.72
	iii) Term Loans	9,94,76,93,889.27	8,30,88,93,673.64
	T O T A L	12,31,01,50,110.72	10,89,33,36,548.36
B.	i) Secured by tangible Assets	12,21,42,95,658.02	10,81,30,74,820.68
	ii) Covered by Bank/ Government Guarantee		
	iii) Unsecured	9,58,54,452.70	8,02,61,727.68
	T O T A L	12,31,01,50,110.72	10,89,33,36,548.36
C.	I. Advances in India		
	i) Priority Sector	9,90,92,30,805.03	8,68,87,72,224.42
	ii) Public Sector		
	iii) Banks		
	iv) Others	2,40,09,19,305.69	2,20,45,64,323.94
	T O T A L	12,31,01,50,110.72	10,89,33,36,548.36
	II. Advances outside India		
	i) Due from Banks	-	-
	ii) Due from others	-	-
	iii) a) Bills purchased & discounted	-	-
	b) Syndicate loans	-	-
	c) Others	-	-
	T O T A L	-	-
	Grand Total (C I + C II)	12,31,01,50,110.72	10,89,33,36,548.36

**Schedule - 10
Fixed Assets**

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I. Premises		
At cost as on 31st March of the preceding year	-	-
Addition during the year		-
Deductions during the year		-
Depreciation to date		-
Written Down Value		
II. Other Fixed Assets (Annexure - IV) (including furniture and fixtures)		
At cost as on 31st March of the preceding year	5,51,54,223.38	5,93,66,603.65
Additions during the year	2,07,17,654.55	1,14,69,220.90
Deductions during the year		-
Depreciation for the year	1,51,30,109.68	1,56,81,601.17
Adjustment		-
Written Down Value	6,07,41,768.25	5,51,54,223.38
III. Assets Under Construction	18,50,00,000.00	
T O T A L	24,57,41,768.25	5,51,54,223.38

MIZORAM RURAL BANK
HEAD OFFICE : AIZAWL
SUMMARY OF FIXED ASSETS ACCOUNT AND DEPRECIATION
AS ON 31.03.2019

SI No	Particulars	Value at cost 31.03.2018	Added during the period	Disposed Off / Adjustment	Total as on 31.03.2019	Rate of Depreciation	Depreciation upto 31.03.2018	Depreciation during the year	Depreciation upto 31.03.2019	SLM as on 31.03.2019	SLM as on 31.03.2018
1	2	3	4	5	6	7	8	9	10	11	12
1	Office equipments	3,21,08,523.59	6,54,681.00	-	3,27,63,204.59	10.00%	1,92,19,934.73	32,76,320.46	2,24,96,255.19	50,85,399.40	77,07,038.86
2	Plant & Machineries	2,54,13,489.49	-	-	2,54,13,489.49	5.00%	81,13,463.47	12,70,674.47	93,84,137.95	1,12,39,794.58	1,25,10,469.05
3	Furniture & Fixtures	4,56,64,531.11	53,07,702.63	-	5,09,72,233.74	10.00%	2,18,69,288.91	48,51,515.44	2,67,20,804.35	2,41,95,629.39	2,37,39,442.20
4	Motor Vehicles	31,33,208.40	-	-	31,33,208.40	20.00%	25,31,412.64	1,71,941.68	27,03,354.32	4,29,854.08	6,01,795.76
5	Electric Appliances	2,48,84,056.65	1,10,86,078.17	-	3,59,70,134.82	20.00%	1,36,98,465.31	31,84,768.93	1,68,83,234.23	1,68,25,300.58	89,23,991.34
6	Computer & Accessories	83,86,908.92	36,69,192.75	-	1,20,56,101.67	33.33%	1,06,44,329.99	23,74,888.70	1,30,19,218.69	29,65,790.23	16,71,486.18
	TOTAL	13,95,90,718.16	2,07,17,654.55	-	16,03,08,372.71		7,60,76,895.05	1,51,30,109.68	9,12,07,004.73	6,07,41,768.25	5,51,54,223.39

**Schedule - 11
Other Assets**

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I Inter-Office adjustments (Net)	-	-
II Interest accrued	37,39,21,488.96	24,60,08,343.45
III Stationery and stamps	6,08,232.00	1,96,968.34
IV Non-banking Assets acquired in satisfaction of claims		-
V Others @ \$ (Annexure - V)	1,01,63,54,024.51	1,27,71,79,654.66
T O T A L	1,39,08,83,745.47	1,52,33,84,966.45

