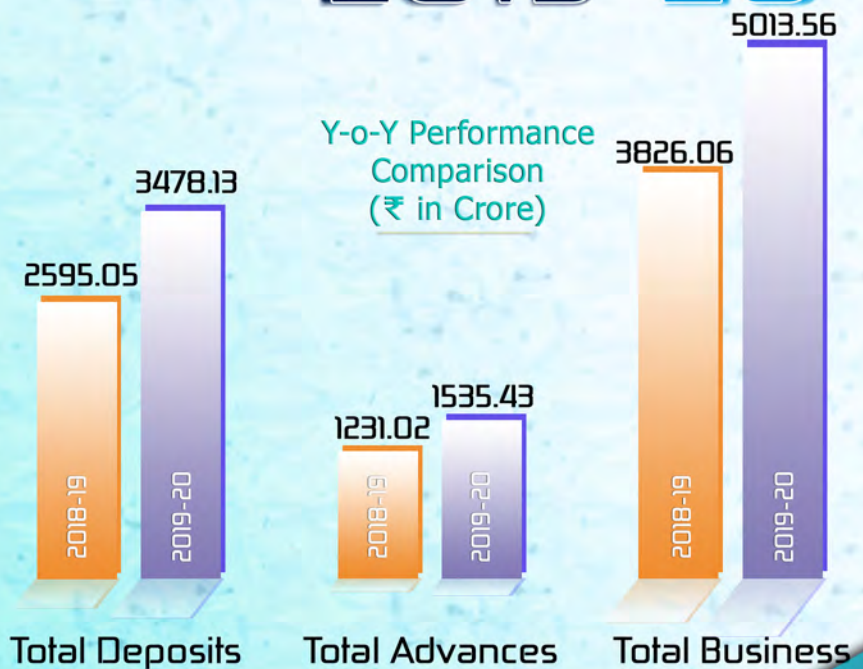
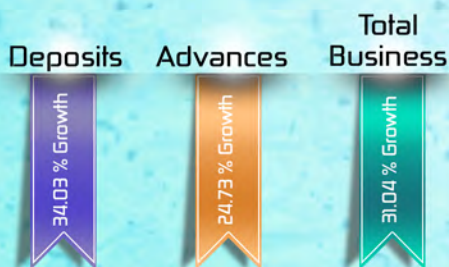




MIZORAM RURAL BANK
HEAD OFFICE

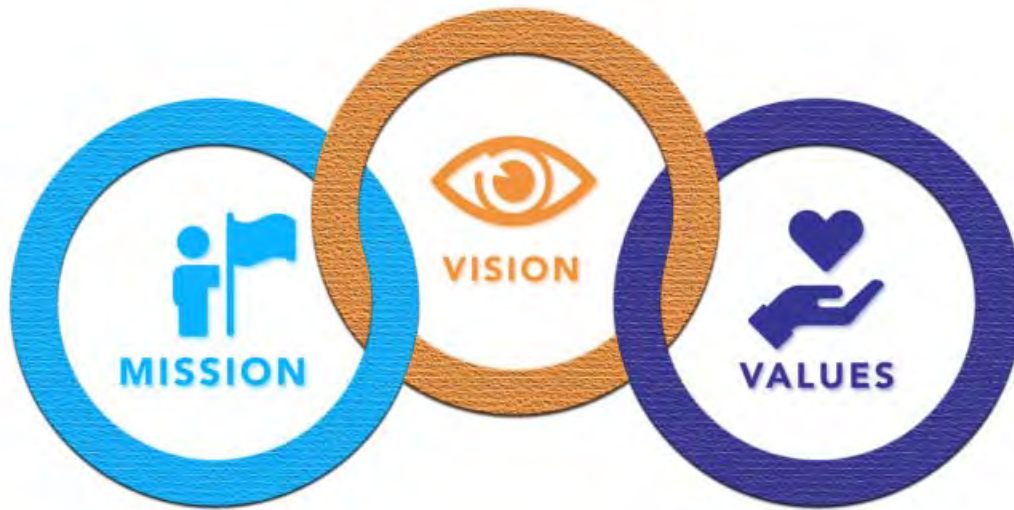


ANNUAL REPORT 2019-20



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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: 30/06/2020

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 2019 to 31st March 2020.

A copy of the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2020.

A copy of the Auditor's report in relation to the Bank's accounts for the period 1st April 2019 to 31st March 2020.

Yours faithfully,



(V. Jaya Chandra)
Chairman

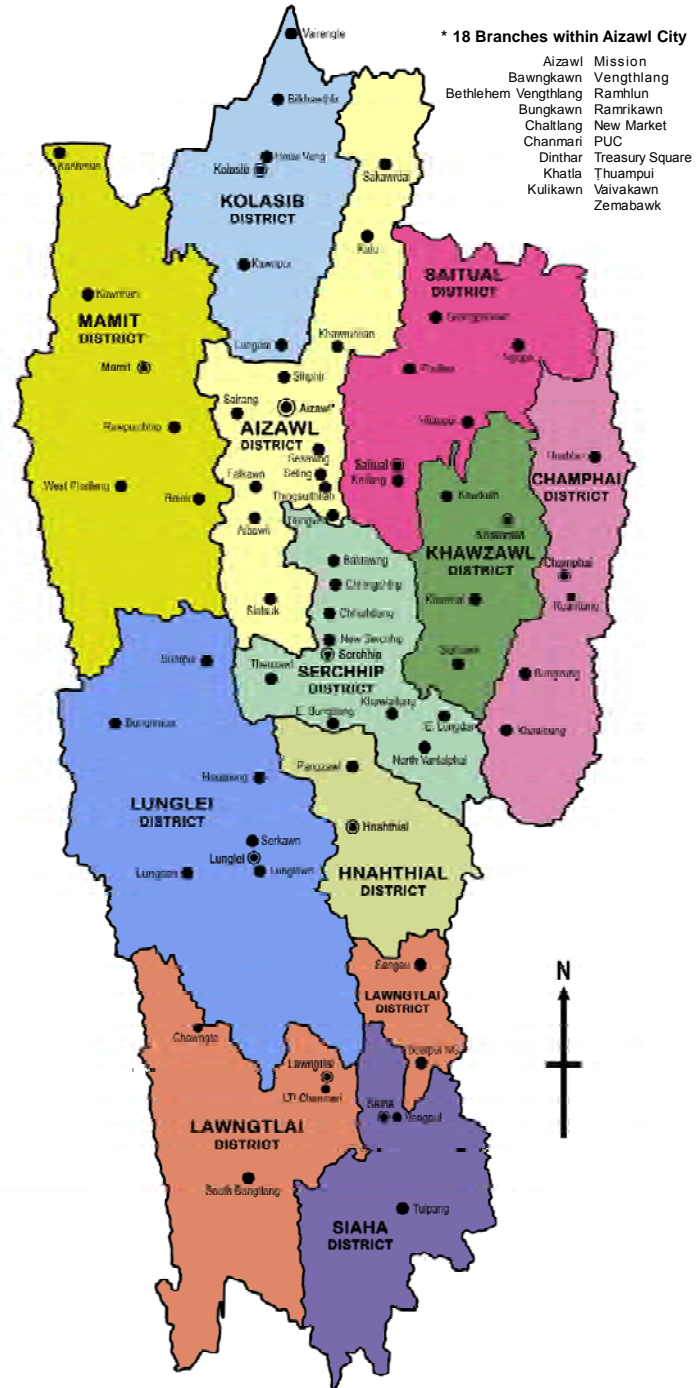


Geographical Area & Offices

HEAD OFFICE

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

**MAP OF MIZORAM
INDICATING 85 BRANCHES OF
MIZORAM RURAL BANK**



REGIONAL OFFICES

AIZAWL

Regional Office

DawrpuiVengthar,
Aizawl- 796 001,
Tel : 0389-2323334, Fax 0389-2323334
E-mail : ro.azawl@mizobank.com

LUNGLEI

Regional Office

Bazar Veng, Near Saikuti Hall,
Lunglei- 796 701,
Tel : 0372-2323772
E-mail : ro.lunglei@mizobank.com



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	Bungkawn Branch, Aizawl District
6	Chattlang Branch, Aizawl District
7	Chanmari Branch, Aizawl District
8	Dinthar Branch, Aizawl District
9	Durtlang Branch, Aizawl District
10	Falkawn Branch, Aizawl District
11	Khatla Branch, Aizawl District
12	Khawruhian Branch, Aizawl District
13	Kulikawn Branch, Aizawl District
14	Mission Vengthlang Branch, Aizawl District
15	New Market Branch, Aizawl District
16	PUC Branch, Aizawl District
17	Ramhlun Branch, Aizawl District
18	Ramrikawn Branch, Aizawl District
19	Ratu Branch, Aizawl District
20	Sairang Branch, Aizawl District
21	Sakawrdai Branch, Aizawl District
22	Seling Branch, Aizawl district
23	Sesawng Branch, Aizawl District
24	Sialsuk Branch, Aizawl District
25	Sihphir Branch, Aizawl District
26	Suangpuilawn Branch, Aizawl District
27	Thingsulthliah Branch, Aizawl District
28	Thuampui Branch, Aizawl District
29	Tlungvel Branch, Aizawl District
30	Treasury Square Branch, Aizawl District
31	Vaivakawn Branch, Aizawl District
32	Zemabawk Branch, Aizawl District
33	Buarpui Branch, Lunglei District
34	Bunghmun Branch, Lunglei District
35	Haulawng Branch, Lunglei District
36	Lunglawn Branch, Lunglei District
37	Lunglei Branch, Lunglei District
38	Lungsen Branch, Lunglei District
39	Serkawn Branch, Lunglei District
40	Bualpui 'NG' Branch, Siaha District
41	Siaha Branch, Siaha District
42	Tipa Branch, Siaha District
43	Vaihipi Branch, Siaha District

44	Bungzung Branch, Champhai District
45	Champhai Branch, Champhai District
46	Hliappui Branch, Champhai District
47	Hnahlan Branch, Champhai District
48	Khawbung Branch, Champhai District
49	Ruantlang Branch, Champhai District
50	Bilkhawthlir Branch, Kolasib District
51	Hmarveng Branch, Kolasib District
52	Kawnpui Branch, Kolasib District
53	Kolasib Branch, Kolasib District
54	Lungdai Branch, Kolasib District
55	Vairengte Branch, Kolasib District
56	Baktawng Branch, Serchhip District
57	Chhiantlang Branch, Serchhip District
58	Chhingchhip Branch, Serchhip District
59	East Bungtlang Branch, Serchhip District
60	East Lungdar Branch, Serchhip District
61	Khawlailung Branch, Serchhip District
62	New Serchhip Branch, Serchhip District
63	North Vanlaiphai Branch, Serchhip District
64	Serchhip Branch, Serchhip District
65	Thenzawl Branch, Serchhip District
66	Chawngte Branch, Lawngtlai District
67	Lawngtlai Branch, Lawngtlai District
68	Lawngtlai Chanmari Branch, Lawngtlai District
69	Sangau Branch, Lawngtlai District
70	South Bungtlang Branch, Lawngtlai District
71	Kanhmun Branch, Mamit District
72	Kawrthah Branch, Mamit District
73	Mamit Branch, Mamit District
74	Rawpuichhip Branch, Mamit District
75	Reiek Branch, Mamit District
76	West Phaileng Branch, Mamit District
77	Kawkulh Branch, Khawzawl District
78	Khawhai Branch, Khawzawl District
79	Khawzawl Branch, Khawzawl District
80	Ngopa Branch, Khawzawl District
81	Sialhawk Branch, Khawzawl District
82	Keifang Branch, Saitual District
83	Phullen Branch, Saitual District
84	Hnahthial Branch, Hnahthial District
85	Pangzawl Branch, Hnahthial 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),
India, Corporate Centre, Mumbai

Smt. Seema Dikshit

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 Samuel L. Warbah
General Manager



Shri Mrigen Chandra Deka
Chief Vigilance Officer



Heads of Departments



Pi Lalchhanhimi
Chief Manager
(Personnel)



Pu V. Lalsawmliana
Chief Manager
(Accounts)



Pu Lalduhawma
Chief Manager
(Advances)



Pu H. Lalnunsanga
Chief Inspector
(I & A Cell)



Pi Vanlalhumi
Chief Manager
(Vigilance)



Pu Lallawmzuala
Senior Manager
(NPA)



Pu Lalfakzuala
Manager
(MIS)



Pu John Lalnunthara Tlau
Manager (IT)



Pu Naveen Thapa
Manager (Pension Cell)



Pi Lalnunsangi
Manager (FI)



Pi F. Lalngaihawmi
Manager (Compliance)



Pu V. Lalrinmawia
Manager (Cross Selling)



Pu P.L. Chhuanthanga
Director
RSETI, Kolasib



Pu V.L. Zahawma
Regional Manager
Aizawl Region



Pu R. Lalzazova
Regional Manager
Lunglei Region



Pu C. Malsawma
Chief Manager
Bawngkawn AMH

Our Mentors

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



Shri Dinesh Khara
Managing Director
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 S.M. Mallick
General Manager,
NABARD Regional Office, Aizawl



Highlights: 2019-20

- ❖ Total Business of the Bank has reached a level of ₹ 5013.56 crore with a growth of ₹ 1187.49 crore @ 31.04%(₹ 3826.06 crore @18.19%)
- ❖ Deposits at ₹ 3478.13 crore increased by ₹ 883.08 crore at 34.03% from ₹ 2595.05 crore
- ❖ CASA at ₹ 2076.72 crore increased by ₹ 419.21 crore at 25.29% from ₹ 1657.50 crore
- ❖ Advances at ₹ 1535.43 crore increased by ₹ 304.42 crore at 24.73% from ₹ 1231.02 crore @ 13.01%
- ❖ Net profit increased to ₹ 13.32 crore as on 31.03.20 from ₹ 8.42 crore after a provision of ₹ 38.48 crore towards Pension
- ❖ Gross NPA% reduced to 5.19% as on 31/3/2020 from 5.22%
- ❖ Net NPAs reduced to ₹ 21.72 crore (1.41%) from ₹ 25.25 crore (2.05%)
- ❖ Provision Coverage Ratio increased to 72.73% from 60.72%
- ❖ Cost of deposits decreased to 4.64% as on 31.3.20 from 5.00%
- ❖ Business per Branch ₹ 58.98 crore (45.01 crore)
- ❖ Business per Employee ₹ 10.99 crore (9.15 crore)
- ❖ Net Profit per Employee ₹ 2.92 lakh
- ❖ Net worth increased to ₹ 167.37 crore as on 31/03/2020 from ₹ 154.05 crore as on 31/03/2019 @ 8.64%. (5.78%)
- ❖ Reserves increased to ₹ 136.33 crore as on 31/03/2020 from ₹ 123.02 crore as on 31/03/2019 @ 10.81% (7.36%)
- ❖ Return on Assets increased to 0.37% as on 31.03.2020 from 0.31%
- ❖ Return on Equity increased to 7.96% as on 31.03.2020 from 5.47%
- ❖ Yield on advances increased to 11.26% as on 31.03.2020 from 10.85%
- ❖ Cost to Income Ratio (Expenses Ratio) has come down to 41.62% from 41.86%
- ❖ NII was up by 51.52% (20.10%). It increased to ₹ 142.59 crore in 2019-20 from ₹ 94.11 crore
- ❖ NIM improved to 4.54% as on 31/03/2020 from 3.87%
- ❖ Capital Adequacy Ratio at 9.80% as on 31.03.2020 vis-à-vis 10.95% as on 31/03/2019
- ❖ Credit to Agriculture and Allied Agriculture at ₹ 254.48 crore (₹ 239.74 crore) at a growth rate of 6.15% (₹ 14.74 crore)
- ❖ Disbursed ₹ 114.81 crore to agriculture
- ❖ No. of Agriculture borrowers increased to 25973 from previous FY's level of 25547
- ❖ SHGs Loan increased to 2475 from previous FY's number of 1817
- ❖ SHG Loan outstanding rose by 33.33 % to reach ₹ 29.80 crore(₹ 22.35 crore @ 4.44%)
- ❖ During the year, Bank Mitra turnover increased from ₹ 26.06 Crore to ₹ 81.04 Crore with a growth rate of 211%
- ❖ CASA deposits in Bank Mitra A/cs grew from ₹ 56.53 Lakh to ₹ 141.10 Lakh at 150% growth
- ❖ Average balance in Bank Mitra accounts has increased from ₹ 1044.61 to ₹ 1577.03
- Implemented:
 - Domain Email Systems
 - CBS Term Deposit Advice
 - Mandate Management System
 - AEPS-Aadhaar Pay
 - 72 branches migrated to 2 Mbps RF connectivity from 32 Kbps VSAT connectivity
 - Achieved 12,354 Mobile Banking registrations during the year, taking the total to 29,913.

