

**MIZORAM RURAL BANK**  
**HEAD OFFICE : AIZAWL**

**29<sup>th</sup> ANNUAL REPORT**  
**2011-2012**

## INDEX

1.	<i>Board of Directors</i>	2
2.	<i>Report of the Board of Directors</i>	3
3.	<i>Performance highlight</i>	3
4.	<i>Business Development</i>	4
5.	<i>Key Performance of the Bank</i>	4
6.	<i>Branch Network</i>	8
7.	<i>Financial Inclusion</i>	8
8.	<i>Core Banking Solution</i>	9
9.	<i>Risk Fund</i>	9
10.	<i>Write off of Loans</i>	9
11.	<i>Non-Fund Business</i>	9
12.	<i>Transfer Price Mechanism</i>	9
13.	<i>Audit &amp; Inspection</i>	10
14.	<i>Rural Housing Loans</i>	10
15.	<i>Self Help Group</i>	10
16.	<i>Kisan Credit Card</i>	10
17.	<i>Share Capital</i>	11
18.	<i>Deposits</i>	11
19.	<i>Govt. Sponsored Scheme</i>	13
20.	<i>Borrowings</i>	14
21.	<i>Cash</i>	15
22.	<i>Investments</i>	15
23.	<i>Loans &amp; Advances</i>	16
24.	<i>IRAC Norms</i>	17
25.	<i>Loan Disbursed</i>	19
26.	<i>Recovery</i>	20
27.	<i>Income</i>	21
28.	<i>Expenditure</i>	21
29.	<i>Financial Ratios</i>	22
30.	<i>Interest Rates</i>	22
31.	<i>HRD</i>	24
32.	<i>MOU</i>	25
33.	<i>Auditor's Report</i>	27
34.	<i>Balance Sheet</i>	28
35.	<i>Profit &amp; Loss</i>	29
36.	<i>Schedules with Annexures</i>	30 - 49
37.	<i>Acknowledgement</i>	50

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

**BOARD OF DIRECTORS**

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

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

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

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

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

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

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

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

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

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

***Shri Vanlalnghaka***  
Secretary, Finance  
Government of Mizoram  
Aizawl - 796 001

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

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

**Report of the Board of Directors**

In terms of section 20(1) of the provision of Regional Rural Bank Act 1976 the Board of Directors of the Mizoram Rural Bank has the pleasure in presenting its 29th Annual Report along with the Audited Balance sheet, Profit & Loss Account, Note on Account and Auditors Report for the accounting year ended the 31<sup>st</sup> March 2012.

**Brief Report :** The bank has the privilege of being sponsored by the premier and largest bank of India, the State Bank of India and owned jointly by Govt. of India, Govt. of Mizoram and State Bank of India. It has been established on the 27th September 1983 under the Regional Rural Bank Act 1976. It covers the entire State of Mizoram having 8 districts and 26 R.D Blocks with a network of 65 branches comprising of 13 urban, 11 semi 41 rural centres. The population of the State as per 2011 census is 1091014 in an area of 21000 sq. km with 830 villages and 23 towns. The State has been declared the greenest state in India and forests account for about 66% of the geographical area. Agriculture is the main stay of occupation and nearly 80% of the total population is engaged in the activity. It has good scope for development of horticulture, fisheries, animal husbandry etc with abundant rainfall during the monsoon period. The infrastructural deficiencies however, bottleneck the potentials from being exploited fully still leaving much to do with the Govt., financial / banking institutions. The literacy rate at 91.58% is one of the highest in India next to Kerala and Lakshadweep. MRB is the largest bank in terms of number of branches and second in terms of business, next to its sponsor bank, in the State.

**Performance highlights during the year:**

- The bank's total business has reached ` 1356.65 crores placing the bank in the Category II of RRB, as per H.R. policy approved by the Govt. of India.
- It registered a growth of 45.45% in deposits and 37.09% in advances.
- The bank participated in IBPC with our sponsor bank and lend our standard agriculture outstanding of ` 13.00 crores to State Bank of India.

- It posted total profit of ` 7.78crores bringing its reserves to ` 11.60 crores. Additional provision for bad debt, payment of arrear and enhanced salary, premium for leave encashment and gratuity to the tune of about ` 3.14 crores has slightly brought down the net profit still we have an achievement of MOU target of ` 7.20 crores.
- Average business per employee increased from ` 3.69cr. to ` 5.18cr.
- Average business per branch improved from ` 13.89 cr to ` 20.87cr.
- 23 villages have been 100% covered under financial inclusion by way of opening savings banks/no frills accounts.
- A new branch has been opened at S. Bungtlang in Lawngtlai District, PUC Campus in Aizawl City in Aizawl District and Hnahlan in Champhai District.
- Two new branches have become eligible for being categorised as Scale IV and 7 more branches have also become Scale III. It now has 5 Scale IV, 10 Scale III, 23 Scale II and 27 Scale I branches.
- The percentage of agriculture lending portfolio has come down to 17.20% due to steep rise in other sectors, as against the minimum bench mark of 18% of the aggregate advances.
- The bank drew ` 50.00 lakh from the National Handicapped Development Corporation of India for issuing loans to the handicapped as it has been appointed State Channelling Agency.
- The Bank migrated to Core Banking Solution (CBS) for all branches including Head Office on 21.06.2011.
- The State Government Flagship rural development programme known as New Land Use Policy (NLUP) has been implemented through the bank. The programme envisages a project cost of ` 2700.00 crores spread over a period of 5 years.
- The bank for the first time paid a premium of ` 46000 to CGTSME.
- The commission earned on SBI Life premium stands at ` 24.89 surpassing its first year target of ` 15.00 lakhs.

## **Business Development**

The bank crossed its deposit budget of ` 820.94 cr. by achieving ` 953.76 crore and also crossed of its advances budget of ` 367.56 cr by achieving ` 402.89 crores. The percentage of achievement was 116.18 % and 109.61% respectively in deposits and advances. In a tight market situation where almost all other players fell short of their targets the bank's achievement in business development has been one of the best in its area of operation.