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

Annexure - V

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
\$ Other Assests		
i) Outstanding in suspense a/c	-54,79,426.28	79,60,648.64
ii) Balance in H.O. PB A/c	1,89,65,469.00	2,16,08,443.00
iii) Bills receivables a/c	2,02,00,030.00	2,02,00,030.00
iv) ATM Settlement	25,51,39,448.90	3,45,01,113.78
v) Core Interbranch A/c	4,444.40	4,444.40
vi) Other Assets		
vii) Balance in AUCA	11,79,74,097.84	10,37,61,154.06
viii) NACH	96,45,50,311.05	-4,85,23,247.04
ix) DBTL Settlement A/c	-1,25,69,27,727.98	7,45,70,431.13
x) RTGS Settlement A/c	18,37,83,819.03	7,17,09,524.48
xi) Branch Clearing	30,79,75,977.53	45,95,71,092.94
xii) ECS Dr	-1,19,230.00	-1,24,230.00
xiii) Advance Income Tax	9,78,40,000.00	8,83,71,000.00
xiv) ACH/NPCI/LPG/UID	9,63,96,884.37	-
xv) IMPS Settlement A/C	-56,52,970.04	42,20,282.84
xvi) Step Rapid Remittance RR	35,75,88,682.45	49,44,93,825.60
xvii) ATM Cash	-18,70,63,483.89	-7,29,49,337.38
xviii) CGST/SGST/IGST ITC	47,80,479.35	
xix) IMPS- Inward/Outward	1,32,391.80	1,48,418.42
xx) YES Bank CTS Settlement	78,09,981.85	85,21,622.00
xxi) MAB/AEPS/UPI Settlement A/c	2,95,95,919.13	5,30,131.79
xxii) Office Com/Furniture/Com.Hardware	88,58,926.00	86,04,306.00
T O T A L	1,01,63,54,024.51	1,27,71,79,654.66

**Schedule - 12
Contingent Liabilities**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I.	Claims against the bank not acknowledged as debts	-	
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		-
T O T A L		-	-

**Schedule - 13
Interest Earned**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I.	Interest/discount on advances/ bills	1,23,97,72,548.92	1,13,35,66,587.81
II.	Income on Investments	53,91,69,987.11	67,42,38,898.27
III.	Interest on balances with Reserve Bank of India & other Inter-Bank funds.	41,21,32,861.00	-
IV.	Others	-	-
T O T A L		2,19,10,75,397.03	1,80,78,05,486.08

**Schedule - 14
Other Income**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I	Commission, exchange and brokerage	8,49,44,444.03	6,63,89,693.25
II	Profit on sale of investments less- loss on sale investments	14,00,000.00	3,25,57,623.00
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	Prior Period Income	15,50,00,000.00	
VIII	Miscellaneous Income		
a)	Other Income	5,028.00	2,227.96
T O T A L		24,13,49,472.03	9,89,49,544.21

**Schedule - 15
Interest Expended**

		As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
I	Interest on deposits	1,17,10,33,869.55	95,91,11,083.78
II	Interest on Reserve Bank of India/ Inter-Bank borrowings	7,89,68,371.00	6,51,11,885.00
III	Others	-	-
T O T A L		1,25,00,02,240.55	1,02,42,22,968.78

**Schedule - 16
Operating Expenses**

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
i) Payments to and provisions for employees	28,23,90,908.63	26,29,57,684.36
ii) Rent, taxes and lighting	7,71,79,190.69	3,95,65,735.62
iii) Printing and stationery	63,32,867.12	57,27,597.30
iv) Advertisement and Publicity	70,720.00	
v) Depreciation on bank's property.	1,51,30,109.68	1,56,81,601.17
vi) Directors' fees and expenses		-
vii) Auditors' fees and expenses (including branch Auditors)	-63,765.00	8,34,365.00
viii) Law charges	16,74,655.00	10,13,014.00
ix) Postage, Telegrams, Telephones..	12,38,226.56	13,83,906.20
x) Repairs and maintenances	1,98,93,970.58	2,02,54,119.82
xi) Insurance	1,61,99,952.00	1,43,20,956.76
xii) Service Tax		24,84,129.00
xiii) Depreciation on Investments		-
xiv) Other expenditures	7,49,38,309.91	5,48,54,653.23
T O T A L	49,49,85,145.17	41,90,77,762.46