Note : Figures in brackets pertain to previous FY



Chairman's Message



I feel privileged to present the Annual Report for the second consecutive year, along with the Financial Statements of the Bank, the Bank's performance, important milestones reached during the Financial Year 2019-20.

Financial Year 2019-20 was a tremendous year for our Bank. We excelled in all business parameters including profitability. Total Business of the Bank has reached a level of ₹ 5013.56 crore with a growth of ₹ 1187.49 crore at 31.04% from ₹ 3826.06 crore (at 18.19% during FY 2018-19). We have crossed a milestone of both ₹ 4000 crore and ₹ 5000 crore mark in the same financial year. Our Bank has surpassed the MoU targets set by our Sponsor Bank under major parameters, by registering ₹ 3478.13 crore Deposits increased by a record-breaking ₹ 883.08 crore at 34.03% and ₹ 1535.43 crore Advances increased by ₹ 304.42 crore at 24.73%. Our CASA % stood at 59.71%, although we could not increase the share of CASA to total deposits during 2019-20, there was a growth of ₹ 419.21 Crore at 25.29% compared to the growth of ₹ 329.41 Crore at 24.80% during 2018-19. In spite of welcoming 59 new staff during the year, we still managed to increase our business per employee to ₹ 10.99 crore, up from previous FY figure of ₹ 9.15 crore.

This year, we have posted an audited net profit of ₹ 13.32 crore despite putting over ₹ 60 crore in provisions for NPAs and pension liabilities. The Operating Profit of the Bank (Before provisions and contingencies) stood at ₹ 92.44 crore at 34.48% as on 31.03.20 vis-à-vis previous FY's figure of ₹ 68.74 crore, this is due to increase in income in all areas i.e., interest on advances, investments, decrease in expenses ratio and decrease in cost of deposits etc. during the year. Capital Adequacy Ratio stood at 9.80% as against the indicative level of 9% for Regional Rural Banks.

We have spent tremendous amount of time and energies in reduction of NPAs. Several workshops were conducted on NPA management, Recovery mechanism and One Time Settlement (OTS) scheme for Branch Managers and newly recruited. An exclusive post of Desk Officer (NPA) was created in each region who is in-charge and responsible for reduction of NPAs who will supplement to the efforts of branches, we have also formed District level Recovery Teams. Branch wise and account wise follow up and monitoring was delegated to the officials in Head Office and Regional Offices which have resulted in decreasing our Gross NPA to 5.19% and Net NPA to 1.41%. Provision Coverage Ratio now stands at 72.73% as against 60.72% of the previous FY.

The Bank has given utmost importance to continuous training at our own Learning Centre and outside Institutes. The Bank had laid down a Training Policy which envisages training



to all staff members, at least once in a year. We have designed training programmes specifically aiming at capacity building of the young Branch Managers and new recruits, on subjects like Branch Management, Legal aspects, documentation etc. During the year, MRB has conducted 10 (ten) training programmes and provided training to 417 staff members. We have identified some senior and head office officials to handhold the new recruits to make them conversant with the systems and procedures of the Bank and to gain expertise in day to day branch operations. The Bank has also deputed 32 Officers, essentially in the higher cadres, to external training institutions like BIRD (Lucknow), BIRD (Mangalore), State Bank Learning Centres on important subjects like AML, ALM, KYC, RTI Act, Business Development etc. I am sure this will take the Organisation to attain its full potential in the years to come.

I feel happy to inform that Bank has introduced good number of IT initiatives. The significant IT initiatives introduced during this year include Mandate Management System, Domain Email Systems, Upgradation of the branch connectivity to 2 Mbps RF from 32 Kbps VSAT connectivity, AePS, printed Term Deposit Advice through CBS. Mobile Banking and other Alternative Delivery Channels have been popularized widely among the customers, as a result Mobile banking transactions started picking up by achieving 12,354 Mobile Banking registrations during the year, taking the total to 29,913. Our motto is to increase the usage of Alternate Delivery Channels in the years to come to become more digital. During the year eRIM (electronic Returns In MRB), Intranet-based e-Circular and Centralized Document Storage System were also developed in-house.

I place on record our sincere gratitude to the Government of India, Government of Mizoram, State Bank of India, Reserve Bank of India and National Bank for Agriculture & Rural Development for their valuable support for the growth of the bank. My sincere thanks to our Board of Directors for their valuable guidance, gesture and support all through the Board Meetings.

I personally thank each and every member of the bank's work force for the historic and unprecedented performance recorded in the financial year 2019-20. It's possible just because of the hard work of front line soldiers working in Branches and the trust of more than 9 lakh satisfied customers and well-wishers of the Bank across the state reposed in us.

Yours sincerely,

(V. Jaya Chandra)
Chairman



KEY PERFORMANCE OF THE BANK AT A GLANCE

INDICATORS	(₹ in '000s)		
	2017-18	2018-19	2019-20
A. KEY PERFORMANCE INDICATORS			
1. No. of Districts covered	8	8	11
2. No. of Branches	85	85	85
a) Rural	49	49	49
b) Semi-Urban	17	17	17
c) Urban	19	19	19
d) Metropolitan	-	-	-
3. Total Staff (excluding sponsor bank staff)	360	418	456
Of which, Officers	168	216	233
4. Deposits	21479458	25950492	34781251
Growth %	17.76%	20.81%	34.03%
5. Borrowings Outstanding	1511703	1790638	2876968
Growth %	106.78%	18.45%	60.67%
6. Gross Loans & Advances Outstanding	10893337	12310150	15354315
Growth %	14.15%	13.01%	24.73%
Of 6 above loans to Priority Sector	8688772	9909231	11497669
Of 6 above Non Target Groups	2204564	2400919	3856646
Of 6 above loans to SC/ST	10893337	12310150	15354315
Of 6 above loans to SF/MF/AL	1781359	2397441	2544785
Of 6 above loans to Minorities	29727	32375	32137
7. CD Ratio	50.71	47.44	44.15
8. Investments Outstanding	11427100	7145339	7919883
SLR Investments Outstanding	5326029	6524339	7659883
Non-SLR Investments Outstanding	610107	621000	260000



INDICATORS		2017-18	2018-19	2019-20
B. <u>AVERAGES</u>				
9.	Average Deposits	19690396	23437453	30623933
	Growth %	16.35%	19.03%	30.66%
10.	Average Borrowings	957233	1475606	2083525
	Growth %	61.13%	54.15%	41.20%
11.	Average Gross Loans and Advances	9908956	11428923	13500922
	Growth %	11.31%	15.34%	18.13%
12.	Average Investments	6626008	6741394	6964742
	Growth %	27.53%	1.74%	3.31%
	Average SLR Investments	4588986	6071227	6608908
	as % to Average Deposits	23.31%	25.90%	21.58%
	Average Non-SLR Investments	2037022	670167	355833
	as % to Avg. Deposits	10.35%	2.86%	1.16%
13.	Average Working Funds	20647629	24913059	35973730
C. <u>LOANS ISSUED DURING THE YEAR</u>				
14.	Loans Issued during the year	3918942	4440492	7103574
	Amount growth	932138	521550	2663082
	Growth %	31.21%	13.31%	59.97%
	Of 14 above loans to Priority Sector	2924731	3201995	4502744
	Of 14 above loans to SC/ST	3918942	4440492	7103574
	Of 14 above loans to SF/MF/AL	109783	1009289	1148060
	Of 14 above loans to Minorities	8588	9769	17512
D. <u>PRODUCTIVITY(based on total Business)</u>				
15.	Per Branch	380856	450125	589830
	Per Staff	89924	91533	109946



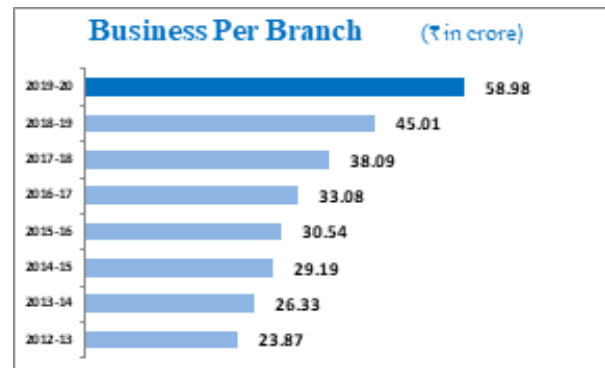
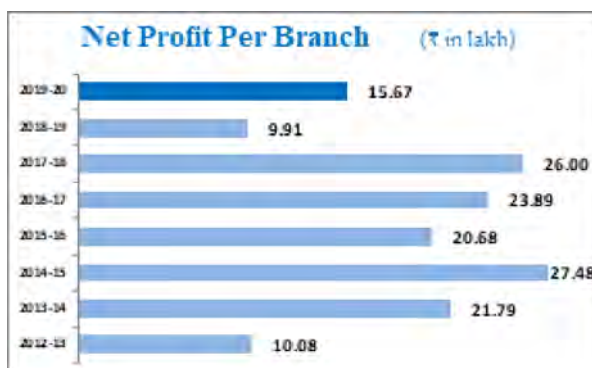
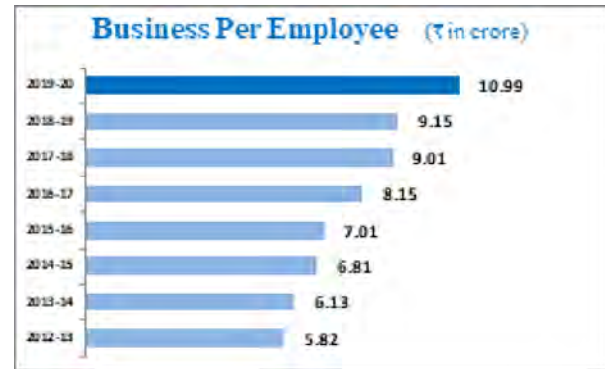
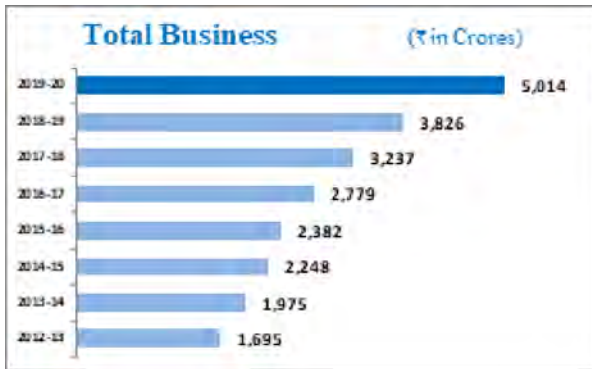
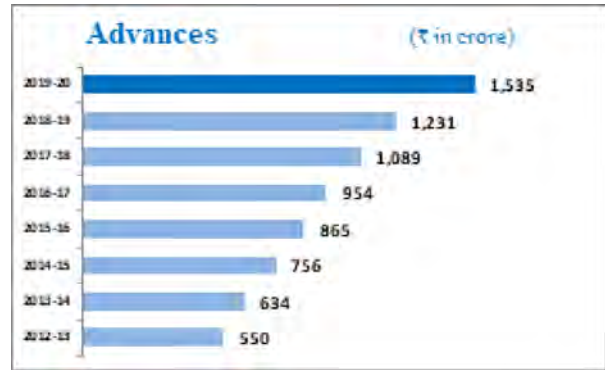
INDICATORS		2017-18	2018-19	2019-20
E.	<u>RECOVERY PERFORMANCE</u>			
16.	Total			
	Demand	2114316	2647023	3070876
	Recovery	1744257	2200139	2667069
	Overdue	370059	446884	403807
	Recovery % (June Position)	82.50%	83.12%	86.85%
17.	Farm Sector			
	Demand	163460	222879	484558
	Recovery	120731	181067	377730
	Overdue	42729	41812	106828
	Recovery % (June Position)	73.86%	81.24%	77.95%
18.	Non-Farm Sector			
	Demand	1950856	2424144	2586318
	Recovery	1623526	2060522	2289339
	Overdue	327330	363622	296979
	Recovery % (June Position)	83.22%	85.00%	88.52%
F.	<u>ASSET CLASSIFICATION</u>			
19.	a) Standard	10246393	11667297	14557923
	b) Sub-Standard	166259	203523	392213
	c) Doubtful	400775	375473	304322
	d) Loss	79910	63857	99857
	Total	10893337	12310150	15354315
	Standard Assets as % to Gross Loans & Advances out standings	94.06%	94.78%	94.81%
G.	<u>PROFITABILITY ANALYSIS</u>			
20.	Interest paid on			
	a) Deposits	959111	1171034	1422433
	b) Borrowings	65112	78968	96143
21.	Salary(including leave encashment)	262958	282391	324413
22.	Other Operating Expenses	156120	212594	334722



INDICATORS		2017-18	2018-19	2019-20
23.	Provisions made during the year			
	a) Against NPAs	20000	190000	220000
	b) Other Provisions	222465	413218	571268
	c) Amortization	-	-	-
24.	Interest received on			
	a) Loans & Advances	1133567	1239773	1519562
	b) Investments	674239	539170	607617
	c) Others (TDR)	-	412133	817337
25.	Other Income	98950	241349	157616
26.	a) Gross Profit	339690	129458	204668
	b) Net Profit	220990	84220	133152
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	Nil	Nil	Nil
	(c) Claims pending with Corporation	Nil	Nil	Nil
29.	Cumulative Provision	218246	390358	579241
	(a) Against NPAs			
	(b) Against Standard Assets	41315	41315	60213
	(c) Against Intangible Assets Frauds, Wage, Pension, NPS, Covid-19 Moratoriumetc	31615	398776	376428
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	129	193	179
	b) Amount	9923	14507	30567
32.	Accumulated Loss	Nil	Nil	Nil
33.	Reserves	1145947	1230166	1363319



INDICATORS		2017-18	2018-19	2019-20
34.	Net Worth	1456329	1540548	1673701
35.	Net NPAs	428698	252495	217151
	% Provisions to gross NPAs	33.73%	60.72%	72.73%
	% Gross NPAs to advances	5.94%	5.22%	5.19%
	% Net NPAs advances	3.94%	2.05%	1.41%
36.	CRAR	11.63%	10.95%	9.80%
37.	Market Share			
	a) Deposits	21.69%	24.64%	27.68%
	b) Advances	23.78%	27.42%	31.03%



Board of Directors' Report 2019 – 20





BOARD OF DIRECTORS' REPORT 2019-20

We have pleasure in presenting the 37th 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 2020.