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

<b>A. Performance Indicators</b>	<b>2009-10</b>	<b>(` in Thousands)</b>	
		<b>2010-11</b>	<b>2011-12</b>
1. <b>No. of District covered</b>	8	8	8
2. <b>No. of Branches</b>	61	62	65
a) Rural	39	40	41
b) Semi-Urban	11	11	11
c) Urban	11	11	13
d) Metropolitan	-	-	-
3. <b>Total Staff (excluding sponsor bank staff)</b>	213	257	262
Of which, Officers	82	101	104
4. <b>Deposits</b>	4767633	6557504	9537641
Growth %	46.14%	37.54%	45.45%
5. <b>Borrowings Outstanding</b>	841881	872232	473472
Growth %	(-) 4.03%	3.60%	-45.72%
6. <b>Gross Loans &amp; Advances Outstanding</b>	2345267	2938882	4028904
Growth %	32.40%	25.31%	37.09%
Of 6 above, loans to Priority Sector	1940381	2425372	3310261
Of 6 above, loans to Non-Target Group	404886	513510	718643
Of 6 above, loans to SC/ST	2345267	2938882	4028904
Of 6 above, loans to SF/MF/AL	545608	566107	693103
Of 6 above, loans to Minorities	46081	55868	120867
Of 6 above, weaker sections	710251	682468	683103

**B. AVERAGES**

9.	<b>Average Deposits</b>	3848536	5754203	7845035
	Growth %	37.23%	49.52%	36.34%
10.	<b>Average Borrowings</b>	781519	803746	637002
	Growth %	3.79%	2.84%	-20.75%
11.	<b>Average Gross Loans and Advances</b>	2050414	2580780	3415035
	Growth %	21.17%	25.87%	32.33%
12.	<b>Average Investments</b>	1043741	1804774	2343963
	Growth %	44.75%	72.91%	29.88%
	Average SLR Invt. as % to Average Deposits	22.52%	26.70%	19.96%
	Average Non-SLR Invt.as % to Avg. Deposits	4.59%	4.66%	8.28%
13.	<b>Average Working Funds</b>	4630055	6557950	8482037
	i) Average Business	5898950	8334983	11260070
	ii) Average Business per branch	96704	134432	173232
	iii) Average Business per employee	39590	44572	42977

**C. LOANS ISSUED DURING THE YEAR**

14.	<b>Loans Issued during the year</b>	1031291	1601639	1587462
	Growth %	30.41%	55.30%	- 0.89%
	Of 14 above, loans to Priority Sector	754882	951453	1210554
	Of 14 above, loans to Non-Target Group	276409	650186	376908
	Of 14 above, loans to SC/ST	1031291	1601639	1587462
	Of 14 above, loans to SF/MF/AL	236159	252791	292321
	Of 14 above, loans to Minorities	29404	30156	20903

**D. PRODUCTIVITY**

15.	Per Branch	153168	208716
	Per Staff	36951	51781

**E. RECOVERY PERFORMANCE**

16.	<b>Total</b>			
	Demand	658079	930680	702872
	Recovery	546717	764241	572910
	Overdues	111362	166439	131804
	Recovery % (June Position)	83.08%	82.12%	81.51%
17.	<b>Farm Sector</b>			
	Demand	154686	230891	172214
	Recovery	113738	160383	117507
	Overdues	40948	70508	54771
	Recovery % (June Position)	73.53%	69.46%	68.23%
18.	<b>Non-Farm Sector</b>			
	Demand	503393	699789	530658
	Recovery	432979	603585	455403
	Overdues	70414	95931	77033
	Recovery % (June Position)	86.01%	86.29%	85.82%

**F. ASSET CLASSIFICATION**

19.	a) Standard	2178307	2666217	3645970
	b) Sub-Standard	120893	217407	243747
	c) Doubtful	41517	34902	94049
	d) Loss	4550	20356	45138
	Total	2345267	2938882	4028904
20.	<b>Std. Assets as % Gross Loans &amp; Adv. O/S</b>	92.88%	90.72%	90.50%

**G. PROFITABILITY ANALYSIS**

21.	<b>Interest paid on</b>			
	a) Deposits	173061	264951	394835
	b) Borrowings	53700	51097	48177
22.	<b>Salary</b>	73004	109319	154380
23.	<b>Other Operating Expenses</b>	16032	23232	34532



24.	<b>Provisions made during the year</b>			
	a) Against NPAs	38140	59691	21399
	b) Other Provisions	9020	7082	9956
25.	<b>Interest received on</b>			
	a) Loans & Advances	212851	264864	353688
	b) Current A/c with Sp.bks/Other Banks	-	-	-
	c) SLR Invt.	61098	130599	132317
	d) TDR with Spr.banks	97693	111736	173785
	e) Non-SLR Investments	8359	16612	46391
	f) TDRs with other banks	-	-	431
26.	<b>Miscellaneous Income</b>	39249	39466	34429
27.	<b>Profit/Loss</b>	(+) 56293	(+) 48005	(+) 77763
<b>H.</b>	<b><u>OTHER INFORMATION</u></b>			
28.	<b>Share Capital</b>			
	a) Paid up	60276	60276	60276
	b) Additional Share Capital (Equity Support)	30107	30107	35107
29.	<b>DICGC</b>			
	a) Claims Settled-Cumulative	2546	2456	2456
	b) Claims received but pending adjustment	-	-	-
	c) Claims pending with the Corporation	-	-	-
30.	<b>Cumulative Provision</b>	59700	71577	110091
	a) Against NPAs, frauds etc.	44391	71032	100976
	b) Against Intangible Assets	8281	-	-
31.	<b>Interest Derecognised</b>			
	a) During the year	7701	8086	8958
	b) Cumulative	9446	9791	18749
32.	<b>Loans Written off during the year</b>			
	a) No. of Accounts	74	168	198
	b) Amount	1111	101	4046
33.	<b>Accumulated Loss</b>	-	-	-
34.	<b>Reserves</b>	-	62089	116036

## **BRANCH NET-WORK**

The bank opened its 65th branch at Hnanlan in Champhai District on 16.03.2012 and has no pending licence for branch opening. Its branches spread over the entire state covering 8 districts and 26 R.D.Blocks. It has opened a new branch at South Bungtlang in Lawngtlai District the only unbanked block in the State in 2011-12. The bank has now extended its coverage to 1 urban, 11 semi-urban and 41 rural centres. The districtwise break up of branches is as under:

Sl. No.	Name of District	No. of Branches	No. of Urban branch	No. of Semi-Urban	No. of Rural branch	of which			
						Relocated	Newly opened	extension	Sate-lite
1	Aizawl	23	13	-	10	-	1	-	-
2	Kolasib	6	-	2	4	-	-	-	-
3	Mamit	6	-	1	5	-	-	-	-
4	Serchhip	7	-	2	5	-	-	-	-
5	Champhai	9	-	1	8	-	1	-	-
6	Lunglei	8	-	3	5	-	-	-	-
7	Saiha	2	-	1	1	-	-	-	-
8	Lawngtlai	4	-	1	3	-	1	-	-
	TOTAL	65	13	11	41	-	3	-	-

## **FINANCIAL INCLUSION :**

True to its mandate the MRB continues to spread over the entire length and breadth of the state taking upon itself the task of reaching out to remote and almost inaccessible interiors. The grassroots level connection it has established with the rural masses facilitates mass banking with the rural people and the State Govt. has entrusted on us the task of disbursing the NLUP funds through the 65 branches. The bank has also appointed a B.Cs under the Financial Inclusion Technology Fund. NABARD has already sanctioned ` 42.00 lakhs for engaging a card based BCs with a target of opening 40,000 accounts in five blocks under the programme. With a view to achieving the objectives of greater Financial Inclusion as per the Reserve Bank of India's directives, the following basic banking schemes have been introduced in the bank.

**a) No Frills Account** - A huge number of rural customers have been brought under the scheme. Basic Banking with "No frills account" either with "NIL" or with very low of minimum balance Savings Bank Account in all the branches.

**b) Overdraft Account** - No frills a/c holders are allowed overdraft facility upto a limit of ` 500/- These accounts are mainly meant for channelling funds of the NREGS beneficiaries. A good number of depositors are availed of this facilities.

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

### **CORE BANKING SOLUTION**

Pursuant to RBI guidelines, the Bank has initiated the process of Computerisation on CBS platform using “B@NCS 24” application software through the ASP model. Upgradation of the 62 branches of the bank have been completed and migrated to CBS platform on 21st June 2011. Hence, all the branches including Head Office have been placed under CBS. New branch opened after this have been placed and operated under the CBS system.

### **RISK FUND**

As per the prudential norms applicable to RRBs, the bank made a total provision of ` 1100.91 lakhs as on 31st March 2012 to fully cover bad and doubtful debt and assessable losses on account of frauds and misappropriations. No separate risk fund other than this provision has been made.

### **WRITE OFF OF LOANS**

The Bank undertook a write-off exercise of loans under agriculture and small business segments classified as loss assets with very bleak prospect of recovery, to the extent of ` 40.46 lakhs in 198 accounts during the year. There is no pending appropriation for write off at present. The bank observed restraint on write off despite the upward movement of NPA and started restoring to legal measures. Full provision has however, been made for bad and doubtful assets.

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

The Bank is yet to start issuing LCs, inland and foreign. The BGs issued are also still insignificant as a source of income.

### **TRANSFER PRICE MECHANISM**

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

### **LOAN POLICY**

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

### **NPA MANNUAL**

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

### **AUDIT AND INSPECTION**

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

The compliance report on the last Audit and Inspection under Section 35(6) of Banking Regulation Act, 1949 conducted in July 2009 was already submitted and the report has since been closed. The report has helped the bank in reducing many deficiencies in the area of credit Management and internal control Mechanism.

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

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

During the year 35 branches were subjected to audit & inspection while 26 snap audits were carried out. Due to constant follow-up to the deficiencies brought out by the audit and inspection there have been slow but steady improvement in the overall position of branches.

### **RURAL HOUSING LOAN SCHEME**

Under the Rural Housing Loan Scheme the bank's exposure to housing sector stood at ₹ 17989.16 lakhs as end of the year. The target group being individuals in the lower and middle income groups. The bank's single largest exposure being the Rural Housing loan, they are sanctioned under priority sector.

### **SELF-HELP GROUP**

The bank unabatedly continues to promote and also credit linked micro-enterprises in rural areas through the mechanism of self-help groups. A good number of self-help groups have been brought into the bank's book. It is intended that SHG linkage would be a part of the bank's mainstream credit operation. In this endeavour 2386 groups have been formed of which 1307 groups have been credit linked. In the coming years, emphasis will be on formation and promotion of more groups with the necessary credit support. The bank's achievement in this area accounts for more than 50% of the aggregate achievement of all operating banks in the state.

## **KISAN CREDIT CARD SCHEME**

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

## **SHARE CAPITAL**

The paid up share capital of ` 602.76 lakhs have been contributed by all the share holders, Government of India, Government of Mizoram and State Bank of India (Sponsor bank) in the ratio of 50:15:35. In addition to this, an additional share capital of ` 351.06 lakhs towards equity support for the purpose of cleansing of the balance sheet has been received from the share-holders. The paid up share capital and the equity support received from share holders are as given below :

	<b>Share holders</b>	<b>% of share</b>	<b>Paid up Capital</b>	<b>Equity Support</b>	<b>Total</b>
i)	Government of India	50%	301.38	150.53	451.91
ii)	State Bank of India	35%	210.97	105.37	316.34
iii)	Government of Mizoram	15%	90.41	95.16	185.57
	<b>TOTAL</b>	<b>100%</b>	<b>602.76</b>	<b>351.06</b>	<b>953.82</b>

## **DEPOSITS**

The Bank achieved aggregate deposits of ` 95376.41 lakhs as on 31.03.2012 against the budgeted level of ` 82093.82 lakhs projected for the year ending 31st March, 2012. The Bank registered a positive growth of ` 29801.37 lakhs over last year's level of ` 65575.04 lakhs which is a growth of 45.45%. The comparative position of deposits, share of low-cost deposits and average cost of deposit mobilised during the last three years are given below :

Sl	<b>Parameters</b>	<b>March 2010</b>	<b>March 2011</b>	<b>March 2012</b>
i)	Total No. of Accounts	176928	247851	276744
ii)	Total Deposits	4767633	6557504	9537641
iii)	Absolute growth	1505277	1790138	2980137
iv)	Percentage growth	46.14%	37.55%	45.45%
v)	Institutional Deposits	890779	505728	2366992
vi)	Non-institutional Deposits	3876854	6051776	7170949
vii)	Average Deposit per branch	78158	92810	146733
viii)	Average deposit per employee	22383	30771	36403
ix)	Average account per employee	831	1325	1056
x)	Average cost of deposits	5.21%	4.75%	7.58%