**Schedule - 17
Provisions & Contingencies**

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
i) Provision for Bad & Doubtful Debts (including Risk fund)	19,00,00,000.00	2,00,00,000.00
ii) Provision for Standard Assets		1,00,00,000.00
iii) Provision for construction of H.O building		6,00,00,000.00
iv) Provision for Gratuity		21,50,000.00
v) Provision for Frauds	14,08,42,861.00	2,16,14,543.00
vi) Provision for Wage Arrears	4,60,00,000.00	
vii) Provision for Pension	17,26,67,576.00	1,00,00,000.00
viii) NPS/Auditors' Fee	84,69,341.00	
T O T A L	55,79,79,778.00	12,37,64,543.00

**Schedule - 17A
Provisions & Contingencies**

	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
i) Provision for income tax	4,52,38,000.00	11,87,00,000.00
T O T A L	4,52,38,000.00	11,87,00,000.00

Schedule -17B
Provisions & Contingencies

- i *During the year 12 cases of Fraud in 4 Branches have been identified and administrative actions have been taken. Total Financial Impact provided in the accounts amounting to ₹ 14,08,42,861/-*
- ii a. *Excess Provision on Standard Assets has been created amounting to ₹ 23,76,356/-*
- ii b. *Excess Provision on Bad & Doubtful Debts has been created amounting to ₹ 18,99,59,691/-*
- iii *Past Pension Liabilities has been provided @ 20% of the total Liabilities as computed by SBI Life Insurance Co. Ltd.*

SCHEDULE - 18
SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING
FINANCIAL STATEMENTS

A. 1. Basis of Preparation:

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

B. Use of Estimates:

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

C. Significant Accounting Policies:

1. Revenue recognition:

- 1.1 Income and expenditure are accounted on accrual basis, except otherwise stated.
- 1.2 Interest/Discount income is recognised in the Profit and Loss Account as it accrues except: (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted.
- 1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve), to 'Capital Reserve Account'.



- 1.4 Income (other than interest) on investments in “Held to Maturity (HTM)” category acquired at a discount to the face value, is recognised as follows :
 - a. On Interest bearing securities, it is recognised only at the time of sale/ redemption.
 - b. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.
- 1.5 All other commission and fee incomes are recognised on their realisation except for: (i) Guarantee commission on deferred payment guarantees, (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period; and (iv) Commission on LCs/ BGs, which is booked on accrual basis proportionately at monthly interval.
- 1.6 Brokerage, Commission etc. paid/ incurred in connection with issue of Bonds/ Deposits are amortized over the tenure of the related Bonds/Deposits and the expenses incurred in connection with the issue are charged upfront.
- 1.7 NEFT and RTGS commissions are normally recognized on accrual basis.

2. Investments:

The transactions in all securities are recorded on “Settlement Date”.

2.1 Classification

Investments are classified into two categories, viz. Held to Maturity (HTM), Available for Sale (AFS) as per RBI Guidelines

2.2 Basis of classification:

- i. Investments that the Bank intends to hold till maturity are classified as “Held to Maturity (HTM)”.
- ii. Investments, which are not classified in the above category, are classified as “Available for Sale (AFS)”.
- iii. An investment is classified as HTM or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.
- iv. a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head “interest on investments”.
- b) Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually.
- c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

3. Loans/ Advances and Provisions thereon:



- 3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:
- i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;
 - ii. In respect of Overdraft or Cash Credit advances, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;
 - iii. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.
- 3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:
- i. **Sub-standard:** A loan asset that has remained non-performing for a period less than or equal to 12 months.
 - ii. **Doubtful:** A loan asset that has remained in the sub-standard category for a period of 12 months.
 - iii. **Loss:** A loan asset where loss has been identified but the amount has not been fully written off.
- 3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:
1. All advances have been classified under four categories i.e., Standard Assets, Sub-standard Assets, Doubtful Assets and Loss Assets.
 - b) Provisions on Advances are made as under:

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

 1. Direct Advances to Agriculture and SME sectors at 0.25%
 2. Commercial Real Estate sector at 1%
 3. All other advances not included in (1) & (2) above at 0.40%