Business Review

The Bank's business has registered a growth of ₹ 1187.49 crore at 31.04% to reach ₹ 5013.56 crore as on 31st March 2020 as against ₹ 3826.06 crore as on 31.03.2019.

74.36% of the business growth of ₹ 1187.49 crore was contributed by Deposits and the remaining 25.64% by Loans and Advances with an absolute growth of ₹ 883.08 crore and ₹ 304.42 crore respectively. The distribution of growth between deposits and advances in FY 2018-19 was in the ratio of 75.93% and 24.07%.



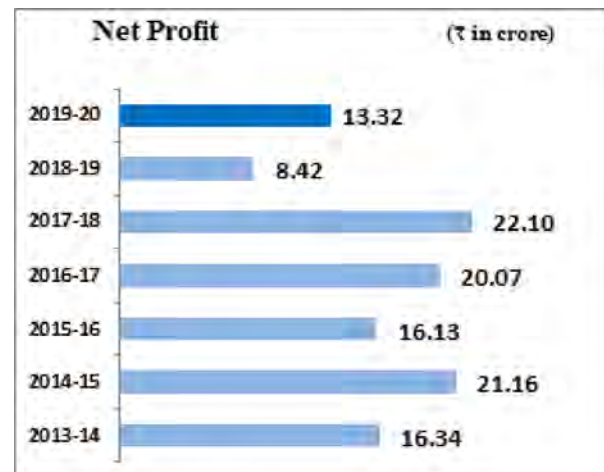
Profit Analysis

The Bank registered a Net Profit of ₹ 13.32 crore for the year 2019-20 as against ₹ 8.42 crore for the previous FY 2018-19. Increase in Net Profit may not look significant enough when compared to substantial amount of Gross Profit and this is due to addition of more provisions for NPA, Pension and Frauds during FY 2019-20.

Increase in interest income by ₹ 75.34 Cr. The Bank's total income during the year as on 31.03.2020 stood at ₹ 310.21 crore of which ₹ 151.95 crore was income earned from advances, which is 49% of total income.

The Operating profit (before provisions and contingencies) of the Bank stood at ₹ 92.44 crore as on 31.3.20 vis-à-vis previous FY's figure of ₹ 68.74 crore. The increase of ₹ 23.70 crore (34.47%) in operating profit during this year is impressive when compared with the increase of ₹ 22.39 crore during 2018-19. This is due to increase in income in all areas i.e., interest on advances, investments, other income and decrease in expenses ratio during the year.

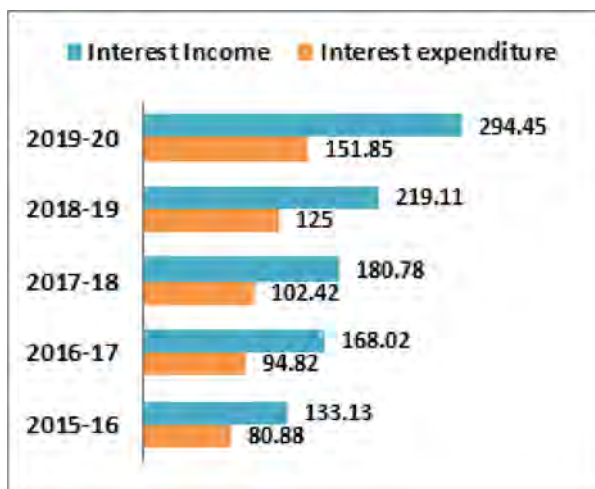
Income and Expenditure



Particulars	2018-19	2019-20	Growth %
Interest Income	219.11	294.45	34.38
Interest Expenditure	125.00	151.85	21.48
Non-Interest Income	24.13	15.76	-34.69
Gross Profit/Operating Profit	12.95	20.47	58.07
Tax Expenses	4.52	7.15	58.19
Deferred Tax Assets & Earlier Year adjustments (excess)	0.00	0.00	0.00
Provision & Contingencies	55.80	71.98	29
Prior period depreciation & rent	0.00	0.00	0.00
Net Profit	8.42	13.32	58.20

Net Interest Income

Total interest income earned during the year is ₹ 294.45 crore whereas total interest expenditure is at ₹ 151.85 crore. The net interest income has increased by ₹ 48.49 crore to ₹ 142.60 crore during the year vis-à-vis ₹ 94.11 crore in 2018-19 with a growth rate of 51.52%.



Interest Expenditure

- ◆ Interest paid on deposits has increased to ₹ 142.24 crore from the last FY's figure of ₹ 117.10 crore by ₹ 25.14 crore (21.46 %).
- ◆ The Bank has paid ₹ 9.61 crore towards interest on borrowings (refinance from NABARD, NHB and MUDRA) during the year as against ₹ 7.90 crore of FY 2018-19 with an increase of ₹ 1.71 crore.

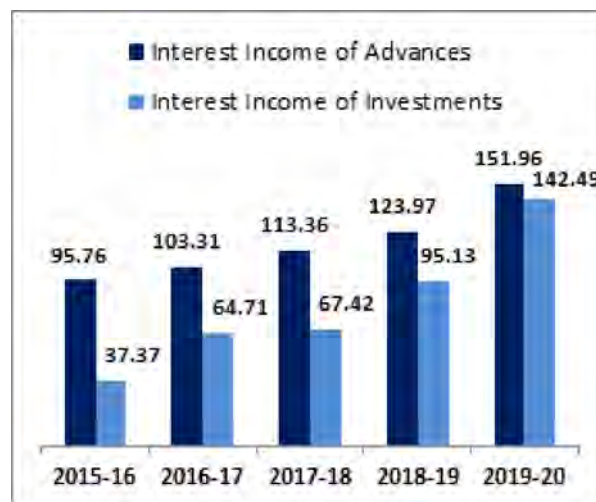
Operating expenditure

Operating expenditure has increased by ₹ 16.42 crore (33.18%) to ₹ 65.91 crore in 2019-20 from ₹ 49.49 crore in previous FY 2018-19.

Interest Income

- ◆ Interest income increased from ₹ 219.11 crore to ₹ 294.45 crore during the FY with an absolute growth of ₹ 75.34 crore (at 34.38%)

- ◆ The Bank has earned an interest income of ₹ 151.96 crore from loans and advances in current fiscal as against ₹ 123.97 crore in 2018-19 with an increase of ₹ 28 crore (@ 22.60%).
- ◆ The interest income received from investments has increased by ₹ 47.36 crore at 50% to reach ₹ 142.49 crore as against ₹ 95.13 crore in the previous FY. This includes Interest received from TDR with SBI and NABARD TMB.



Piggery unit financed by Keifang Branch



Provision for NPAs:

The Bank has made a provision of ₹ 22.00 crore on NPAs during the year, taking the total Provisions available on Advances to ₹ 65.98 crore (including cumulative provision of ₹ 6.02 crore on Standard Assets and provision of ₹ 2.03 crore for COVID 19 moratorium).

(₹ in crore)

Assets	2018-19		2019-20	
	O/s	Provision	O/s	Provision
Standard	1171.07	4.13	1455.79	8.05*
Sub Standard	16.45	4.13	39.22	17.51
Bad & Doubtful	37.49	28.52	30.43	30.43
Loss	6.39	6.39	9.99	9.99
Total	1231.40	43.17	1535.43	65.98



Conducting in-house Workshop on NPA Management

Ratio Analysis

Ratio Analysis				
Sl No	Ratios	2018-19	2019-20	
		Amt / Ratio	Amt / Ratio	% Change
1	Cost of Deposits	5.00	4.64	-7.20
2	Cost of Borrowings	5.35	4.61	-13.75
3	Yield on Advances	10.85	11.26	3.78
4	Yield on Investments	9.22	8.72	-5.42
5	Expenses ratio (Cost to income ratio)	41.86	41.62	-0.57
6	CD Ratio	47.44	44.15	-6.94
7	Interest income as a percentage to Working Funds	7.96	8.19	2.89
8	Non-Interest income as a percentage to Working Funds	0.88	0.44	-50.00
9	Operating profit as a percentage to Working Funds (Before provisions)	0.47	0.57	21.28
10	Return on Assets	0.31	0.37	19.35
11	Return on Equity	5.47	7.96	45.52
12	Business Per Employee (Rs in crore)	9.15	10.99	20.11
13	Business Per Branch (Rs in crore)	45.01	58.98	31.04
14	Provision Coverage Ratio	60.72	72.73	19.78
15	Financial Return	8.79	8.19	-6.83
16	Financial Costs	5.02	4.22	-15.94
17	Financial Margin (1-2)	3.78	3.96	4.76
18	Cost of management	1.99	1.83	-7.89
19	Misc. Income as % to Working Funds	0.97	0.44	-54.58
20	Risk Cost	1.33	0.72	-45.86
21	Net Interest Margin	3.87	4.54	17.31
22	Avg. Cost of Funds	5.02	4.64	-7.57
23	% Gross NPAs to advances	5.22	5.19	-0.57
24	% Net NPAs to advances	2.05	1.41	-31.22
25	CRAR	10.95	9.80	-10.50

Balance Sheet Size

The balance sheet size amounted to ₹ 4123.90 crore with an increase of ₹ 1075.43 crore over March 2019 level of ₹ 3048.47 crore.

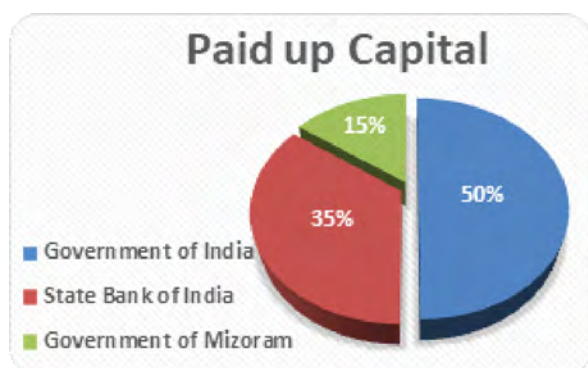
CAPITAL & RESERVES

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 ₹ 13.32 crore at 10.82% from ₹ 123.02 crore as on 31.03.19 to ₹ 136.33 crore as on 31.03.20.



Net worth

Net worth of the Bank stood at ₹ 167.37 crore with a growth of ₹ 13.32 crore (8.64%) over previous FY's figure of ₹ 154.05 crore.

The Capital Adequacy Ratio stood at 9.80% above the level of minimum 9% stipulated by Dr. K.C Chakravarthi Committee.



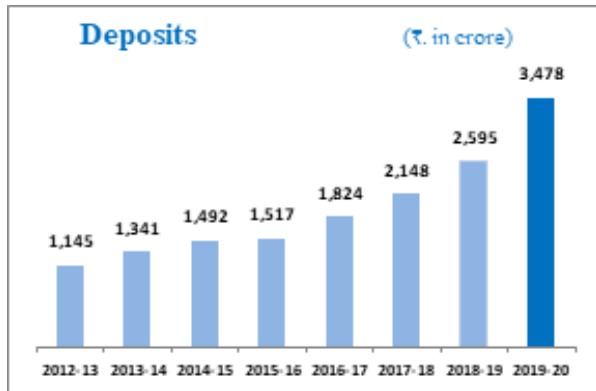
The following table gives the position of Tier-I, Tier-II Capital, Reserves and computation of CRAR.

Capital	2018-19	2019-20
1 Tier-I		
a. Paid up Capital	31.04	31.04
b. Share Capital Deposit	-	-
c. Statutory Reserves & Surplus	114.59	125.68
d. Capital Reserves	-	-
e. Other Reserves	-	-
f. Spl. Reserve u/s 36(1)(viii) of Income Tax Act 1961	-	-
g. Surplus in P&L	8.42	10.65
Total reserves(b+c+d+e+f+g)	123.02	136.33
Total Tier-I Capital	154.05	167.37
2 Tier-II		
a. Revaluation Reserves	-	-
b. General Provisions & Reserves	-	-
c. Investment fluctuations Reserves/Funds	-	-
d. Tier II Perpetual Bonds	-	1.73
Total Tier-II Capital	-	1.73
Grand Total (Tier I + Tier II)	154.05	169.10
3 a. Adjusted value of funded risk assets i.e., balance sheet items	1,406.67	1,725.16
b. Adjusted value of non-funded risk assets i.e., balance sheet items	-	-
c. a+b	1,406.67	1,725.16
d. Percentage of Capital (Tier-I + Tier II) to Risk Weighted Assets	10.95	9.80



Deposits

Deposits registered a growth of ₹ 883.08 crore over March 2019 level at a growth rate of 34.03%. Total deposits as on 31.03.2020 stands at ₹ 3478.13 crore as against ₹ 2595.05 crore as on 31.03.2019.



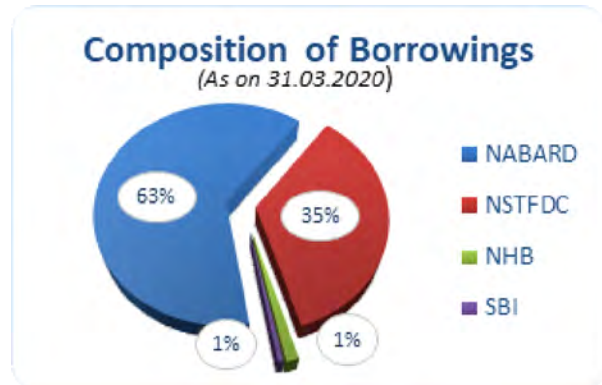
Deposit Mix

CASA deposits grew by ₹ 419.21 crore at 24.80% to reach ₹ 2076.72 crore as against ₹ 1657.50 crore as on 31.3.19. Term Deposits grew by ₹ 463.86 crore to reach a level of ₹ 1401.41 crore at 49.48 % as against ₹ 937.54 crore.

Deposit mix	2017-18	2018-19	2019-20
Current A/c	116.57	100.80	102.84
Growth	-23.50	-15.77	2.04
Growth %age	-16.78	-13.53	2.03
Savings Bank A/c	1211.52	1556.71	1973.87
Growth	225.14	345.19	417.16
Growth %age	22.82	28.49	26.80
Total CASA	1328.08	1657.50	2076.72
Growth	201.64	329.42	419.22
Growth %age	17.90	24.80	25.29
Term Deposits	819.86	937.55	1401.41
Growth	121.87	117.69	463.86
Growth %age	17.46	14.35	49.48
Total deposits	2147.95	2595.05	3478.13
Growth	323.51	447.10	883.08
Growth %age	17.73	20.82	34.03

The share of CASA has decreased from 63.87% (31.03.2019) to 59.71% as on 31.03.2020

Borrowings



The aggregate borrowings of the Bank as on 31st March 2020 stood at ₹ 287.70 crore whereas it was ₹ 179.06 crore as on 31st March 2019.