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

*(` in thousand)*

Category of deposits	Actual as on			%
	31.03.2010	31.03.2011	31.03.2012	growth
i) Current Deposits	173430	315644	303980	-3.70%
ii) Savings Bank Deposits	2683760	3768427	6217041	64.98%
iii) Term Deposits	1910443	2473433	3016619	21.96%
<b>TOTAL</b>	<b>4767633</b>	<b>6557504</b>	<b>9537641</b>	<b>45.45%</b>

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

Parameters	31.03.2010	31.03.2011	31.03.2012
i) Percentage of Saving Bank Deposits to total deposit	56.29%	57.47%	65.18%
ii) Percentage of Current Deposits to total deposit	03.64%	04.81%	3.19%
iii) Percentage of Term Deposits to total deposit	40.07%	37.72%	31.63%
iv) Percentage of Institutional Deposits to total deposit	18.68%	7.71%	24.82%
v) Percentage of non-institutional deposit to total deposits	81.32%	92.29%	75.18%

The District-wise position of Deposits as on 31.03.2012 are also enumerated here under :

(` in thousands)

Name of District	March 2010	March 2011	March 2012	As on 31.03.2012		
				Rural	Semi-urban	Urban
Aizawl	2873496	3787596	5384041	139583	-	5244458
Kolasib	302725	426002	623333	226916	396417	-
Serchhip	260896	366685	546190	259821	286369	-
Mamit	117674	183206	310667	170121	140546	-
Champhai	284577	491016	579088	356879	222209	-
Lunglei	604038	776721	1212498	244531	967967	-
Lawngtlai	207725	297511	560402	70297	490105	-
Saiha	116502	228767	321422	36334	285088	-
<b>Total</b>	<b>4767633</b>	<b>6557504</b>	<b>9537641</b>	<b>1504482</b>	<b>2788701</b>	<b>5244458</b>

#### GOVT, SPONSORED & SPECIAL SCHEME

The Scheme-wise position of loans and advances issued and outstanding under Government Schemes for the year March 2011 and March 2012 is as under :

(` in thousand)

Sl. No	Scheme	O/s (31.03.11) Amount	Disbursed (2011-12)		O/s (31.03.12) Amount	% growth
			A/c	Amount		
1.	SGSY	25876	301	23274	24115	- 6.81%
2.	KCC	398507	4039	192340	469094	17.71%
3.	SHGs	80663	241	40824	93597	16.03%
4.	GCC	32972	813	16944	34383	4.28%
5.	SCC	1001	61	2828	2534	153.15%
	<b>TOTAL</b>	<b>539019</b>	<b>5455</b>	<b>276210</b>	<b>623723</b>	<b>15.71%</b>

## **BORROWINGS**

The Bank availed of refinance from outside agencies aggregating to ` 4734.72 lakhs as on 31st March 2012 from NABARD and SBI which are the major sources of funds of the Bank besides the deposits. During the year the Bank fulfilled its repayment obligations of instalments as well as interest to the National Bank in strict conformity with the stipulated repayment schedules. The details of refinance obtained by the Bank and outstanding for the last two years i.e. as on 31.03.2011 and 31.03.2012 respectively are as under :

Sl.Scheme No.	Outstanding as on 31.03.2011.	Availed during the year	Repaid during the year	Outstanding as on 31.03.2012
<i>(` in thousand)</i>				
<b>1. <u>Refinance from NABARD</u></b>				
i) SHGs	26264	-	6566	19698
ii) SAO	8000	10000	8000	10000
iii) ARF (NFS)	55980	-	22215	33765
iv) RHL	483626	-	73732	409894
v) SRTO	-	-	-	-
vi) Venture Capital Fund	95	-	95	-
<b>Sub-total</b>	<b>573965</b>	<b>10000</b>	<b>110608</b>	<b>473357</b>
<b>2. <u>Refinance from Sponsor Bank (SBI)</u></b>				
i) ST (SAO)	298267	30000	328152	115
ii) ST (Non-SAO)	-	-	-	-
<b>Sub-total</b>	<b>298267</b>	<b>30000</b>	<b>328152</b>	<b>115</b>
<b>3. <u>Refinance from SIDBI</u></b>				
i) Sch (SRTO)	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>872232</b>	<b>40000</b>	<b>438760</b>	<b>473472</b>



## CASH AND BALANCES WITH BANKS

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

<i>( in thousand)</i>			
<b>Particulars</b>	<b>March 2010</b>	<b>March 2011</b>	<b>March 2012</b>
i) Cash in hand	94106	101221	208059
ii) Average cash during the year	54350	69584	153102
iii) Average cash as % to average deposits	1.41%	1.06%	1.95%
iv) Balance with RBI	268197	388177	500964
v) Balance with Sponsor Bank			
a) in current account	134428	194202	418223
b) in STDRs	1483000	2238803	2749307
vi) Interest earned from			
a) current account	-	-	-
b) STDRs	97693	111736	174216

## INVESTMENTS

As on 31st March 2012 the aggregate investment amount of the Bank stood at ` 37998.87 lakhs. The SLR portion of the Bank's investments were kept in Government Securities as per stipulation. The position of investments, and the break-up of SLR and Non-SLR funds for the last three years are highlighted here under :

	<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2012</b>
1.	<b>Total investments</b>	<b>1316187</b>	<b>1735404</b>	<b>5433056</b>
	a) Approved Securities	1120768	1525404	1633169
	b) Other Securities	195419	210000	3799887
2.	<b>SLR Investments</b>	<b>1120768</b>	<b>1525404</b>	<b>1633169</b>
3.	<b>Non-SLR Investments</b>	<b>195419</b>	<b>210000</b>	<b>3799887</b>
4.	<b>Interest earned on</b>			
	a) SLR Funds	61098	130599	132317
	b) Non-SLR Funds	106052	16613	46391

## LOANS AND ADVANCES OUTSTANDING

The Bank's aggregate outstanding advances as on 31.03.2012 was ` 40289.04 lakhs as against ` 36736.03 lakhs projected by us for the year. It registered an absolute growth of ` 10900.22 lakhs over last year's outstanding of ` 29388.82 lakhs which shows a growth of 37.10 % growth in total advances. The position of loans and advances outstanding during the last three years is furnished as under :