Substandard Assets: i. A general provision of 10% on the total outstanding;

Doubtful Assets:

Secured portion:	i.	Up to one year doubtful – 20%
	ii.	One to three years doubtful – 30%
	iii.	More than three years – 50%
Unsecured portion		100%

Loss Assets: 100%

3.4 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

- 3.5 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.
- 3.6 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.
- 3.7 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head “Standard Provisions” and are not considered for arriving at the Net NPAs.
- 3.8 Appropriation of recoveries in NPAs towards principal or interest due as per the Bank’s extant instructions is done in accordance with the following priority.
 - a. Charges
 - b. Unrealized Interest/Interest
 - c. Principal

4. Fixed Assets, Depreciation:

- 4.1 Fixed assets are accounted for on historical cost basis.
- 4.2 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.
- 4.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use.
- 4.4 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers and Accessories	Straight Line Method	33.33% every year
2	Electrical Appliances	Straight Line Method	20.00% every year
3	Motor Vehicles	Straight Line Method	20.00% every year
4	Plant & Machinery	Straight Line Method	5.00% every year
5	Office Equipment	Straight Line Method	10.00% every year
6	Furniture & Fixtures	Straight Line Method	10.00% every year

- 4.5 In respect of assets acquired during the year, depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

5. Employee Benefits:

5.1 Short Term Employee Benefits:

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

**5.2 Long Term Employee Benefits:**

- 5.2.1 The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance).
- 5.2.2 These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided by the Bank.
- 5.2.3 The Bank operates Gratuity Schemes which are defined benefit plans and provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to a maximum amount of ' 10 lakh. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.
- 5.2.4 Provision for Leave Encashment is calculated on actuarial basis. Payment has been made on 'Pay-as-You-Go' method.

6. Taxation:

- 6.1 Income tax expenses are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income"
- 6.2 Deferred Tax asset/liability is not recognized in the books of accounts in accordance with the Accounting Standard 22 of the ICAI

7. Provisions, Contingent Liabilities and Contingent Assets:

- 7.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- 7.2 No provision is recognised for:
- i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
 - ii. any present obligation that arises from past events but is not recognised because:
 - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b. a reliable estimate of the amount of obligation cannot be made.
- Such obligations are recorded as Contingent Liabilities. These are assessed at regular

intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

7.3 Contingent Assets are not recognised in the financial statements.

8. Net Profit:

Net Profit has been arrived at after accounting of the followings:

- i. Provision for possible loan loses
- ii. Provision on standard advances
- iii. Provision for income tax
- iv. Provision for Interest tax
- v. Provision for staff benefits
- vi. Provision for construction
- vii. Other usual and necessary provisions.

SCHEDULE – 19
DISCLOSURES & NOTES TO ACCOUNTS

I. Disclosures as per norms for RRBs
1. Capital

SI.No	Particulars	Current year (%) Mar 2019	Previous year (%) Mar 2018
i)	CRAR(%)	10.95	11.63
ii)	CRAR – Tier I Capital (%)	10.95	11.63
iii)	CRAR – Tier II Capital (%)	0	0
iv)	Percentage of Shareholding of the :		
A	Government of India	50	50
B	Government of Mizoram	15	15
C	State Bank of India (Sponsor Bank)	35	35

2. Investments

SI.No	Particulars	Current year Mar 2019	Previous year Mar 2018
1.	Value of Investments		
i)	Gross value of Investments	7145339	6827029
ii)	Provisions for Diminution	NIL	NIL
iii)	Net value of Investments	7145339	6827029
2.	Movement of provisions held towards depreciation on investments		
i)	Opening Balance	NIL	NIL
ii)	Add: Provisions made during the year	NIL	NIL
iii)	Less: Write off / Write back of excess provisions during the year	NIL	NIL
iv)	Closing Balance	NIL	NIL

3. Repo Transactions

SI.No	Item	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average Outstanding during the year	As on 31 st March 2019
1.	Securities Sold under Repos	NIL	NIL	NIL	NIL
2.	Securities purchased under Reverse Repos	NIL	NIL	NIL	NIL

4. Non-SLR Investment Portfolio
Issuer composition of Non SLR Investments

(₹ in '000s)