(₹ in crore)

Institution	2018-19	2019-20	Variance
NABARD	125.22	180.92	55.70
NSTFDC	46.99	100.94	53.95
NHB	5.12	4.10	-1.02
SBI	1.73	1.73	0.00
TOTAL	179.06	287.70	108.64

ASSETS

Investments

Total investments portfolio— both SLR and Non-SLR - of the Bank has increased to ₹ 2155.74 crore as on 31.3.20 from previous year's level of ₹ 1481.78 crore by ₹ 673.96 crore @45.48%.

INVESTMENT	2018-19	2019-20
SLR	652.43	765.99
Growth	119.83	113.56
Growth %	22.49	17.41
Non- SLR	829.35	1389.75
Growth	219.24	560.40
Growth %	35.93	67.57
TOTAL INVESTMENT	1,481.78	2,155.74
Growth	339.07	674
Growth %	29.67	45.42



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 ' 106.96crore in CRR and ' 899.35 crore in SLR as on 31.03.2020.

Credit Portfolio

The credit portfolio of the Bank rose by 24.73% to ₹ 1535.43 crore during the financial year ended 31.03.2020 from the previous year level of ₹ 1231.02 crore, thus showing an absolute growth of ₹ 304.42 crore as against the target of ₹ 184.65 crore.

Credit to Agriculture

Total credit to agriculture and allied activities including agriculture-portion of SHG lending, stood at ₹ 254.48 crore as on 31.03.2020 as

against ₹ 239.74 crore with a growth of ₹ 14.74 crore (@6.15%). Total number of Bank's borrowers in Agriculture sector has increased to 25973.

The Bank has disbursed ₹ 114.81 crore to agriculture during the year as against the previous year's disbursement of ₹ 100.93 crore.

Total credit to agriculture and allied activities constitutes 16.57 % of the total credit portfolio as on 31.03.2020 vis-à-vis 19.48 % as at the end of previous FY.

Kisan Credit Card System

We have issued 9646 KCCs as on 31.3.2020 with an outstanding credit of ₹ 56.42 crore as against previous FY level of 11077 KCCs for ₹ 58.59 crore.

During the year 2019-20, we have disbursed an amount of ₹ 19.90 crore to 2140 KCC card holders as against ₹ 10.88 crore to 987 KCC card holders during the year 2018-19.

Interest Subvention for Crop Loans

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 ₹ 23,54,914.03 towards 2% interest subvention and ₹ 28,77,018.24 towards additional interest subvention at 3% for prompt repaying loanees from the GOI during the year 2019-20.

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 ' 6.80 crore to the JLGs as on 31.03.2020, taking the total JLGs financed to 554. During the year 100 groups were financed amounting ' 2.08 crore.

Self Help Groups

Our Bank has financed 2475 Self Help Groups with an outstanding portfolio of ₹ 29.78 crore as on 31.03.2020 as against previous year's



level outstanding credit of ₹ 24.25 crore. The total loans outstanding under SHG segment has increased by ₹ 5.53 crore at a growth rate of 22.80% during the year 2018-19 against previous year growth of ₹ 2.85 crore (@13.32%).

The Bank has disbursed ₹ 19.13 crore to 1183 Groups during the year as against ₹ 12.38 crore disbursed to 847 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 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.

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.

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 Districts.

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 repaying 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 submitted interest subvention claim for an amount of ₹ 28,22,432.75 towards 5.5% interest subvention and an amount of ₹ 11,59,463.25 towards additional interest subvention at 3% for prompt repaying SHGs during the year 2019-2020. We also submitted interest subvention claim for an amount of ₹ 14,45,953.18 towards 5.5% interest subvention for the year 2018-2019.

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.

Margin Money & Interest Subsidy under PMEGP & PMAY

During the year 2019-2020, we have received ₹ 5,56,39,278.00 under PMEGP Margin Money Scheme and interest subsidy of ₹ 5,65,36,140.00 under PMAY CLSS.

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 & Marginal Farmers	8% of total outstanding
Micro Enterprises	7.50% of total outstanding
Weaker Sections	15% of total outstanding

The Bank's priority sector lending constitutes 74.88% of total advances. In absolute terms, total priority sector lending stood at ₹ 1149.77 crore as on 31.03.2020 as against ₹ 990.92 crore as on 31.03.2019. There is a growth of ₹ 158.84 crore @16.03% (FY 2018-19 @15.52%).



Cultivation of dragon fruits financed by Sesawng Branch

Government Sponsored Schemes

The Bank has participated in Government Sponsored Schemes actively during the year and as on 31.03.2020. The Scheme-wise position of loans and advances issued and outstanding under Govt. Schemes/Special Scheme as on 31.03.2020 is as under:

(₹ in crore)				
Scheme	Outstanding as on 31.3.20		Disbursement during FY 2019-20	
	No. of A/cs	Amount	No. of A/cs	Amount
PMEGP	1143	1,796.98	541	942.62
NRLM	1778	1,850.81	1085	1,569.30
NULM	710	926.23	223	427.47
PMAY	1170	6,673.31	616	3,894.55
NHFDC	15	13.01	6	30.00
JNNSM	8	0.38	0	-
SGSY	64	58.30	0	-

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

(₹ in crore)

Particulars	FY 2018-19 Achievement	Target for FY 2019-20	Achievement	Achievement %
Agriculture Segment				
Crop Loan	6.14	35	3.95	11.28
Agl & Allied	94.79	140	110.86	79.18
Total - Agri	100.93	175	114.81	65.6
MSME Segment				
Working Capital	14.96	78.21	37.95	48.52
Investment Credit	84.27	122.8	120.86	98.42
Total - MSME	99.23	201.01	158.81	79.01
Personal Segment				
Education	0.11	4.62	0.42	9.03
Housing	127.08	94.95	212.28	223.57
Social infrastructure	0.335	4.55	2.07	45.38
Renewable energy	0	0.44	0	0
Others	116.36	20.91	221.98	1051.58
Total - Per	243.885	125.47	436.74	348.09
Grand Total	444.05	501.48	710.36	141.65



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	254.48	25.24	31.69	239.74	20.99	1.71
2	Industries	78.15	6.09	7.64	57.47	5.69	0.46
3	Services	275.66	27.52	34.56	231.15	18.75	1.52
4	Personal	541.48	14.62	18.36	462.56	11.76	0.96
	Sub-total (A)	1149.77	73.47	92.25	990.92	57.19	88.96
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	0.00	0.00	0.00
4	Personal	385.66	6.17	7.75	240.09	7.10	0.58
	Sub-total (A)	385.66	6.17	7.75	240.09	7.10	8.92
C	Total (A+B)	1535.43	79.64	100.00	1231.02	64.29	100.00

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 being done.

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 increased by ₹ 14.95 crore from ₹ 64.29 crore as on 31st March 2019 to ₹ 79.64 crore as on 31st March 2020. Gross NPAs as a percentage to total advances has come down from 5.22% as on 31.03.2019 to 5.19% as on 31.03.2020.Net

NPAs (as a percentage to Net advances) has come down from 2.05% to 1.41%. In absolute terms, Net NPAs was reduced from ₹ 25.25 crore to ₹ 21.72 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	76	934.37
Demand Notice 13(4) issued	27	478.28
Possession taken	17	317.81
Auctioned	0	0
Regularized	26	553.59

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

	Cases	Amt
<i>Suit filed</i>	0	0
<i>Decreed</i>	0	0
<i>EP Filed</i>	0	0
<i>Recovery after filing suits</i>	0	0.00

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 judgment by consent.

During the last financial year i.e. 2019-20, 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, 288 cases for an amount of ' 3.1 crore were referred to Lok Adalat of which 91 cases were settled for an amount of ' 81.45 lakh.

Compromise settlements

Our Bank have recovered a good sum amount from NPA accounts during the year 2019-20 under compromise settlement.

Summary of settlement through Compromise settlement:

(₹ In lakh)

Compromise	2018-19	2019-20
No of A/Cs	5	349
Amount in lakh	10.78	510.16

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 report and status of NPA report are 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 regularly 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 and advised branches for further action to be taken.

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	2018-19		2019-20	
	O/s	%	O/s	%
Standard	1166.72	94.78	1455.79	94.81
Sub Standard	20.35	1.65	39.22	2.55
Bad & Doubtful	37.55	3.05	30.43	1.98
Loss	6.38	0.52	9.99	0.65
Total NPAs	64.28	5.22	79.64	5.19
Total Advances	1231.01	100	1535.43	100

Internal Control System – Inspection & Audit

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

Based on the previous year score, the periodicity of RFIA is as below:

Rating	Periodicity
Well Controlled – A+	Once in 21 months
Adequately Controlled - A	Once in 18 months
Moderately Controlled - B	Once in 12 months
Unsatisfactorily Controlled - C	Once in 9 months
Branches having reported Frauds	within 3 months from the date of reporting of fraud

During the year, 59 branches have fallen due for Audit and 59 branches have been audited. Rating acquired by 59 branches are as shown:

Rating	Out of 58 Branches audited during 2019-20
Well Controlled – A+	6
Adequately Controlled - A	53
Moderately Controlled - B	-
Unsatisfactorily Controlled - C	-
Total	59

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 59 Audit Reports which have fallen due for closure during the year, 52 have been dealt with and remaining Reports are pending for closure. These reports are overdue for closure for less than 3 months.

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 26 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.

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.

Bank Mitras Audit

Bank has introduced audit of Bank Mitras during the year and audited 22 Bank Mitras' transactions.

Compliance Audit

Compliance Audit was conducted at 10 branches during this year as per instruction.

IS Audit

IS Audit has been conducted at the Bank 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 Chartered Accountant as members has been constituted.

Management Audit

The Management Audit of our Bank has been conducted by our Sponsor Bank, SBI. It was conducted during 22.11.2019 to 02.12.2019. The final compliance was sent on 07.04.2020.

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

NABARD Inspection has been conducted during 21.10.2019 to 05.11.2019. Final Compliance for the Report Dated 29.01.2020 is submitted on 27.04.2020.

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
18. Vigilance Policy is incorporated in Bank Vigilance Manual which is duly adopted by the Board.

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 colours which indicate 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.

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 galvanized 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 115 Bank Mitras equipped with micro ATMs, operating 210 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. Banks sets a target of doubling Bank Mitras to cover remaining unbanked villages.

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:

- a. Account opening
- b. Cash withdrawal and deposit through Kiosk
- c. Receipt of loan installments
- d. Rupay Debit card transactions
- e. Transfer / Remittance
- f. 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 2019-20, no. of SB Accounts opened by Bank Mitras is 3181 and the number of transaction summed to 193750.

Financial Inclusion Accounts – Aadhaar Seeding

To speed up the process of Aadhaar Seeding, we have instructed all our Branches to hold Aadhaar Seeding Campaign periodically.

Financial Inclusion – Social Security Schemes (JJBY, 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 giving their consent to join/enable auto-debit, are eligible. Aadhaar would be the primary KYC for the bank account. The life covers 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 installment 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 40779 customers under Pradhan Mantri Jeevan Jyothi Bima Yojana during FY 2019-20.

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 installment.



We have enrolled 59181 customers under Pradhan Mantri Suraksha Bima Yojana during FY 2019-20.

Atal Pension Yojana (APY)

APY is a pension scheme for unorganized sector workers such as personal maids, drivers and 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.

Aadhaar will be the primary KYC and all Bank Account holders aged between 18-40 years are eligible for enrolment.

Total of 4211 enrolments were mobilised under Atal Pension Yojana (APY) for FY 2019-20 with the active participation of the 85 branches.

Financial Literacy Awareness Camps

Following the need of the hour and taking cues from RBI's policies and initiatives, our Bank launched 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 333 literacy camps, NABARD sanctioned grant assistance for all the programmes.

Aadhaar Enrolment and Updation Centres

Following the mandate from Government of India for all the Banks to open Aadhaar Enrolment and Updation Centres in at least 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

Life Insurance

The Bank is a corporate agent of SBI Life Insurance Company 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 ₹ 557.69 lakh and earned a commission of ₹ 29.24 lakh during the FY 2019-20.

General Insurance

The Bank is a corporate agent of SBI General Insurance Company Limited, to meet general insurance needs of the Bank's customers. The Bank mobilized a business premium of ₹ 219.63 lakh and earned a commission of ₹ 26.39 lakh during the year 2019-20.

Reliance General Insurance

In order to serve our customers better, the Bank has made a new partnership with Reliance General Insurance Company Limited on 9th January, 2020. With this agreement, the bank will be a corporate agent for Reliance General Insurance Company Limited. In the inaugural stage, the Bank mobilized a business premium of ₹ 1.06 lakh and earned a commission of ₹ 0.17 lakh.

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.

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 have 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
11. MMS (Mandate Management System)

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, RTGS; transfer transactions within the bank, balance enquiry, statement download etc.

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 password 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.

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 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 Gram Sabhas, the demonstrations were given to the villagers to provide a feel of the facility to the rural folk.

POS Machine Installation

Our Bank has installed 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:

The Bank has 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.

NPA Module:

1. 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, and 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.

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.

During the year, the following IT initiatives have been taken up:

1. **Domain Email Systems:** During the year the Bank has introduced specific domain for email where each department and branches are allocated separate email id for official conversation in and outside the Bank in a more secured environment.
2. **Term Deposits Advice:** Gone are the days where hand written Term Deposits Receipt were given to customers. With the growing technology available with the Bank, Term Deposits Advice has been introduced in a more presentable format to customer. The Bank now easily provides print data direct from CBS system for all customer who open Term Deposit with the Bank.
3. **Mandate Management System:** Mandate Management System (Auto Debit Mandate) can be used to debit accounts maintained in different Banks and credit to accounts maintained in our Bank. Transactions such as loan recovery, timely transfer of funds to MRB accounts, transfer of funds for Fixed Deposits, etc. can be availed through this Mandate without insisting any instrument/cash from the borrower.

Customer will authorize our Bank to debit his/her deposit account maintained at other Bank branch and to pay his/her instalments of loan availed from our bank as per the frequency agreed by him i.e. monthly/quarterly/half yearly/yearly in the form of mandate.
4. **Branches connectivity migration to 2 Mbps:** As the volume of transactions have increased over the years, to enable branches to perform transactions at a faster rate up gradation of the branch connectivity to 2 Mbps RF has been taken up. During

the year 72 branches out of 85 branches have been migrated to 2 Mbps RF connectivity from 32 Kbps VSAT connectivity.

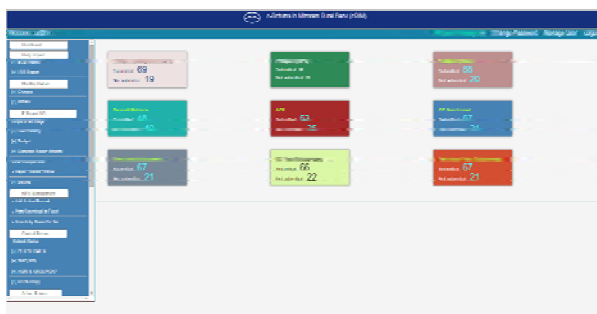
5. AEPS-Aadhaar Pay: To enable our customers to perform cash less transactions using their Aadhaar linked account of our bank, The Bank is live on AePS 2.5 platform.