Sl.No.	Particulars	<i>( in thousand)</i>		
		31.03.2010	31.03.2011	31.03.2012
1.	No.of borrowal accounts	23961	27148	31880
2.	Amount outstandings	2345267	2938882	4028904
3.	Absolute growth	573995	593615	1090022
6.	Percentage growth	32.41%	25.31%	37.10%
4.	Per account outstanding	98	108	126
5.	Per branch outstanding	38447	47401	61983
7.	Priority Sector outstanding	1940381	2425372	3310102
8.	Non-Priority sector outstanding	404886	513510	718802

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

Sl. No	Sector	Outstanding as on			
		31.03.2010	31.03.2011	31.03.2012	%
1.	Agriculture	522843	519351	586807	14.56
2.	Allied Agriculture	22765	46756	106296	2.64
3.	SSI, Cottage and Rural artisans	164643	116361	271913	6.75
4.	Services and Small Business	332056	263411	542300	13.46
5.	Rural Housing	922416	1253003	1798915	44.65
6.	Others	380544	740000	722673	17.94
	<b>TOTAL</b>	<b>2345267</b>	<b>2938882</b>	<b>4028904</b>	<b>100.00</b>

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

( *in thousand*)

Sl. No.	Name of district	Total loan outstanding	Priority Sector outstanding	Non-Priority outstanding	% of P/s to total
01.	Aizawl Dist	1869447	1510516	358931	80.80
02.	Champhai Dist	244318	205260	39058	84.01
03.	Mamit Dist	113596	85672	27924	75.42
04.	Kolasib Dist	241425	200129	41296	82.89
05.	Serchhip Dist	247261	199107	48154	80.53
06.	Lunglei Dist	591225	481220	110005	81.39
07.	Lawngtlai	416030	368340	47690	88.54
08.	Saiha Dist	305602	259856	45746	85.03
	<b>Total Loan</b>	<b>4028904</b>	<b>3310100</b>	<b>718804</b>	<b>82.16</b>

Sl.	Particulars	31.03.2010	31.03.2011	31.03.2012
8.	Percentage of Priority Sector advances to total outstandings	82.74%	82.53%	82.16%
9.	Target group outstanding	1940381	2417369	3306232
10.	Non-Target group outstanding	404886	521513	1798916
11.	Percentage of target group to total outstandings	82.74%	82.25%	82.06%
12.	Outstanding to Minority Community	2345267	2938882	1208.67
13.	C : D Ratio	49.19%	44.82%	42.24%
14.	Average interest rate charge	12.58%	11.57%	11.81%
15.	Outstandings to SC/ST	2345267	2938882	4028904

## **IRAC NORMS**

The Bank follows the RBI prudential norms for recognition of income based on classification of loans and advances as standard, sub-standard, doubtful and loss assets. Out of the total advances outstanding, 90.50% has been classified as standard assets. The Bank has made provisions of 0.25% and 0.40% for Std. Assets under agriculture & SME and non-agriculture respectively. Total provision made for the Bank's Loans and Advances as per the new norms stood at ` 1100.91 lakhs as on 31.03.2012 as against ` 715.77 lakhs for last year. The provision also covers assessable losses against frauds and misappropriations.

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

<b>a)</b>	<b>Assets Classification</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2012</b>
i)	Standard Assets	2178307	2666217	3645970
ii)	Sub-standard Assets	120893	217407	243747
iii)	Doubtful Assets : D-I	29872	18069	79158
	D-II	8569	13146	12817
	D-III	3076	3687	2074
iv)	Loss Assets	4550	20356	45138
	<b>T O T A L</b>	<b>2345267</b>	<b>2938882</b>	<b>4028904</b>

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

<b>Particulars</b>	<b>31.03.10</b>	<b>31.03.11</b>	<b>31.03.12</b>
At the beginning of the year	2112	9446	9791
Recovery during the year	367	7741	12140
Additions during the year	7701	8086	16400
At the end of the year	9446	9791	18749

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

	<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2012</b>
i)	Additional Provisions made during the year	47160	59691	21399
ii)	Total Provision held	59700	71577	110091
iii)	Provision held against NPA	44391	64911	100976

**d) NPA Mangement**

<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2012</b>
NPA at the beginning of the year	100111	166966	272665
Recovery against NPA during the year	17363	215343	70213
Additions to NPA during the year	84218	321042	180482
NPA at the end of the year	166966	272665	382934
Percentage of NPA to gross advances	7.12%	9.28%	9.50%
Net NPA at the end of the year	122575	201088	272843
Net Advances at the end of the year	2300876	2867305	3918813
Percentage of Net NPA to Net Advances at the end of the year	5.33%	7.01%	6.96%

## **LOANS DISBURSED DURING THE YEAR**

During the year under report, the Bank disbursed fresh loans to the tune of ` 16016.39 lakhs against a budget of ` 13613.00 lakhs committed in the Memorandum of Understanding with the sponsor Bank. Achievement was 117.66% against the budget. The position of loan disbursed vis-a-vis the targets for the last two financial years are as under :

*(` in thousands)*

<b>Particulars</b>	<b>2010 - 2011</b>		<b>2011-12</b>		
	<b>Target</b>	<b>Achievt.</b>	<b>Target</b>	<b>Achievt.</b>	<b>%</b>
i) Loan disbursed during the year	1361300	1601639	2001930	1587462	79
ii) Priority Sector advances	1058800	954039	1192510	1210554	102
iii) Non-Priority Sector advances	302500	647600	809420	376908	47
iv) % of Priority Sector to total loan disbursed	77.78%	59.57%	59.57%	76.26%	128
v) Target group advances	952920	877716	1192510	1210554	102
vi) Non-target group advances	408380	723923	809420	376908	47
vii) SC/ST Communities	1361300	1601639	2001930	1587462	79
viii) Minority Communities	7200	5520	15000	6880	46
ix) <u>Sector-wise disbursement</u>					
a) Agriculture & Allied Agriculture	272260	252791	400386	292321	73
b) Industries	108904	59963	300290	72408	24
c) Services	677636	641285	800770	845825	106
d) Non-Priority Sector	302500	647600	500484	376908	75

(` in thousand)

	2010-2011		2011-2012	
	Target	Achievement	Target	Achievement
x) % of loans disbursement to gross advances	44.65%	43.97%	45.00%	54.50%
xi) % growth in disbursement	28.51%	30.41%	32.41%	55.30%
xii) % of achievements	100.00%	100.31%	100.00%	118.00%