S. No	Issuer	Amount	Extent of Private placement	Extent of below investment grade securities	Extent of Unrated Securities	Extent of Unlisted securities
1	2	3	4	5	6	7
i)	PSUs	NIL	NIL	NIL	NIL	NIL
ii)	FIs	NIL	NIL	NIL	NIL	NIL
iii)	Banks	NIL	NIL	NIL	NIL	NIL
iv)	Private Corporates	NIL	NIL	NIL	NIL	NIL
v)	Others (MF)	621000	NIL	NIL	NIL	NIL
vi)	Provision held towards depreciation	NIL	NIL	NIL	NIL	NIL
vii)	Total	621000	NIL	NIL	NIL	NIL

(ii) Non-Performing Non-SLR Investments

(₹ in '000s)

SI.No	Particulars	Amount
i)	Opening balance	NIL
ii)	Additions during the year since 1st April	NIL
iii)	Reductions during the above period	NIL
iv)	Closing Balance	NIL
v)	Total provisions held	NIL

5. Asset Quality
I Non-Performing Assets

(₹ in '000s)

SI.No	Particulars	Current year Mar 2019	Previous year Mar 2018
i)	Net NPAs to Net Advances (%)		3.94%
ii)	Movement of NPAs (Gross)		
(a)	Opening balance	646944	570019
(b)	Additions during the year	266061	296544
(c)	Reductions during the year	270152	219619
(d)	Closing balance	642853	646944
iii)	Movement of NPAs (Net)		
(a)	Opening balance	428698	362002
(b)	Additions during the year	0	66696
(c)	Reductions during the year	176203	0
(d)	Closing balance	252,495	428698
iv)	Movement of provisions for NPAs (Excluding provisions on standard assets)		
(a)	Opening balance	218246	208019
(b)	Provisions made during the year	190000	20000
(c)	Write-off / Write-back of excess provisions	17888	9773
(d)	Closing balance	390358	218246

II. Details of Loan Assets subject to Restructuring (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
i)	Total amount of loan assets subject to restructuring, rescheduling, renegotiation	Nil	Nil
ii)	The amount of Standard assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iii)	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iv)	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
	(i) = (ii) + (iii) + (iv)	Nil	Nil

III. Details of financial assets sold to Securitization (SC) / Reconstruction Company (RC) for Assets Reconstruction (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
i)	No. of accounts	Nil	Nil
ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
iii)	Aggregate consideration	Nil	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Aggregate gain / loss over net book value	Nil	Nil

IV. Details on non-performing financial assets purchased/sold
A. Details of non-performing financial assets purchased: (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
1 (a)	No. of accounts / purchased during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil
2 (a)	Of these, number of account restructured during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold : (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

v. Provisions on Standard Assets (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
1	Provisions towards Standard Assets	41315	41315

6. Business Ratios

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
i)	Interest income as a percentage to Working Funds	7.96	7.90
ii)	Non-Interest income as a percentage to Working Funds	0.88	0.43
iii)	Operating profit as a percentage to Working Funds (Before provisions)	0.47	1.48
iv)	Returns on Assets (%)	0.31	0.97
v)	Business per Employee (Dep + Adv)(₹'000)	91533	89924
vi)	Net profit per Employee (₹'000)	201	614

7. Asset Liability Management – Maturity pattern of certain terms of Assets and Liabilities (₹ in '000s)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	3032744	753313	2187261	15583090	2655752	1632531	71964	33837	25950492
Advances	2357	2896	16630	2638457	113028	1220034	3103253	5217385	12314040
Investments	111000	0	0	400000	482363	823968	647321	4680687	7145339
STD₹	0	0	0	2220000	4650000	800000	0	2500	7672500
Borrowings	0	0	0	0	55426	308996	1343897	82319	1790638

8. Exposures – Exposure to Real Estate Sector (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
a.	Direct exposure		
i)	Residential Mortgages above ₹. 20.00 lakhs lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan upto ₹. 20 lakh may be shown separately)	150464	83157
	Up to ₹. 20.00 lakhs	4722824	4224659
ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premise, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.	Nil	Nil
iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures	Nil	Nil
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b.	Indirect Exposure	Nil	Nil
	Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

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

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

10. Miscellaneous – Amount of provisions made for Income tax during the year. (₹ in '000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
i)	Provision for Income Tax	45238	118700

11. Disclosure of Penalties imposed by RBI

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

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

(i) Related party disclosure

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

Sponsor Bank their Subsidiaries and Associates: State Bank of India

Key Management Personnel:

Shri V. Jaya Chandra, Chairman
 ShriAmal Chandra Sarkar, General Manager
 ShriMrigen Chandra Deka, Chief Vigilance Officer

(ii) Particulars of related party account transactions:

The following is the summary of significant related party transactions: (₹ in '000s)

	For the year ended 31 st March 2019	For the year ended 31 st March 2018
Refinance received from State Bank of India		
Interest paid to SBI (Perpetual Bond)	1192	1081
Investments made with:		
SBI - in the form of STDRs	5802500	3790071
SBI Fund Management Private Limited (SBI Mutual Fund)	621000	1471000
Interest received from SBI (STDRs)	329721	257534
Profit on sale of Investments on SBI (SBI Mutual Fund)	45491	9140
Contributions to Gratuity Fund with SBI Life Insurance Company Ltd.	375	21256
Contributions to Group Leave Encashment Policy with SBI Life Insurance Company Limited	19561	0
Current Account Balance with SBI	174991	476206

(iii) Particulars of Managerial Remuneration:

(in Rupees)

	For the year ended 31 st March 2019	For the year ended 31 st March 2018
ShriVadde Jaya Chandra, Chairman		Nil
ShriAmal Chandra Sarkar, General Manager	4451540.15	Nil
ShriMrigen Chandra Deka, Chief Vigilance Officer		Nil

13. Provisions on Rural Advances

(in Rupees)

SI.No	Particulars	Current year Mar 2019	Previous year Mar 2018
a	Opening balance in the Rural Advances Provision Account	Nil	Nil
b	The quantum of Rural Advances Provision made in the accounting year	Nil	Nil
c	i) Amount of Draw down made during the accounting year	Nil	Nil
	ii) Provision written back to profit and Loss account	Nil	Nil
	Total of Draw down	Nil	Nil
d	Closing balance in the Rural Advances Provision Account	Nil	Nil

14. Disposal of Complaints:
A) Customer Complaints:

Sl.No	Particulars	Nos
a	No. of complaints pending at the beginning of the year	Nil
b	No. of complaints received during the year 2018-19	Nil
c	Total Complaints	Nil
d	No. of complaints redressed during the year	Nil
e	No. of complaints pending at the end of the year	Nil

B) Award passed by the Banking Ombudsman:

Sl.No	Particulars	Nos
a	No. of complaints pending at the beginning of the year	Nil
b	No. of complaints received during the year 2018-19	Nil
c	Total Complaints	Nil
d	No. of complaints redressed during the year	Nil
e	No. of complaints pending at the end of the year	Nil
f	No. of awards passed by Banking Ombudsman	Nil
g	No of awards implemented	Nil
h	No. of awards pending implementation	Nil

15. Concentration of Deposits, Advances, Exposures and NPAs
1. Concentration of Deposits

Total Deposits of Twenty largest depositors	157.08 crore
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.05%

2. Concentration of Advances

Total Advances of Twenty largest Borrowers	22.95 crore
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	1.86%

3. Concentration of Exposures

Total Exposure of Twenty largest Borrowers/Customers	180.03 crore
Percentage of Exposures to twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers / customers	4.70%

4. Concentration of NPAs

Total Exposure to top four NPA accounts	1.88 crore
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16. Sector Wise NPAs

(₹ in Cr)

		Current year Mar 2019			Previous year Mar 2018		
Sl. No.	Sector	Total Advances	Gross NPAs	% to total	Total Advances	Gross NPAs	% to total
Priority							
1	Agl& allied	239.74	20.99	1.71	197.35	23.2	2.13
2	Industries	57.47	5.69	0.46	63.49	5.07	0.47
3	Services	231.15	18.75	1.52	220.23	22.1	2.03
4	Personal Loans	462.56	11.76	0.96	393.79	7.76	0.71
Sub-total(A)		990.92	57.19	4.65	874.86	58.13	5.34
Non-Priority							
1	Agl& allied	0	0	0	0	0	0
2	Industries	0	0	0	0	0	0
3	Services	0	0	0	33.78	0.14	0.01
4	Personal Loans	240.09	7.10	0.58	180.69	6.42	0.59
Sub-total (B)		240.09	7.10	0.58	214.47	6.56	0.6
Total (A+B)		1231.02	64.29	5.22	1089.33	64.69	5.94