IN-HOUSE PROJECTS:

1. eRIM (electronic Returns In MRB)

It is well known that many returns (reports) have to be submitted regularly by Branches to their respective controlling office. In the past, branches used to submit these returns in the form of printed hard copy. This was very time-consuming, inefficient in terms of report submission and monitoring, very costly considering the total cost of paper, printer ink and the cost of sending printed letter from rural branches to Head office.

To streamline the process of return submission and for better monitoring and efficient information generation out of returns submitted which will also results in a substantial reduction in operating expenditure, it was felt imperative to leverage the power of information technology in the Bank in whatever area it is felt necessary. For achieving this in the area of returns submission, ‘electronic Returns in Mizoram Rural Bank (eRIM)’ software/application was developed in-house and was officially launched by Shri. S.M. Mallick, General Manager, NABARD, Aizawl on the auspicious day Mizoram Rural Bank (MRB) i.e. 27th September, 2019.



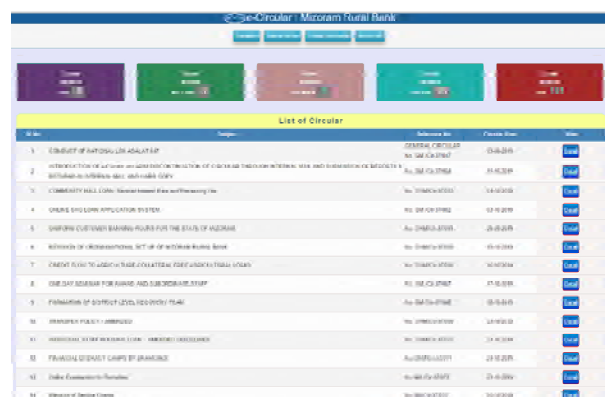
Brief overview of eRIM application:

- It is an intranet based application i.e. it can be accessed by all offices and branches of the Bank connected to the MRB network.
- Daily backup of all report submitted.
- Submission of the following returns are available:
 - a) Daily BCB Report
 - b) Daily LBB Report
 - c) Monthly Charges return
 - d) Monthly BMMC
 - e) Monthly Performance Report
 - f) NPA Action taken Record
 - g) Control Return Submission
 - i) Miscellaneous (Ad-hoc) Return

2. Intranet-based e-Circular

Many branches of the bank are located in a far-flung rural places including one of the remotest places in the State. Due to its remote location, prompt action could not be taken for these branches due to circular not reaching branches at the right time. Even for branches located in the district capital or sub-urban areas, it would take more than two days for circular to reach branches. Searching for a particular circular for references among the old printed circulars was also tedious and time-consuming.

To overcome the problems mentioned above and others, intranet-based e-Circular was introduced during this financial year which enabled the Bank to do away with paper-based (printed) circular.



S.No	Title	Reference No.	Issue Date
1	CONSTITUTION OF NATIONAL LEVEL ADULT EP	GENERAL CIRCULAR No. MRB/CU/2019	05-01-2019
2	INTRODUCTION OF A/C CLOSURE AND DEBIT/ CREDIT OF C/C BY THE BRANCH WITHIN 1000 AND SUBMISSION OF REPORTS TO BSR/BRANCH OFFICE AND AADHAAR COPY	No. MRB/CU/2019	01-02-2019
3	COMBINED MAIL LOGS - General based if any not following the	No. MRB/CU/2019	14-02-2019
4	UPGRADE OF LMS APPLICATION SYSTEM	No. MRB/CU/2019	02-03-2019
5	SHARING CUSTOMER BANKING FEEDBACK FOR THE STATE OF MIZORAM	No. MRB/CU/2019	26-03-2019
6	REVISION OF C/REMARKS/NOTES SET UP OF MIZORAM RURAL BANK	No. MRB/CU/2019	05-04-2019
7	CREDIT SLIP TO UNDERSTAND CREDITORS/DEBITORS/STAFF/STAFF/STAFF	No. MRB/CU/2019	16-05-2019
8	ONE DAY SESSION FOR BRANCH AND SUB-URBAN OFFICE	No. MRB/CU/2019	01-06-2019
9	FORMATION OF 50 POINT LEVEL 2019/2020	No. MRB/CU/2019	05-06-2019
10	BRANCH FEEDBACK COMBINED	No. MRB/CU/2019	14-06-2019
11	BRANCH OFFICE AND BRANCH OFFICE - BRANCH OFFICE	No. MRB/CU/2019	17-06-2019
12	FRANCHISE OFFICE OFFICE OFFICE	No. MRB/CU/2019	23-06-2019
13	State Expenditure Statement	No. MRB/CU/2019	23-06-2019
14	Statement of Service Charge	No. MRB/CU/2019	30-06-2019

Some of the features of e-circular include:

- i) List of circular in a chronological order
- ii) Search or filter circular based on Subject, category, Reference number, date and content
- iii) Download/Print circular
- iv) Filter circular based on the range of date i.e. circulars within the specified dates
- v) Circular can reach all branches and offices of the bank the moment it was uploaded, and non-receipt of circular by branch can no longer be an excuse.

3. Centralized Document Storage System

Keeping various documents (loan related forms, Personnel related forms, NPA related forms, etc) separately in all branches and offices often results in loss of uniformity in the document. It is sometimes not easy to get the required document at the right time.

To maintain uniformity and getting the required document easily, centralized document storage system was introduced in the Bank which is used to upload and store relevant documents in centralized server. Any staff can then easily download their required documents from this system.



Important features:

- i) Centralized document storage
- ii) Efficient document search and retrieval
- iii) Grouping of documents based on category
- iv) Latest documents instantly accessible by all staff the moment it is uploaded Regular backup of file

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 31.03.2020

S.No.	Particulars	No.
1	No. of Complaints pending at the Beginning of the year	NIL
2	No. of Complaints received during the year 2019-20.	1831
3	Total Complaints	1831
4	No. of Complaints Redressed/ Disposed-off during the year	1806
5	No. of Complaints pending at the end of the year	25

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.

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.

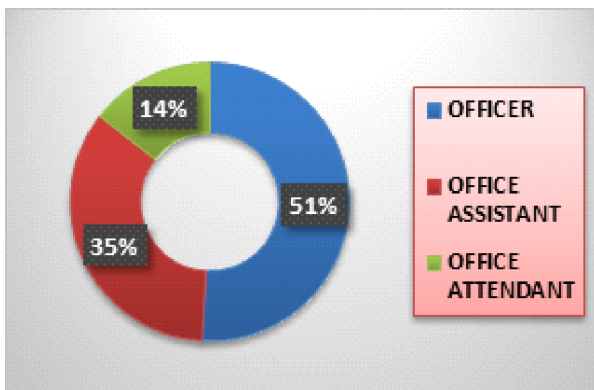
Chief Manager (Accounts) has been designated as Nodal Officer RTI; General Manager of the Bank has been designated as Central Public Information Officer while the Chairman is designated as the Appellate Authority in the Bank, under RTI Act.

During the year 2019-20, the Bank has received one application under RTI Act and disposed-off the application within the stipulated time frame.

Human Resource Management

As at the end of FY 2019-20, the staff strength (excluding those who exited the Bank service in the month of March 2020 on account of retirements/ resignations) and its composition is as under:

Officers Scale-IV	13
Officers Scale-III	14
Officers Scale-II	59
Officers Scale-I	146
Office Assistants	158
Office Attendants	66
Total	456



During the year, 9 staff members have retired from the Bank's Service. 6 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 *S.K. 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	27
2	Officer Scale-I	14
3	Officer Scale-III	1

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 31 people in various cadres to next higher grade as under. Written Test for promotion was arranged through IBPS online examination.

	Promoted to	No. of Posts
1	Officers Scale-I	10
2	Officers Scale-II	11
3	Officers Scale-III	3
4	Officers Scale-IV	NIL
5	Office Asst.	7
	Total	31

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.

Training - Staff Learning Centre

The Bank had laid down a Training Policy which envisages training to all staff members, at least once in three years. During the year, MRB has conducted 10 (ten) training programmes and provided training to 417 staff members. The participants include all cadres of staff (Officers - 268 and Office Assistants - 149)

The Bank has also deputed 32 Officers, essentially in the higher cadres, to external training institutions like BIRD (Lucknow), BIRD (Mangalore), State Bank Learning Centres on important subjects like AML, ALM, KYC, RTI Act, Business Development etc.

Exposure Visit

The Bank has sent 40 Officers in two batches to Hyderabad and Vishakapatnam on exposure visit to meet and interact with various stakeholders for SHG promotion. The programme was co-sponsored by MzSRLM.

STAFF WELFARE MEASURES

Medicclaim policy

In terms of Government of India letter No: F.8/1/2015-R RB dated 20.10.2016, our Bank has implemented Medical Insurance Scheme as per 10th Bipartite Settlement to employees and officers along with their dependent family members as detailed in Schedule IV. The Scheme covers Employee + Spouse + Dependent Children + 2 dependent Parents / parents-in-law (1 + 5) with a Sum Insured of ₹ 4,00,000 and ₹ 3,00,000 for Officers and employees respectively. We have also taken a Corporate Buffer to cover additional expenditure upto ₹ 4.00 lakh and ₹ 3.00 lakh for officers and employees respectively, if the hospitalization expenditure exceeds the sum insured. The Scheme, apart from facilitating

hassle free admission into the hospital immediately and payment of cash, makes the settlement of hospitalization expenses become much easier, saving administrative time considerably. The scheme also covers domiciliary treatment expenses up to 10% sum insured. Around 2200 members including family members of Staff have been covered under the Scheme.

Group Life Insurance Policy

The Board of the Bank on its 204th Meeting, held on the 14th October, 2019 approved providing one-year renewable Group Life Insurance to all regular employees. The staff group Life insurance provided for all regular employees of Mizoram Rural Bank is SBI Life – Sampoon Suraksha (UIN:111N040V04) with a sum assured of ₹ 20,00,000.00 (Rupees twenty lakh only) per employee which commenced on 18th December, 2019 renewable after one year.

Gratuity and Leave Encashment Fund

The Bank has taken care of provisional requirements in respect of Gratuity. The total corpus as on 31.3.2020 is to the tune of ₹ 11,07,47,712/- (Rupees eleven crore seven lakhs forty seven thousand seven hundred and twelve only) towards Gratuity and ₹ 9,44,61,346 (Rupees nine crore forty four lakh, sixty one thousand, three hundred and forty six only) towards Leave Encashment.

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.

Payment of Ex-Gratia

The Bank has implemented the GOI instructions, contained in their notification No: F.20/5/2003-RRB dated 9.6.2006, on payment of ex-gratia in lieu of appointment on compassionate grounds for the legal heirs of the bereaved staff members and also to the staff who are chronically sick and immobile on sick grounds.



Implementation of Scheme for Appointment on Compassionate Grounds

A scheme of compassionate appointment for dependent family member of permanent employee who dies while in service or who is retired on medical grounds due to incapacitation before reaching the age of 55 years is adopted by the Bank with effect from 9th April, 2019. Under the scheme, 19 dependent family members were appointed as Office Assistant (Multipurpose) and Office Attendant.

	Grade	No. of dependent appointed
1	Office Assistant	8
2	Office Attendant	9

Implementation of Pension Scheme:

The Bank provides for pension to all eligible employees. The Bank has constituted a fund called Mizoram Rural Bank (Employees') Pension Fund under an irrevocable trust. The fund has for its sole purpose the provision of the payment of pension or family pension to the employee or his family.

Currently, the fund consists of contribution by the bank based on actuarial valuation of pension liability, the contribution by the bank at the rate of 10% per month of the basic pay of the eligible employee and the provident fund contribution of the Bank under the Employees' Pension Scheme, 1995 refunded by the eligible retired employees and family of the eligible deceased employee.

The Bank has also constituted a fund called Mizoram Rural Bank (Employees') Provident Fund under an irrevocable trust. The sole object of which is the refund of eligible employees contribution of Provident Fund to the eligible employees on their retirement at or after a specified age or/on their becoming incapacitated prior to such retirement or for their spouses, children or dependents in the event of their death. Each eligible employee subscribes to the Fund a monthly sum of 10% of their Basic Pay. These contributions are remitted to Mizoram Rural Bank (Employees') Pension Fund Trust and Mizoram Rural Bank (Employees') Provident Fund Trust account 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.

Implementation of NPS:

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank which is remitted to NPS trust every month.

Staff Travel by air – Corporate deal with GoAir

Corporate deal has been made with Go Air Airlines for the benefits of all employees of the Bank. The main benefits of this deal are upfront discount on web and corporate fare, free food and beverages, zero cancellation charges and zero seat selection fees

VIGILANCE ADMINISTRATION

As the Bank is growing in size and with the infusion of young and inexperienced workforce, who now constitute 70% of total staff members, vigilance together with sensitization to be vigilant has been a thrust area for the Bank.

Vigilance administration has been introduced in the Bank with the involvement of Sponsor Bank vide their letter No: A&S/RRB/SKJ/415 dated 12th September, 2017 after obtaining the Board's approval.

- A) Vigilance administration for officers, who have been deputed from State Bank of India, will be governed under SBIOSR and all CVC guidelines will be applicable.
- B) As regards Vigilance Administration of Officers of Mizoram Rural Bank:
 - i) For Officers of Mizoram Rural Bank in the Grade Scale of SMGS-V, if any, Disciplinary matters will be referred to CVO of State Bank of India through DGM (Vigilance) of State Bank of India LHO Guwahati, these officers are to be considered as equal to SMGS-V SBI and brought under CVC jurisdictions.

- ii) For Officers of Mizoram Rural Bank in the Grade Scale up to SMGS-IV: State Bank of India has identified an Officer from State Bank of India in the Grade Scale of SMGS-IV/SMGS-V, who will act as the CVO of the Mizoram Rural Bank. CVO will report to the Chairman of the Bank. CVO of the Bank, in case of Scale-IV officers and below including Award staff, will be tendering all advices relating to the Vigilance cases.

For any assistance, DGM (Vigilance) of State Bank of India LHO Guwahati will be providing help / necessary guidance to the Vigilance set up of the Bank. Chief Vigilance Officer of State Bank of India is overseeing the vigilance Administration of the Bank through DGM (vigilance) of State Bank of India, LHO Guwahati.

DGM (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 and Liabilities Statement 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.

Preventive Vigilance Activity

All Branches conducted Preventive Vigilance Meetings once in a quarter (Total - 281 during the year) and submitted their minutes for scrutiny at Vigilance cell.

Regular Preventive visits of Branches are done by CVO/ Vigilance Cell official(s). Ensured job Rotation. Scrutinize Annual Property Return of all officials. Closed three long pending Vigilance cases and proceeding are on for five cases.

All Branch Managers have attended sessions on Preventive Vigilance as a part of 3 days Leadership Programme conducted for Branch Managers during 27th May to 1st June, 2019. All award staffs have attended session on

Preventive Vigilance and Day to day banking in yearly workshop conducted for them. Two officials from Vigilance Cell attended training on Disciplinary Proceedings and Domestic Enquiry at BIRD Lucknow.