### **RECOVERY OF LOANS**

The recovery performance of the Bank at the end of June 2011 was 81.51% as against 82.12% at the end of previous year (i.e. June 2010). During the year under report, vigorous recovery campaigns were launched by all the branches. The position of loan recovery for the period July, 2010 to June 2011 is given below :

(` in thousand)

	Purpose/Sector	Demand	Recovery	Overdue	Recovery %
1.	Agricultural Short Term Loans	55151	34474	20680	62.51%
2.	Agricultural/Allied Term Loans	117063	83033	34091	70.93%
3.	Non-Agricultural Loans	530658	455403	77033	85.82%
	<b>T O T A L</b>	<b>702872</b>	<b>572910</b>	<b>131804</b>	<b>81.51%</b>

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

Purpose/Sector	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 yrs. and above	Total over dues
1. Agricultural Short Term Loans	17238	1080	2022	340	0	20680
2. Term Loan for Agricultural & Allied Agricultural	18083	7154	3836	4949	69	34091
3. Non-Agricultural Loans (ST & TL)	33614	14120	6245	7560	15494	77033
<b>T O T A L</b>	<b>68935</b>	<b>22354</b>	<b>12103</b>	<b>12849</b>	<b>15563</b>	<b>131804</b>

## **INCOME EARNED**

The Bank's total income during the year as on 31.03.2012 stood at ` 7410.41 lakhs of which ` 3536.87 lakhs was income earned from advances which is 47.73% of total income. The break-up of Income earned during the last three years are detailed as under :

(` in thousand)

<b>Particulars</b>	<b>March 2010</b>	<b>March 2011</b>	<b>% growth</b>	<b>March 2012</b>	<b>% growth</b>
1. Income from advances	212851	264865	24.44%	353687	33.53%
2. Income from bank investments	69384	147212	112.17%	178708	21.39%
3. Income from Bank balance	97693	111736	14.37%	174216	55.92%
4. Other interest earned	73	-	-	-	-
5. Other/Miscellaneous Income	39249	39466	0.55%	34429	-12.76%

## **EXPENDITURE INCURRED**

Total expenditure incurred by the Bank during the financial year ending 31st March 2012 stood at ` 6632.78 lakhs as against ` 5152.72 lakhs in the previous year. The detailed position of expenditure incurred by the Bank for the last three years is enumerated here-under :

	<b>March 2010</b>	<b>March 2011</b>	<b>March 2012</b>
1. <u>Total Interest Expenses</u>	<b>226761</b>	<b>316048</b>	<b>443012</b>
i) Interest paid on deposits	173061	264951	394835
ii) Interest paid on borrowings	53700	51097	48094
iii) Other interest expenses	-	-	83



(` in thousand)

	March 2010	March 2011	March 2012
<b>2. Total Operating Expenses</b>	<b>89036</b>	<b>132551</b>	<b>188912</b>
i) Salary & Allowances	73004	109319	154380
ii) Rent/Tax/Lighting	3181	3545	4637
iii) Depreciations	2353	1458	1755
iv) Repairs & maintainance	319	403	177
v) Insurance	2729	6338	7653
vi) Printing & Stationery	1128	1695	2024
vii) Other expenses	6322	9793	18286
<b>3. Total Provisions &amp; Contingencies</b>	<b>47160</b>	<b>66673</b>	<b>31355</b>
i) Provision for bad & doubtful debts	38140	59691	21399
iii) Provision for Gratuity	-	-	-
iv) Other provision & contingencies	9020	6982	9956

### **FINANCIAL RATIOS**

	31.03.2010 Prior year	31.03.2011 Prev. year	31.03.2012 This year
Average working fund	4630055	6557950	8482037
i) Financial Return	8.20%	8.68%	8.33%
ii) Financial cost	4.90%	4.96%	5.22%
iii) Financial Margin (i - ii)	3.30%	2.88%	3.11%
iv) Operating Cost	1.92%	2.02%	2.23%
v) Miscellaneous Income	0.85%	0.53%	0.41%
vi) Operating Profit [(iii+v) - iv]	2.23%	2.47%	1.29%
vii) Risk cost	1.02%	1.63%	0.37%
viii) Net Margin (vi - vii)	1.21%	0.84%	0.92%

### **INTEREST RATES**

The Bank itself determines interest rate structure on deposits and advances as permitted by the Reserve Bank. The interest rates on deposits and advances current as on the 31st March 2012 are listed here under :

**Rate of Interest on deposits p.a.****As on March 2012**

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

**Rate of Interest on Advances p.a.****As on March 2012**

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

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

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

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

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

Sl. No	Category of Staff	No. of Staff as on 31.03.2011	No. of Staff recruit during the year	No. of Staff trained during the year	No. of Staff as on 31.03.2012
1.	Officers	101	4	43	104
2.	Office Assistants	88	6	-	92
3.	Office Attendants	68	-	-	66
	<b>TOTAL</b>	<b>257</b>	<b>10</b>	<b>43</b>	<b>262</b>

## MEMORANDUM OF UNDERSTANDING (MOU)

Based on the Development Action Plan prepared by the Bank, Memorandum of Understanding (MOU) in mutual consultation with our sponsor bank have been signed on various parameters for a period of one year. The performance of achievement under MOU have been monitored and reviewed by the board/sponsor bank periodically. The performance under this memorandum during the year 2011-2012 in regard to major parameters are as under :

*( ` in thousand)*

<b>Sl. No</b>	<b>Parameters</b>	<b>Position as on 31.03.2011</b>	<b>Target for the yr. 2011-2012</b>	<b>Achievement as on 31.03.2012</b>
1.	Owned Funds	152471	342500	211418
	a) Share Capital	10000	10000	116036
	b) Reserves	62089	112500	116036
	c) Share Capital Deposit	80382	220000	85382
2.	Deposits	6557504	8209382	9537641
3.	Advances	2938882	3673603	4028904
4.	Borrowings	872232	1090290	440446
5.	Investments			
	i) SLR	1525404	2052346	1633169
	ii) Non-SLR	2448803	2000	3799887
6.	Loan Disbursed	1601639	2001930	1587462
7.	C : D Ratio	44.82%	44.75%	42.24%
8.	Recovery %	81.18%	83.00%	81.51%
9.	NPA			
	at the beginning of the year	166966	272665	272665
	addition during the year	215343	148800	180482
	recovery during the year	109644	216965	70213
	at the end of the year	272665	204500	382934
	% of NPA to total advances	9.28%	5.57%	9.50%