17. Movement of NPAs

(₹ in crore)

Gross NPAs as on 1st April 2018 (Opening balance)	64.69
Additions (Fresh NPAs) during the year	26.60
Sub-total (A)	91.29
Less:	
(i) Upgradations	15.90
(ii) Recoveries (excluding recoveries from updated accounts)	9.65
(iii) Write-offs	1.45
Sub-total (B)	27.01
Gross NPAs as on 31st March 2019 (Closing Balance) (A-B)	64.29

NOTES TO ACCOUNTS

1. Area of Operations of the Bank:

The area of the operation of the Bank is in eight districts of the State of Mizoram (Aizawl, Lunglei, Saiha, Lawngtlai, Serchhip, Champhai, Mamit and Kolasib districts). Financial statements as at the end of the reporting date include assets and liabilities, income and expenses relating to the Bank in all the eight districts.

2. Classification of Assets (Advances) as on 31st March, 2019:

(₹ in 000s)

Classification	Gross Advances	Net Advances
Standard Assets	11667297	11667297
Sub Standard Assets	203523	162247
Doubtful Assets	375473	90248
Loss Assets	63857	0
Total	12310150	11919792
Add: Provision on Sub-Standard, Doubtful Assets and Loss		390358
Total Gross Advances		12310150

3. Inter Bank Participation Certificate (IBPC):

The Bank has not participated in Inter Bank Participation Certificate during Financial Year 2018-19.

4. Priority Sector Lending Certificate (PSLC):

The Bank has not sold Priority Sector Advances during Financial Year 2018-19.

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

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

(₹ in 000s)

Sl.No	Particulars	Current year Mar 2019	Previous year Mar 2018
1	Opening Balance of Amount transferred to DEAF	533	533
2	Add: Amount transferred to DEAF during the Year	0	0
3	Less: Amounts reimbursed by DEAF towards Claim	0	0
4	Closing balance of amounts transferred to DEAF	533	533

6. Fixed Assets:

The Bank is in possession of land in the form of a 99 year lease from the Government of Mizoram, located at the new Secretariat Complex, Khatla in Aizawl. The plot of land leased to the bank Plot No. B-21 has an area of 876.31 square meters. Construction of Head Office at the plot is already underway with a total budget of ₹19.7 crore, duly

approved by the Board of Directors. Provision for construction has been made steadily. The contract for construction has been awarded to the PWD Department, Mizoram State Government, also under approval of the Board of Directors. So far, a total of ₹10.40 crore (approx.) has so far been expended.

7. Data Purification and Asset Classification

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

8. Fraud Cases:

Details of Fraud cases are as under:

(₹ in 000s)

Particulars	31.03.2019	31.03.2018
Provision at the beginning of the year	21615	0
Less: Written off during the year	0	0
Add: Additional provision created during the year	140842	21615
Less : Provision reversed during the year	0	0
Provision as at the year end	162457	21615
Number of fraud cases at the year end of the year	12	7

9. Reconciliation:

- Balancing, reconciliation of accounts relating to inter branch deposits and adjustment of transaction between Head Office and Branches has all been reconciled as on 31.03.2019.
- Interest & Income on inter-bank borrowing of funds and/or lent to the Bank has also been reconciled up to 31.03.2019.
- Intra-branch deposits and deposits with sponsor bank and balances of borrowings has been reconciled up to 31.03.2019.

10. Profit and Loss Account:

- 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.
- 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.

11. 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 has been prepared and, consolidation with Head Office has also been prepared.



12. Unexpired Bank Guarantee of ₹ 1,41,98,305.00 is fully secured by Bank's on TDR and is not recognized as Contingent Liability.
13. Previous Year's figures have been regrouped /reclassified/recast wherever necessary to confirm the current year classification.

As per our report of event date

For S P A N & ASSOCIATES
Chartered Accountants
Firm Registration No: 302192E

For Mizoram Rural Bank

(S. Palit)
Partner
Membership No: 057072

(V. Jay Chandra)
Chairman

(Lalhmingmawia Sailo)
Director

(C. Sangpu Vaiphei)
Director

(V.R. Nag)
Director

(Anjali Lyndem)
Director

(Kukesh Papriwal)
Director

(Rohmingthanga Colney)
Director

Place : Aizawl
Dated : 3rd May, 2019