Vigilance Awareness Week

Bank has observed the “Vigilance Awareness Week” from 28th October 2019 to 2nd November 2019 as per guidelines issued by CVC with the theme “Integrity- A way of Life” in Head Office, Regional Offices and by all Branches. All the staffs along with the customers have taken the Integrity Pledge at 11.00 am on 28th Nov and also promoting e-pledge. As a part of observation branches have conducted 87 Gram Sabha throughout the geographical area of the state of Mizoram.

Creation of Awareness among public

The Bank has taken up an extensive campaign creating awareness on ethics, corrupt free society involving public. Special seminar was organized at Head Office, where senior official from State Police department has joined and delivered a speech on the theme from the perspective of the state. The Bank has also done massive postering and distributing leaflets among public to create awareness in the society.

BOARD OF DIRECTORS

The Board of Directors of the Bank is constituted of:-

- a) Chairman of the Bank (Chairman of the Board)
- 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.

Board Meeting Rules stipulate that the Board meets minimum six times a year, at least once in a quarter. Board met 6 times during the financial year 2019-20.



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 2019-20

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	6	6
2	Shri C. Sangpu Vaiphei AGM, RBI Aizawl	17.11.2017	6	5
3	Smt. Anjali Lyndem Dy. General Manager State Bank of India LHO, Guwahati	17.11.2017	4	1
4	Shri V.R. Narg DGM, NABARD Aizawl	13.06.2018	6	4
5	Shri Mukesh Papiwal AGM (RRB), SBI (A&S) Corporate Centre, Mumbai	05.02.2019	6	5
6	Shri Imkong Sashi Pongener Dy. General Manager State Bank of India LHO, Guwahati	13.09.2017	1	0
7	Shri Rohmingthang a Colney Director (Agriculture) Govt. of Mizoram	25.02.2019	6	6
8	Shri Lalhmingmawia Sailo Addl. Secretary (Fin) Govt. of Mizoram	25.05.2018	6	5

Proposals for Govt. of India nominee directors were sent to Government of India through NABARD/SBI for fresh appointment of directors. Appointments are yet to be made by Govt. of India and presently these two posts are vacant.

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

Smt. Anjali Lyndem, Deputy General Manager, State Bank of India, LHO, Guwahati had retired and has been replaced by Smt. Sheema Dikshit, Deputy General Manager, State Bank of India, LHO, Guwahati.

Shri. C. Sangpu Vaiphei, Assistant General Manager, RBI had been replaced by Shri. Pranab Pegu, Assistant General Manager, RBI, Regional Office, Aizawl.

Shri. Imkong Sashi Pongener, Deputy General Manager, State Bank of India, LHO, Guwahati has been replaced by Shri. Mukesh Papiwal, Assistant General Manager, State Bank of India (A&S), Corporate Centre, Mumbai.

The Bank wishes to place on record its appreciation and gratitude for the valuable services and guidance rendered by the Directors who demitted office during the year under report.

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, gratitude and appreciation to our Statutory Central Auditor M/s Span & Associates, Charter Accountants, Kolkata for the accounting year 2019-20 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.

The Board records its appreciation for all the staff members for their dedicated involvement in the growth and functioning of the Bank. It is due to their unstinted efforts that the Bank could post good performance during the year and could surpass the targets in many parameters under MoU with our Sponsor Bank. The Board looks forward for their motivated involvement and sustained efforts for the overall development of the Bank in future also.

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 Audit of Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **MIZORAM RURAL BANK**, (the "Bank") Aizawl, Mizoram as at 31st March, 2020, which comprises the Balance Sheet as at March 31, 2020 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 10 branches audited by us and 21 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 54 branches which has not been subjected to audit. This unaudited branch account for 24.79 per cent of advances, 28.98 per cent of deposits, 12.31 per cent of income and 17.37 per cent of expenses.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India subject to Para 7 and 8:
 - a) 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 the state of affairs of the Bank as at 31st March, 2020; and
 - b) the Profit and Loss Account, read with the notes thereon shows a true balance of profit;

Basis for Opinion

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

Emphasis of Matter:

4. Without qualifying our opinion, we draw attention to:
 - a) Schedule 17 where Provision for Bad and Doubtful Debt amounting to ₹ 2200 lakh has been made on ad-hoc basis to comply with the RBI Circular ref. RBI/2013-14/62 dated 01.07.2013 to achieve a Provision Coverage Ratio (PCR) of 70% of Gross NPA. However, as a result of such ad-hoc calculation, excess provision to the extent of ₹ 217 lakh has been made as on 31st March 2020. As a result, Provision Coverage Ratio (PCR) now stands at 72.73%.
 - b) Towards Clause No 6.2 of Accounting Policies in Schedule 18 where Deferred Tax Liability/ Deferred Tax Asset is not recognized in the books of accounts in accordance with the Accounting Standard 22 of the ICAI.

Key Audit Matters

5. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon. We do not provide separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty



exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our Audit opinion. However, under the compulsion imposed due to the outbreak of COVID-19, the audit has been conducted from remote location without getting any access to the banking system. We have collected information/document through electronic mode. An offsite audit may have its inherent risks and limitations which should be considered while forming any opinion based on this report.

Other Matters

9. The following observations require attention –

- (i) We did not audit the financial statements/ information of 21 number of branches included in the standalone financial statements of the Banks. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.
- (ii) The outstanding amount in Outstanding in Banker's Cheque Account, Outstanding in Sundry Account, Credit Balance in AUCA Account, Adjusting Account, System Suspense Account, CA Inter Branch Account, Balance in INC Account, UPA Account. should be reconciled and adjusted accordingly.
- (iii) Inter Branch Current Account, credit balance appearing in the Balance Sheet of Branches and HO to be immediately looked into and reconciled.
- (iv) 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.

- (v) 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.
- (vi) Closing Cash in hand, as on 31st March, 2020 is as certified by the Management.
- (vii) Balance confirmation certificate from various branches of SBI were not obtained.
- (viii) Interest on various Investments (SLR, TDR and Mutual Fund) as certified by the Management have been relied upon.
- (ix) NPA management and provision should be properly monitored.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. 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.
11. Subject to the limitations of the audit indicated in paragraph 7 and 8 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.

12. We further report that:

- a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books
- b) the Balance Sheet, and the Profit and Loss account dealt with by this report are in agreement with the books of account and returns;
- c) 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;

In our opinion, the Balance Sheet and the Profit and Loss Account comply with the applicable Accounting Standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

Place : Aizawl
Date : 3rd May, 2020

For, SPAN & 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, 2020

	Sche dule	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
Capital and Liabilities :			
Capital	1	31,03,82,000.00	31,03,82,000.00
Reserve and Surplus	2	1,36,33,18,803.47	1,23,01,66,437.91
Deposits	3	34,78,12,51,379.73	25,95,04,92,030.08
Borrowings	4	2,87,69,67,810.00	1,79,06,38,132.00
Other Liabilities and Provisions	5	1,90,70,42,912.80	1,20,29,71,518.21
TOTAL	:	41,23,89,62,906.00	30,48,46,50,118.20
Assets :			
Cash and Balance with Reserve Bank of India	6	1,70,69,10,642.02	1,50,93,58,633.52
Balances with Banks and Money at Call & Short Notice	7	14,05,67,59,337.04	7,88,31,77,349.24
Investments	8	7,91,98,83,063.00	7,14,53,38,511.00
Advances	9	15,35,43,14,824.47	12,31,01,50,110.72
Fixed Assets	10	27,83,49,092.98	24,57,41,768.25
Other Assets	11	1,92,27,45,946.49	1,39,08,83,745.47
TOTAL	:	41,23,89,62,906.00	30,48,46,50,118.20
Contingent Liabilities	12	-	-
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

For **SPAN & Associates**
Chartered Accountants
FRN : 302192E

Chairman

(V. JAYA CHANDRA)

Place : Aizawl
Dated : 6th May 2020

(S. PALIT)

Partner
Membership No. - 057072
UDIN: 20057072AAAAA07509

**Form - 'B' Profit & Loss Account of Mizoram Rural Bank
For the Year ended 31st March 2020**

	Schedule	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
Income			
Interest Earned	13	2,94,45,15,773.92	2,19,10,75,397.03
Other Income	14	15,76,16,470.82	24,13,49,472.03
TOTAL	:	3,10,21,32,244.74	2,43,24,24,869.06
Expenditure			
Interest Expended	15	1,51,85,75,621.50	1,25,00,02,240.55
Operating Expenses	16	65,91,35,857.75	49,49,85,145.17
Provisions & Contingencies	17	71,97,52,399.93	55,79,79,778.00
TOTAL	:	2,89,74,63,879.18	2,30,29,67,163.72
Profit/Loss			
Profit/loss for the year		20,46,68,365.56	12,94,57,705.34
Provision for Tax	17A	7,15,16,000.00	4,52,38,000.00
Profit after Tax		13,31,52,365.56	8,42,19,705.34
Profit/loss brought forward		1,23,01,66,437.91	1,14,59,46,732.57
TOTAL	:	1,36,33,18,803.47	1,23,01,66,437.91
Appropriations			
Transferred to statutory reserves		2,66,30,473.11	1,68,43,941.07
Transferred to other reserves		-	-
Transfer to Govt./Proposed dividend		-	-
Balance carried over to balance sheet		1,33,66,88,330.36	1,21,33,22,496.84
TOTAL	:	1,36,33,18,803.47	1,23,01,66,437.91
Significant Accounting Policies	18		

*Schedules referred to above form an integral part of the
Profit & Loss Account as per our report of even date.*

For and on behalf of Mizoram Rural Bank

For SPAN & Associates
Chartered Accountants
FRN : 302192E

Chairman

(V. JAYA CHANDRA)

Place : Aizawl
Dated : 6th May 2020

(S. PALIT)

Partner
Membership No. - 057072
UDIN: 20057072AAAAAO7509



**Schedule - 1
Capital**

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (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 Rs. 10/- each)	31,03,82,000.00	31,03,82,000.00
Issued Capital (31,03,82,000 shares of Rs. 10/- each)	31,03,82,000.00	31,03,82,000.00
Subscribed Capital (31,03,82,000 shares of Rs. 10/- each)	31,03,82,000.00	31,03,82,000.00
Called-up Capital (31,03,82,000 shares of Rs. 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 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Statutory Reserves		
Opening Balance	1,23,01,66,437.91	1,14,59,46,732.57
Additions during the year	2,66,30,473.11	1,68,43,941.07
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	10,65,21,892.45	6,73,75,764.27
Deductions during the year	-	-
TOTAL		
Opening Balance	1,23,01,66,437.91	1,14,59,46,732.57
Additions during the year	13,31,52,365.56	8,42,19,705.34
Deductions during the year	-	-
TOTAL (I,II,III,IV & V)	1,36,33,18,803.47	1,23,01,66,437.91



**Schedule - 3
Deposits**

		As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
A.	I. Demand Deposits		
	i) From Banks	-	
	ii) From Others	1,03,66,17,942.78	1,00,79,68,981.32
	II. Savings Bank Deposits		
	i) From Banks		
	ii) From Others	19,73,05,66,757.90	15,56,70,73,683.71
	III. Term Deposits		
	i) From Banks		
	ii) From Others	14,01,40,66,679.05	9,37,54,49,365.05
	TOTAL	34,78,12,51,379.73	25,95,04,92,030.08
B.	i) Deposits of Branches In India	34,78,12,51,379.73	25,95,04,92,030.08
	ii) Deposit of Branches outside India	-	-
	TOTAL	34,78,12,51,379.73	25,95,04,92,030.08

Schedule - 4 Borrowings

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (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)	2,85,96,63,810.00	1,77,33,34,132.00
II. Borrowings Outside India	-	-
T O T A L	2,87,69,67,810.00	1,79,06,38,132.00
Secured borrowings Included In I &II above	NIL	NIL

Annexure -I

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
* Other Institutions and Agencies		
1 NABARD		
i) Non Farm Sector(ARF)	2,77,34,400.00	4,67,61,800.00
ii) SHGs	4,53,19,500.00	6,86,82,500.00
iii) LTRCF	1,61,99,37,540.00	94,70,13,860.00
iv) Solar(ARF)	-	54,26,000.00
v) SAO	2,00,00,000.00	5,00,00,000.00
vi) NFS -RH	9,62,36,200.00	13,43,23,000.00
Sub-Total	1,80,92,27,640.00	1,25,22,07,160.00
2 NSTFDC	1,00,94,31,170.00	46,98,61,972.00
Sub-Total	1,00,94,31,170.00	46,98,61,972.00
3 NHB	4,10,05,000.00	5,12,65,000.00
Sub-Total	4,10,05,000.00	5,12,65,000.00
T O T A L	2,85,96,63,810.00	1,77,33,34,132.00



Schedule - 5

Other Liabilities and Provisions

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Bills Payable	-	-
II. Inter-Office Adjustment (Net)	24,99,299.99	24,97,649.99
III. Interest Accrued	45,68,13,122.38	32,47,14,573.91
IV. Others (including provisions)# (Annexure -II)	1,44,77,30,490.43	87,57,59,294.31
T O T A L	1,90,70,42,912.80	1,20,29,71,518.21

Annexure -II

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
# Others Includes :		
i) Provision for Audit Fee	9,00,900.00	8,18,100.00
ii) Outstanding In Banker's Cheque A/c	12,75,947.67	14,32,572.67
iii) Outstanding In Sundry A/c	62,77,127.69	68,34,006.01
iv) Provision for NPA	57,92,41,144.43	39,03,57,937.87
v) Balance In INCA	-	267.30
vi) Credit Balance In AUCA	16,14,45,457.06	11,79,82,599.84
vii) Adjusting Account (Office A/c)	47,63,343.00	48,47,030.00
viii) NEFT Commission	-	600.00
ix) PMJJBY SBI Life	1,12,682.00	(4,059.00)
x) NACH (DR)	26,62,456.03	2,38,47,097.51
xi) PMSBY-NIC	(60.00)	192.00
xii) System Suspense	2,40,21,297.30	(3,52,49,042.47)
xiii) Provision for Income Tax	7,15,16,000.00	4,52,38,000.00
xiv) Provision for Covid 19 Moaratorium	2,02,96,696.33	-
xv) CGST/SGST/IGST Payable	67,41,147.11	67,54,274.85
xvi) Provision for Standard Assets	6,02,12,625.33	4,13,15,484.91
xvii) APBS Settlement Account	(2,34,45,282.40)	(25,03,98,763.94)
xviii) DEAFS RBI	(5,33,343.00)	(5,33,343.00)
xix) Gramin Pay Order	35,95,502.16	(31,65,358.33)
xx) Provision for Fraud	16,24,57,404.00	16,24,57,404.00
xxi) CA Inter-Branch	16,75,35,805.92	16,91,08,511.92
xxii) Other Provisions	55,00,000.00	-
xxiii) Subsidy Reserve Fund	(4,58,80,774.00)	(4,89,63,143.00)
xxiv) UPI Outward	4,53,54,505.80	47,50,108.17
xxv) Provision for Wage Arrear	10,89,06,248.00	5,60,00,000.00
xxvi) Provision for Pension	8,47,60,126.00	17,26,67,576.00
xxvii) SD Unidentified	6,000.00	20,10,000.00
xxviii) Provision NPS	7,534.00	76,51,241.00
T O T A L	1,44,77,30,490.43	87,57,59,294.31