(` in thousand)

Sl. No	Parameters	Position as on 31.03.2011	Target for the yr. 2011-2012	Achievement as on 31.03.2012
10.	Assets Classification			
	Standard Assets	2666217	3405372	3645970
	Sub-standard Assets	2174007	214187	243747
	Doubtful Assets	34902	34306	94049
	Loss Assets	20356	19738	45138
11.	Business per branch	153168	182815	208716
12.	Profit & Loss	(+) 48005	(+) 72000	(+) 77763
13.	Accumulated Losses/Profit	(+) 62089	(+) 134089	(+) 116036
14.	CBS	53%	100%	100%

### **ACKNOWLEDGEMENT**

The Board of Directors of the Bank put on record its warm appreciation and sincere thanks to its valued customers, which have increased many folds during the last few years, all officers and members of staff of the Bank for their sincere efforts and dedication towards discharging their duties. The Board also expresses its sincere thanks, gratitudes and appreciation to our Statutory Central Auditor M/s D. Bandyopadhyay & Co., Chartered Accountants, Kolkata for the accounting year 2011 - 2012 for the services rendered by them in finalisation of our accounts. The firm has successfully and dutifully completed its 1st year tenure as Central Auditors. The Board expresses its gratitude to the Government of India, Government of Mizoram, Reserve Bank of India, National Bank for Agriculture and Rural Development and our Sponsor Bank (State Bank of India) for their valuable guidance, constant support, advices and directions which have been a source of inspiration and have shaped up the improvement of the Bank towards viability and progress in serving the rural masses and having placed it on a strong pedestal to march ahead for the years to come.

*For and on behalf of*  
Board of Directors

Dated : Aizawl  
29<sup>th</sup> June, 2012

**Bhupen Deka**  
*Chairman*

# **D. Bandyopadhyay & Co.**

*CHARTERED ACCOUNTANTS*

*42/3, Becharam Chatterjee Road*

*Behala, Kolkata-700 034*

*Phone : 2397-1421*

## **AUDITOR'S REPORT**

We have audited the Balance Sheet of the MIZORAM RURAL BANK, headquartered at Aizawl, Mizoram, as on 31st March 2012 and also the Profit & Loss Account of the said bank for the year ended on that date, wherein statement have been prepared as the requisite formats, and disclose the information as may be necessary to confirm to the provision of the Banking Regulation Act, 1949. These Financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.

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

On the basis of the audit indicated herein, with due consideration to the information and explanation contained in returns from 15 branches audited by us, 47 branches audited by others and 3 un-audited branches subject to the limitations of disclosure required therein and subject to our following observations annexed here with we report as under:

1. We have audited all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit, have found them to be satisfactory.
2. The Balance Sheet as at 31<sup>st</sup> March'2012 of the said bank, as authenticated by us, contains the necessary particulars and exhibits a true and fair view of the affairs of the Bank as at 31st March, 2012.
3. The Profit & Loss Account authenticated by us, show a true and fair view of the profit of the Bank for the year ended as at 31st March, 2012.
4. Transactions of the Banks which have come to our notice have been within the powers of the Bank.
5. The Balance Sheet and Profit & Loss Accounts referred to in this report are in agreement with the books of accounts maintained.

### **Observations:**

1. The Bank is maintaining an INC A/c for Rs. 1.87 crore for interest not collected on NPA A/cs which should be looked into immediately.
2. The outstanding amount in system suspense A/Cs should be adjusted immediately.

Place : Aizawl  
Date : 1st May 2012

For D. Bandyopadhyay & Co.  
Chartered Accountants,

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

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

CHARTERED ACCOUNTANTS

42/3, Becharam Chatterjee Road

Behala, Kolkata-700 034

Phone : 2397-1421

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

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

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

We report that the statutory audit of MIZORAM RURAL BANK, B-5, BABU TILLA, ZARKAWT, AIZAWL, MIZORAM, HEAD OFFICE (PAN AAAAM1725F) was conducted by M/s. D. Bandyopadhyay & Co. in pursuance of the provisions of the Banking Regulation Act, and Banking Companies (Aquisition & Transfer of undertakings) Act 1970 and we annex hereto a copy of our audit report dated 01.05.2012 along with a copy each of -

- (a) the Audited Profit and Loss Account for the year ended on 31st March 2012.
- (b) the Audited Balance Sheet as at 31st March, 2012;
- (c) documents declared by the said Act to be part of, or annexed to, the Profit and Loss Account and Balance Sheet on that date.

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

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

Place : Aizawl  
Date : 1st May 2012

For D. Bandyopadhyay & Co.  
Chartered Accountants,

Sd/-

Saurav Saha (Partner)

M.No:- 065216 FNR:- 323321E

**THE THIRD SCHEDULE**  
(See Section 29) **FORM - 'A'**

**BALANCE SHEET OF MIZORAM RURAL BANK**

***Balance Sheet as on 31st March 2012***  
***(000's Ommitted)***

	Schedule	As on 31.03.2012 (Current Year)	As on 31.03.2011 (Previous Year)
<b>Capital and Liabilities :</b>			
Capital	1	10,000	10,000
Share Capital Deposit		80,382	80,382
Recapitalisation		5,000	-
Reserve and Surplus	2	1,16,036	62,089
Deposits	3	95,37,641	65,57,504
Borrowings	4	4,73,472	8,72,232
Other Liabilities and Provisions	5	5,22,196	1,97,602
<b>TOTAL</b>	<b>:</b>	<b>1,07,44,727</b>	<b>77,79,809</b>
<b>Assets :</b>			
Cash and Balance with Reserve Bank of India	6	7,09,023	4,89,398
Balances with Banks and Money at Call & Short Notice	7	4,18,223	1,94,202
Investments	8	54,33,056	39,74,207
Advances	9	40,28,904	29,38,882
Fixed Assets	10	12,400	8,363
Other Assets	11	1,43,121	1,74,757
<b>TOTAL</b>	<b>:</b>	<b>1,07,44,727</b>	<b>77,79,809</b>
Contingent Liabilities	12	11,837	11,837
Significant Accounting Policies	18		
Notes Forming Parts of Accounts	19		