Schedule - 6

Cash and Balances with Reserve Bank of India

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Cash on Hand (including foreign currency notes)	63,72,12,455.00	48,51,60,446.50
II. Balance with Reserve Bank of India		
i) in Current Account	1,06,96,98,187.02	1,02,41,98,187.02
ii) in Other Accounts	-	-
TOTAL	1,70,69,10,642.02	1,50,93,58,633.52

Schedule - 7

Balances with Banks and Money at Call & Short Notice

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. In India		
i) Balance with Banks		
a) in Current Account	41,92,59,337.04	21,06,77,349.24
b) in other deposit account	13,63,75,00,000.00	7,67,25,00,000.00
ii) Money at Call & short notice		
a) With banks	-	-
b) With other Institutions	-	-
TOTAL	14,05,67,59,337.04	7,88,31,77,349.24
II. Outside India		
i) In Current Accounts	-	-
ii) In other deposit Accounts	-	-
iii) Money at call & short notice	-	-
TOTAL	-	-
GRAND TOTAL (I+II)	14,05,67,59,337.04	7,88,31,77,349.24



**Schedule - 8
Investments**

Investments		As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I	Investments in India		
	i) Government Securities	7,65,98,83,063.00	6,52,43,38,511.00
	ii) Other approved Securities		
	iii) Shares		
	iv) Debenture and Bonds		
	v) Subsidiaries and/or joint ventures		
	vi) Others (to be specified) @ (Annexure -III)	26,00,00,000.00	62,10,00,000.00
	TOTAL	7,91,98,83,063.00	7,14,53,38,511.00
II.	Investments outside India		
	i) Government securities (including local authorities)	-	-
	ii) Subsidiaries and/or joint ventures	-	-
	iii) Other Investments (to be specified)	-	-
	TOTAL	-	-
	GRAND TOTAL (I+II)	7,91,98,83,063.00	7,14,53,38,511.00

Annexure -III

@ Others Includes:		As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
i.	SBI Mutual Fund	26,00,00,000.00	62,10,00,000.00
ii.	UTI Mutual Fund		
iii.	TDRs with SBI		
iv.	NABARD TMB		
	TOTAL	26,00,00,000.00	62,10,00,000.00



Schedule - 9

Advances

		As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
A.	i) Bills purchased and discounted	-	-
	ii) Cash Credits, Overdrafts and loans repayable on demand	2,47,12,99,902.53	2,36,24,56,221.45
	iii) Term Loans	12,88,30,14,921.94	9,94,76,93,889.27
TOTAL		15,35,43,14,824.47	12,31,01,50,110.72
B.	i) Secured by tangible Assets	15,20,42,94,846.41	12,21,42,95,658.02
	ii) Covered by Bank/ Government Guarantee		
	iii) Unsecured	15,00,19,978.06	9,58,54,452.70
TOTAL		15,35,43,14,824.47	12,31,01,50,110.72
C. I. Advances in India			
	i) Priority Sector	11,49,76,68,729.40	9,90,92,30,805.03
	ii) Public Sector		
	iii) Banks		
	iv) Others	3,85,66,46,095.07	2,40,09,19,305.69
TOTAL		15,35,43,14,824.47	12,31,01,50,110.72
II. Advances outside India			
	i) Due from Banks	-	-
	ii) Due from others	-	-
	iii) a) Bills purchased & discounted	-	-
	b) Syndicate loans	-	-
	c) Others	-	-
TOTAL		-	-
Grand Total (CI + C II)		15,35,43,14,824.47	12,31,01,50,110.72



**Schedule - 10
Fixed Assets**

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Premises		
At cost as on 31st. March of the preceeding year	-	-
	-	-
Addition during the year		-
		-
Deductions during the year		-
		-
Depreciation to date		-
		-
Written Down Value		
II. Other Fixed Assets (Annexure -IV) (Including furnitures and fixtures)		
At cost as on 31 st March of the preceding year	6,07,41,768.25	5,51,54,223.38
Additions during the year	6,50,20,419.00	2,07,17,654.55
Deductions during the year		
Depreciation for the year	3,24,13,094.27	1,51,30,109.68
Adjustment		-
Written Down Value	9,33,49,092.98	6,07,41,768.25
III. Assets Under Construction	18,50,00,000.00	18,50,00,000.00
TOTAL	27,83,49,092.98	24,57,41,768.25



MIZORAM RURAL BANK
HEAD OFFICE : AIZAWL
SUMMARY OF FIXED ASSETS ACCOUNT AND DEPRECIATION
AS ON 31.03.2020

ANNEXURE -IV

Sl. No.	Particulars	Value at cost 31.03.2019	Added during the period	Disposed off/ adjustm ent	Total as on 31.03.2020	Rate of Deprecia tion	Depreciation upto 31.03.2019	Depreciation during the year	Depreciation upto 31.03.2020	SLM as on 31.03.2020	SLM as on 31.03.2019
1	2	3	4	5	6	7	8	9	10	11	12
1	Office equipments	3,27,63,204.59			3,27,63,204.59	10.00%	2,24,56,255.19	32,76,320.45	2,57,72,575.65	18,09,078.94	50,85,399.40
2	Plant & Machineries	2,54,13,489.49		-	2,54,13,489.49	5.00%	93,84,137.95	12,70,674.47	1,06,54,812.42	99,69,120.10	1,12,39,794.58
3	Furnitures & Fixtures	5,09,72,233.74	1,39,99,126.00	-	6,49,71,359.74	10.00%	2,67,20,804.35	62,88,971.92	3,29,09,652.43	1,79,06,657.47	2,41,95,629.39
5	Motor Vehicles	31,33,208.40	21,61,817.00	-	52,95,025.40	20.00%	4,29,854.56	8,78,442.87	10,32,142.64	19,89,383.00	4,29,854.08
6	Electric Appliances	3,59,70,134.82	3,18,60,441.00	-	6,78,30,575.82	20.00%	98,55,568.57	86,92,562.38	1,89,47,706.71	3,95,93,603.45	1,68,25,300.58
7	Computer & Accessories	1,20,56,101.67	1,69,99,035.00	-	2,90,55,136.67	33.33%	1,30,19,218.69	1,20,06,122.18	2,04,27,478.43	1,25,56,565.50	29,65,790.24
	TOTAL	16,03,08,372.71	6,50,20,419.00	-	22,53,28,791.71		8,19,05,839.31	3,24,13,094.27	10,97,44,368.27	9,33,49,092.98	6,07,41,768.27

Schedule - 11

Other Assets

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I Inter-Office adjustments (Net)	-	-
II Interest accrued	63,15,66,903.12	37,39,21,488.96
III Stationery and Stamps	5,85,728.63	6,08,232.00
IV Non-banking Assets acquired in satisfaction of claims		
V Others @ \$ (Annexure - V)	1,29,05,93,314.74	1,01,63,54,024.51
TOTAL	1,92,27,45,946.49	1,39,08,83,745.47

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

Annexure - V

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
\$ Other Assets		
i) Outstanding In suspense a/c	-15,86,852.73	-54,79,426.28
ii) Balance In H.O. PB A/c	1,89,65,469.00	1,89,65,469.00
iii) Bills receivables a/c	1,73,04,000.00	2,02,00,030.00
iv) ATM Settlement	30,62,18,882.05	25,51,39,448.90
v) Core Interbranch A/c	0.00	4,444.40
vi) Other Assets	20,000.00	0.00
vii) Balance In AUCA	16,14,36,955.06	11,79,74,097.84
viii) NACH	18,52,50,276.54	96,45,50,311.05
ix) DBTL Settlement A/c	-14,51,73,511.11	-1,25,69,27,727.98
x) RTGS Settlement A/c	85,42,768.28	18,37,83,819.03
xi) Branch Clearing	30,01,35,068.34	30,79,75,977.53
xii) ECS Dr	-1,19,230.00	-1,19,230.00
xiii) Advance Income Tax	12,59,82,000.00	9,78,40,000.00
xiv) ACH/NPCI/LPG/UID	-64,79,556.35	9,63,96,884.37
xv) IMPS Settlement A/C	1,06,04,042.24	-56,52,970.04
xvi) Step Rapid Remittance RR	44,12,67,844.34	35,75,88,682.45
xvii) ATM Cash	-15,50,06,694.89	-18,70,63,483.89
xviii) CGST/SGST/IGST/ITC	1,53,27,712.16	47,80,479.35
xix) IMPS-Inward/Outward	11,88,148.96	1,32,391.80
xx) YES Bank CTS Settlement		78,09,981.85
xxi) MAB/AEPS/UPI Settlement A/c	67,15,992.85	2,95,95,919.13
xxii) Office Com/Furniture/Com. Hardware	0.00	88,58,926.00
TOTAL	1,29,05,93,314.74	1,01,63,54,024.51



Schedule - 12

Contingent Liabilities

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (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		-
TOTAL	-	-

Schedule - 13

Interest Earned

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Interest/discount on advances/ bills	1,51,95,62,022.52	1,23,97,72,548.92
II. Income on Investments	60,76,16,999.62	53,91,69,987.11
III. Interest on balances with Reserve Bank of India & other Inter-Bank funds.	81,73,36,751.78	41,21,32,861.00
IV. Others	-	-
TOTAL :	2,94,45,15,773.92	2,19,10,75,397.03



Schedule - 14

Other Income

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Commission, exchange and brokerage	9,84,49,293.15	8,49,44,444.03
II. Profit on sale of investments less- loss on sale of investments	5,40,50,808.67	14,00,000.00
III. Profit on revaluation of investments less- loss on revaluation of investments		
IV Profit on sale of land, buildings and other assets(Vehicles)	1,23,000.00	-
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	49,93,369.00	5,028.00
T O T A L	15,76,16,470.82	24,13,49,472.03

Schedule - 15

Interest Expended

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
I. Interest on Deposits	1,42,24,33,074.03	1,17,10,33,869.55
II. Interest on Reserve Bank of India/ Inter-Bank borrowings	9,61,42,547.47	7,89,68,371.00
III. Others	-	-
T O T A L	1,51,85,75,621.50	1,25,00,02,240.55



Schedule - 16

Operating Expenses

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
i) Payments to and provisions for employees	32,44,13,481.96	28,23,90,908.63
ii) Rent, Taxes and Lighting	7,35,92,592.87	7,71,79,190.69
iii) Printing and Stationery	1,08,76,182.37	63,32,867.12
iv) Advertisement and Publicity	0.00	70,720.00
v) Depreciation on bank's property.	3,24,13,094.27	1,51,30,109.68
vi) Directors' fees and expenses	0.00	0.00
vii) Auditors' fees and expenses (including branch Auditors)	16,91,600.00	-63,765.00
viii) Law Charges	6,68,297.00	16,74,655.00
ix) Postage, Telegrams, Telephones	21,45,311.18	12,38,226.56
x) Repairs and Maintenances	2,37,41,890.96	1,98,93,970.58
xi) Insurance	3,39,14,487.43	1,61,99,952.00
xii) Service Tax	0.00	0.00
xiii) Depreciation on Investments	0.00	0.00
xiv) Other Expenditures	15,56,78,919.71	7,49,38,309.91
TOTAL	65,91,35,857.75	49,49,85,145.17

Schedule - 17

Provisions & Contingencies

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
i) Provision for Bad & Doubtful Debts (Including Risk fund)	22,00,00,000.00	19,00,00,000.00
ii) Provision for Standard Assets	1,88,97,140.42	
iii) Provision for Security Guard Wages	55,00,000.00	
iv) Provision for Covid 19 Moratorium	2,02,96,696.33	
v) Provision for Frauds	0.00	14,08,42,861.00
vi) Provision for Wage Arrears	7,00,00,000.00	4,60,00,000.00
vii) Provision for Pension	38,47,60,126.00	17,26,67,576.00
viii) Auditors' Fee/Others	2,98,437.18	84,69,341.00
TOTAL	71,97,52,399.93	55,79,79,778.00

Schedule - 17A

Provisions & Contingencies

	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
i) Provision for Income Tax	7,15,16,000.00	4,52,38,000.00
TOTAL	7,15,16,000.00	4,52,38,000.00



SCHEDULE - 18

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN PREPARING FINANCIAL STATEMENTS

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the 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.
- 1.8 The sale of NPA is accounted as per guidelines prescribed by RBI:
 - i. When the Bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is removed from the books.
 - ii. If the sale is at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.
 - iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

2. Investments:

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

2.1 Classification

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

2.2 Basis of classification:

- i. Investments that the Bank intends to hold till maturity are classified as “*Held to Maturity (HTM)*”.
- ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as “*Held for Trading (HFT)*”.
- iii. Investments, which are not classified in above two categories, are classified as “*Available for Sale (AFS)*”.
- iv. 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.
 - 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).



2.3 Valuation:

- i. In determining the acquisition cost of an investment:
 - (a) Brokerage/ commission received on subscriptions is reduced from the cost.
 - (b) Brokerage, Commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
 - (c) Broken period interest paid/ received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.
 - (d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.
- ii. Transfer of securities from HFT/ AFS category to HTM category is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/ book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.
- iii. **Held to Maturity category:** a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". b) Investments in 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).
- iv. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at market price or fair value determined as per the regulatory guidelines and only the net depreciation of each group for each category (viz. (i) Government securities, (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and Debentures, (v) Subsidiaries and Joint Ventures and (vi) others) is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.
- v. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

- vi. Investments are classified as performing and non-performing, based on the guidelines issued by RBI in case of domestic offices and respective regulators in case of foreign offices. Investments of domestic offices become non-performing where:
 - (a) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.
 - (b) In the case of equity shares, in the event the investment in shares of any company is valued at ' 1 per company on account of non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.
 - (c) If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.
 - (d) The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.
 - (e) The investments in debentures/ bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
 - (f) In respect of foreign offices, provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.
- vii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with RBI):
 - (a) The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at call & short notice).
 - (b) Interest expended/ earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.
- viii. Market repurchases and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

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:

- a) 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:

- i. Direct Advances to Agriculture and SME sectors at 0.25%
- ii. Commercial Real Estate sector at 1%
- iii. 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%
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Loss Assets:	100%
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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.
- Charges
 - Unrealized Interest/Interest
 - 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 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 the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent



external actuarial valuation carried out annually.

- 5.2.2 The Bank provides for pension to all eligible employees. The Bank has constituted a fund called Mizoram Rural Bank (Employees') Pension Fund under an irrevocable trust. The fund has for its sole purpose the provision of the payment of pension or family pension to the employee or his family. Currently, the fund consists of contribution by the bank based on actuarial valuation of pension liability, the contribution by the bank at the rate of 10% per month of the basic pay of the eligible employee and the provident fund contribution of the Bank under the Employees' Pension Scheme, 1995 refunded by the eligible retired employees and family of the eligible deceased employee. The Bank has also constituted a fund called Mizoram Rural Bank (Employees') Provident Fund under an irrevocable trust. The sole object of which is the refund of eligible employees contribution of Provident Fund to the eligible employees on their retirement at or after a specified age or/on their becoming incapacitated prior to such retirement or for their spouses, children or dependents in the event of their death. Each eligible employee subscribes to the Fund a monthly sum of 10 % of their Basic Pay. These contributions are remitted to Mizoram Rural Bank (Employees') Pension Fund Trust and Mizoram Rural Bank (Employees') Provident Fund Trust account 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 a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank which is remitted to NPS trust every month.
- 5.2.4 All eligible employees of the Bank are eligible for silver jubilee award, leave travel concession and retirement award. The costs of such long term employee benefits are internally funded by the Bank.
- 5.2.5 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

Sl. No.	Particulars	Current year (%)	Previous year (%)
		March 2020	March 2019
i)	CRAR(%)	9.8	10.95
ii)	CRAR – Tier I Capital (%)	9.8	10.95
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. Investment

(₹ in '000s)

Sl.No	Particulars	Current year	Previous year
		March 2020	March 2019
1	Value of Investments		
i)	Gross value of Investments	7919883	7145339
ii)	Provisions for Diminution	NIL	NIL
iii)	Net value of Investments	7919883	7145339
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

(₹ in '000s)

Sl. No.	Item	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average Outstanding during the	As on 31st March, 2020
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)

Sl. 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)	260000	NIL	NIL	NIL	NIL
vi)	Provision held towards depreciation	NIL	NIL	NIL	NIL	NIL
vii)	Total	260000	NIL	NIL	NIL	NIL

(ii) Non-Performing Non-SLR Investments

(₹ in '000s)

Sl. 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)

Sl. No.	Particulars	Current year Mar 2020	Previous year Mar 2019
i)	Net NPAs to Net Advances (%)	1.41%	2.05%
ii)	Movement of NPAs (Gross)		
(a)	Opening balance	642853	646944
(b)	Additions during the year	449484	266061
(c)	Reductions during the year	295945	270152
(d)	Closing balance	796392	642853
iii)	Movement of NPAs (Net)		
(a)	Opening balance	252495	428698
(b)	Additions during the year	0	0
(c)	Reductions during the year	35344	176203
(d)	Closing balance	217151	252495
iv)	Movement of provisions for NPAs (Excluding provisions on standard assets)		
(a)	Opening balance	390358	218246
(b)	Provisions made during the year	220000	190000
(c)	Write-off / Write-back of excess provisions	31117	17888
(d)	Closing balance	579241	390358



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

Sl. No.	Particulars	Current year Mar 2020	Previous year Mar 2019
i)	Total amount of loan assets subject to restructuring, rescheduling, renegotiation	Nil	Nil
ii)	The amount of Standard assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iii)	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
iv)	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	Nil	Nil
	(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 2020	Previous year Mar 2019
i)	No. of accounts	Nil	Nil
ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
iii)	Aggregate consideration	Nil	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Aggregate gain / loss over net book value	Nil	Nil

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

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

Sl. No.	Particulars	Current year Mar 2020	Previous year Mar 2019
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 2020	Previous year Mar 2019
1	Provisions towards Standard Assets	60212	41315
2	Addl. Provision for Covid-19 Moratorium	20297	Nil

6. Business Ratios

Sl. No.	Particulars	Current year Mar 2020	Previous year Mar 2019
i)	Interest income as a percentage to Working Funds	8.19	7.96
ii)	Non-Interest income as a percentage to Working Funds	0.44	0.88
iii)	Operating profit as a percentage to Working Funds (Before provisions)	0.57	0.47
iv)	Returns on Assets (%)	0.37	0.31
v)	Business per Employee (Dep + Adv) (₹ in '000s)	109946	91533
vi)	Net profit per Employee (₹ '000s)	292	201

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

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 years and upto 5 years	Over 5 years	Total
Deposits	3176383	1388252	3664745	2542775	3499035	20308603	147033	54425	34781251
Advances	6336	5268	21261	36868	177728	1699553	4293486	9113815	15354315
Investments	150200	160000	30000	50000	0	629366	271441	6628876	7919883
STDRs	3200000	860000	550000	4818000	3617000	440000	0	152500	13637500
Borrowings	0	0	0	0	53750	495286	2310628	17304	2876968



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

Sl. No.	Particulars	Current year Mar 2020	Previous year Mar 2019
a.	Direct exposure		
i)	Residential Mortgages above ₹ 25.00 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 ₹ 25 lakh may be shown separately)	536977	150464
	Up to ₹ 25.00 lakhs	5368909	4722824
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 2020	Previous year Mar 2019
i)	Provision for Income Tax	71516	45238

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. Vadde Jaya Chandra, *Chairman*
 Shri. Amal Chandra Sarkar, *General Manager-I*
 Shri. Samuel Lalwat Warbah, *General Manager-II*
 Shri. Mrigen 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 2020	For the year ended 31 st March 2019
Refinance received from State Bank of India		
Interest paid to SBI (Perpetual Bond)	1119	1192
Investments made with:		
SBI - in the form of STDRs	1857500	5802500
SBI Fund Management Private Limited (SBI Mutual Fund)	260000	621000
Interest received from SBI (STDRs)	268379	329721
Profit on sale of Investments on SBI (SBI Mutual Fund)	80438	45491
Contributions to Gratuity Fund with SBI Life Insurance Company Ltd.	NIL	375
Contributions to Group Leave Encashment Policy with SBI Life Insurance Company Limited	NIL	19561
Current Account Balance with SBI	209471	174991

(iii) Particulars of Managerial Remuneration:

(in Rupees)

	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Shri. Vadde Jaya Chandra, Chairman	20,38,257.49	44,51,540.15
Shri. Amal Chandra Sarkar, General Manager-I	15,90,042.57	
Shri. Samuel Lalwat Warbah, General Manager-II	16,65,795.52	
Shri. Mrigen Chandra Deka, Chief Vigilance Officer	8,41,806.98	

13. Provisions on Rural Advances

(in Rupees)

Sl. No.	Particulars	Current year Mar 2020	Previous year Mar 2019
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	Amount of Draw down made during the accounting year	Nil	Nil
i)			
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 2019-20	1831
c	Total Complaints	1831
d	No. of complaints redressed during the year	1806
e	No. of complaints pending at the end of the year	25

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 2019-20	01
c	Total Complaints	01
d	No. of complaints redressed during the year	Nil
e	No. of complaints pending at the end of the year	01
f	No. of awards passed by Banking Ombudsman	Nil
g	No of awards implemented	Nil
h	No. of awards pending implementation	Nil

15. Pension and NPS contributions

Particulars	(₹ in '000s)
Pension Contribution fund	485320
NPS Contribution fund	9268

16. Concentration of Deposits, Advances, Exposures and NPAs

1. Concentration of Deposits

Total Deposits of Twenty largest depositors	284.19 crore
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	8.17%

2. Concentration of Advances

Total Advances of Twenty largest Borrowers	29.18 crore
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	1.90%

3. Concentration of Exposures

Total Exposure of Twenty largest Borrowers/Customers	313.37 crore
Percentage of Exposures to twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers / customers	6.25%

4. Concentration of NPAs

Total Exposure to top four NPA accounts	1.63 crores
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**17. Sector Wise NPAs**

(₹ in crore)

Sl. No.	Sector	Current year Mar 2020			Previous year Mar 2019		
		Total Advances	Gross NPAs	% to total	Total Advances	Gross NPAs	% to total
	Priority						
1	Agl& allied	254.48	25.24	1.64%	239.74	20.99	1.71%
2	Industries	78.15	6.09	0.40%	57.47	5.69	0.46%
3	Services	275.66	27.52	1.79%	231.15	18.75	1.52%
4	Personal Loans	541.48	14.62	0.95%	462.56	11.76	0.96%
	Sub-total(A)	1,149.77	73.47	4.78%	990.92	57.19	4.33%
	Non-Priority						
1	Agl& allied	0	0	0.00%	0	0	0%
2	Industries	0	0	0.00%	0	0	0%
3	Services	0	0	0.00%	0	0	0%
4	Personal Loans	385.66	6.17	0.40%	240.09	7.10	0.58%
	Sub-total (B)	385.66	6.17	0.40%	240.09	7.10	0.58%
	Total (A+B)	1,535.43	79.64	5.19%	1231.02	64.29	5.22%

18. Movement of NPAs

(₹ in crore)

Gross NPAs as on 1st April 2019 (Opening balance)	64.29
Additions (Fresh NPAs) during the year	44.95
Sub-total (A)	109.23
Less:	
(i) Upgradations	23.67
(ii) Recoveries (excluding recoveries from updated accounts)	2.88
(iii) Write-offs	3.05
Sub-total (B)	29.59
Gross NPAs as on 31st March 2020 (Closing Balance) (A-B)	79.64

19. Disclosure of Provisioning Coverage Ratio (PCR)

As per RBI [Master Circular No. DBOD.No.BP.BC.9/21.04.048/2012-13 dated July 2, 2012](#) the Bank made additional provision of ₹ 2200.00 lakh during the year. The bank now has Provisioning Coverage Ratio (PCR) of 72.73.

NOTES TO ACCOUNTS

1. Area of Operations of the Bank:

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

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

(₹ in '000s)

Classification	Gross Advances	Net Advances
Standard Assets	14557923	14557923
Sub Standard Assets	392213	217151
Doubtful Assets	304322	0
Loss Assets	99857	0
Total	15354315	14775074
Add: Provision on Sub-Standard, Doubtful Assets and Loss		579241
Total Gross Advances		15354315

3. Inter Bank Participation Certificate (IBPC):

The Bank has not participated in Inter Bank Participation Certificate during Financial Year 2019-20.

4. Priority Sector Lending Certificate (PSLC):

The Bank has not sold Priority Sector Advances during Financial Year 2019-20.

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 2020	Previous year Mar 2019
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 crores, 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.

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. Covid 19 Regulatory Package – Asset Classification and Provisioning

(₹ in '000s)

Particulars	31.03.2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	583877
(ii) Respective amount where asset classification benefits is extended	73085
(iii) Provisions made during the Q4FY2020	29194
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	0

9. Fraud Cases:

Details of Fraud cases are as under:

(₹ in '000s)

Particulars	31.03.2020	31.03.2019
Provision at the beginning of the year	162457	21615
Less: Written off during the year	0	0
Add: Additional provision created during the year	0	140842
Less : Provision reversed during the year	0	0
Provision as at the year end	162457	162457
Number of fraud cases at the year end of the year	16	12

10. 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 31.03.2020.
- Interest & Income on inter-bank borrowing of funds and/or lent to the Bank has also been reconciled up to 31.03.2020.



- c) Intra-branch deposits and deposits with sponsor bank and balances of borrowings has been reconciled up to 31.03.2020.

11. Profit and Loss Account:

- a) Transfer Price Mechanism (TPM) model has been followed in order to facilitate centralization of funds.
 b) 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.
 c) 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.

12. Consolidation:

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

13. Unexpired Bank Guarantee of ₹ 2,40,44,281 is fully secured by Bank's on TDR and is not recognized as Contingent Liability

14. Previous Year's figures have been regrouped /reclassified/recast wherever necessary to confirm the current year classification.

As per our report of even date

For **SPAN & ASSOCIATES**
 Chartered Accountants
 Firm Registration No: 302192E

For Mizoram Rural Bank

Sd/-
 (S. PALIT)
 Partner
 Membership No: 057072

Sd/-
 (V. JAYA CHANDRA)
 Chairman

Sd/-
 (LALHMINGMAWIA SAILO)
 Director

Sd/-
 (PRANAB PEGU)
 Director

Sd/-
 (V.R. NAG)
 Director

Sd/-
 (SEEMA DIKSHIT)
 Director

Sd/-
 (MUKESH PAPRIWAL)
 Director

Sd/-
 (ROHMINGTHANGA COLNEY)
 Director

Place : Aizawl
 Dated : 8th May, 2020

Celebration of 37th Bank Day



MIZORAM
RURAL BANK



MIZORAM RURAL BANK Celebration of 37th Bank Day 27th September, 2019 Auditorium, Multipurpose Centre, Dawrpui





MIZORAM RURAL BANK

Celebration of 37th Bank Day



**Brick Making Industry
financed by
Kawrthah Branch**



**Business Corespondent (BC)
Model plays a vital role in
achieving financial inclusion
especially for the unbanked
areas of the state.**



**Customer services
provided through BC
helps many people by
making transactions
easier at their doorstep.**





**Sensitization programme on Mediclaim for MRB staffs
Officers of MRB being welcomed at Regional Office,
Sangareddy - APGVB**





**Branch Managers and Officials
from Head Office
on an exposure visit to
Telengana & Andhra Pradesh**





Handing over of Morgue Van to Ramhlun Vengthar under Bank's CSR initiative



Handing over of Morgue Van to Mara Thyutlia Py under Bank's CSR initiative



Felicitation of Top performers in HSLC under Mizoram Board of School Education (MBSE) 2019



**Chairman
delivering speech
on the inaugural
function of
Hnahthial district**



**Handing over of Ambulance to Hnahthial
Dist. Hospital under Bank's CSR
initiative.**





**MIZORAM
RURAL BANK**

Donations of MRB on its Bank Day



**Refridgerator & Carrom Board
@ Muanna In, Mualpui**



**₹ 50,000/- for Project
@ Hmangaihna In,
Durtlang**





Financial Literacy and credit awareness campaign held at different places assisted by NABARD through FIF



“ We make the future sustainable when we invest in the poor, not when we insist on their suffering.”

- Bill Gates



Financial Literacy and credit awareness campaign held at different places by branches



Inauguration of Regional Office, Lunglei





**Training
programmes
conducted for
Officers**



**Shri V. jaya Chandra, Chairman of MRB
addressing seminar for staffs at Aizawl on 24.10.2020**



**Shri Mrigen Chandra Deka CVO
addressing addressing Vigilance Awareness
Campaign/Meet conducted at Aizawl on 24.10.2020**



**MRB Chairman visited
Mizoram University and handout a contribution for setting up Children Park**



MRB Stall at Financial Outreach Camp



MDM Circle of Music Meet : Sponsored by MRB



Road Show organized by MRB in collaboration with car dealers





**MIZORAM
RURAL BANK**



Taking pledge on the occasion of Vigilance Awareness Week



Integrity - A way of life **(Theme for 2019 Vigilance Awareness Week)**





**Observing the festival
Chapcharkut.
A Team of Head Office
staffs wearing
Mizo traditional
costume**



**Mizoram Rural Bank Staffs
Celebrating Advance Christmas**

Observation of India Constitution Day at Head Office





**MIZORAM
RURAL BANK**

Sports Activities



Head Office Staff employees organised the 6th Mizoram Rural Bank One Day Badminton Tournament at Republic Veng Community Hall on 12th October, 2019. The event was co-sponsored by Mizoram State Rural Livelihoods Mission (MzSRLM). 44 Staff members participated in the event and winners were presented with mementoes, followed by a sumptuous dinner. It motivated the staff members particularly the younger generation and developed a bond among staff from various branches.



MRB Futsal Team 2019





Head Office under construction



**MIZORAM RURAL BANK : HEAD OFFICE
ZARKAWT, AIZAWL - 796 007, MIZORAM**

Phone : 0389 - 2346380 / 2346384 / 2346388 / 2346457

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