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

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

Sd/-  
(Vanlalnghaka)  
Director

Sd/-  
(F.R. Marak)  
Director

Sd/-  
(Dr. C. Lalarliana)  
Director

Sd/-  
(Bhupen Deka)  
Chairman

Sd/-  
Saurav Saha (Partner)  
Chartered Accountants

The 1st May 2012  
Aizawl



**FORM - 'B'**  
**PROFIT AND LOSS ACCOUNT OF MIZORAM RURAL BANK**  
***For the Year ending 31st March 2012***

	Schedule	As on 31.03.2012 (Current Year)	As on 31.03.2011 (Previous Year)
<b>I N C O M E</b>			
Interest Earned	13	7,06,612	5,23,812
Other Income	14	34,429	39,465
<b>T O T A L</b>	<b>:</b>	<b>7,41,041</b>	<b>5,63,277</b>
<b>E X P E N D I T U R E S</b>			
Interest Expended	15	4,43,011	3,16,048
Operating Expenses	16	1,88,912	1,32,551
Provisions & Contingencies	17	31,355	66,673
<b>T O T A L</b>	<b>:</b>	<b>6,63,278</b>	<b>5,15,272</b>
<b>P R O F I T / L O S S</b>			
Net Profit/(Loss) for the year		77,763	48,005
Provision for Tax		-21,633	-14,400
Additional Income Tax (AY 2010-11)		-403	-264
Additional Income Tax (AY 2011-12)		-1,749	-
Deferred Tax		-31	152
Profit/(Loss) brought forward		62,089	28,596
<b>T O T A L</b>	<b>:</b>	<b>1,16,036</b>	<b>62,089</b>
<b>A P P R O P R I A T I O N S</b>			
Transferred to Statutory/Reserves		1,16,036	62,089
Transferred to other Reserves		0	0
Transferred to Govt./Proposed Divident		0	0
<b>T O T A L</b>	<b>:</b>	<b>0</b>	<b>0</b>
Balance carried over to Balance Sheet		<b>1,16,036</b>	<b>62,089</b>
Significant Accounting Policies	18	Notes Forming Parts of Accounts	19

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

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

Sd/-  
(Vanlalnghaka)  
Director

Sd/-  
(F.R. Marak)  
Director

Sd/-  
Saurav Saha (Partner)  
Chartered Accountants

Sd/-  
(Dr. C. Lalzarliana)  
Director

Sd/-  
(Bhupen Deka)  
Chairman

The 1st May 2012  
Aizawl

## SCHEDULE -1

<b><u>CAPITAL</u></b>	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>I. <u>FOR NATIONALISED BANKS</u></b>		
<b>Capital</b> (fully owned by Central Government)	Nil	Nil
<b>II. <u>FOR BANKS INCORPORATED OUTSIDE INDIA</u></b>		
<b>Capital</b>		
i) (The amount brought in banks by way of start-up Capital as prescribed by RBI should be shown under this head)	Nil	Nil
ii) Amount of deposit kept with the RBI under section II (2) of the Banking Regulation Act, 1949	Nil	Nil
<b>TOTAL</b>	Nil	Nil
<b>III. <u>FOR OTHER BANKS</u></b>		
<b>Authorised Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
<b>Issued Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
<b>Subscribed Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
<b>Called-up Capital</b> (1,00,000 shares of Rs.100/- each )	10,000,000.00	10,000,000.00
Less: Calls unpaid	Nil	Nil
Add : Forfeited Shares	Nil	Nil
<b>Paid up Capital</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>
<b>TOTAL</b>	<b><u>10,000,000.00</u></b>	<b><u>10,000,000.00</u></b>

## SCHEDULE - 2

### RESERVE & SURPLUS

	As on 31.03.2012 (Current Year)	As on 31.03.2011 (Previous Year)
<b>I. Statutory Reserves</b>		
Opening Balance		
Additions during the year		
Deductions during the year	Nil	Nil
<b>II. Capital Reserves</b>		
Opening Balance		
Additions during the year		
Deductions during the year	Nil	Nil
<b>III. Share Premium</b>		
Opening Balance		
Additions during the year		
Deductions during the year	Nil	Nil
<b>IV. Revenue and other Reserves</b>		
Opening Balance	62,088,968.87	
Additions during the year	5,39,47,132.03	62,088,968.87
Deductions during the year	Nil	Nil
<b>V. Balance in Profit &amp; Loss Account</b>		
<b>TOTAL(I,II,III,IV &amp; V)</b>	<b>11,60,36,100.90</b>	<b>62,088,968.87</b>

### **SCHEDULE - 3**

#### **DEPOSIT**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
<b>A. I. DEMAND DEPOSITS</b>		
i) From Banks	-	-
ii) From Others	30,39,80,411.25	31,56,42,970.34
<b>II. SAVINGS BANK</b>		
i) From Banks	-	-
ii) From Others	6,21,70,41,380.26	3,76,84,27,626.25
<b>III. DEPOSITS</b>		
<b>TERM DEPOSITS</b>		
i) From Banks	-	-
ii) From Others	3,01,66,18,730.00	2,47,34,32,986.00
<b>TOTAL</b>	<b><u>9,53,76,40,522.01</u></b>	<b><u>6,55,75,03,582.59</u></b>
<b>B</b>		
i) Deposits of Branches in India	<b>9,53,76,40,522.01</b>	<b>6,55,75,03,582.59</b>
ii) Deposit of Branches outside India	-	-
<b>TOTAL</b>	<b><u>9,53,76,40,522.01</u></b>	<b><u>6,55,75,03,582.59</u></b>

## SCHEDULE - 4

		<b><u>BORROWINGS</u></b>	
		<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
		<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>I. Borrowings in India</b>			
i)	Reserve Bank of India	-	-
ii)	Other Banks	-	-
iii)	Other Institutions and Agencies* (Annexure - I)	47,34,72,078.34	87,22,32,070.99
<b>II. Borrowings Outside India</b>			
<b>TOTAL</b>		<b>47,34,72,078.34</b>	<b>87,22,32,070.99</b>
Secured borrowings included in I & II above		NIL	NIL

<b><u>Annexure - I</u></b>		<b>As on 31.3.2012</b>	<b>As on 31.3.2011</b>
		<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>* Other Institutions and Agencies</b>			
1	<b>NABARD</b>		
i)	Non Farm Sector	3,37,64,370.00	5,59,79,950.00
ii)	SWRTO	-	
iii)	Rural Housing	40,98,94,150.00	48,36,25,550.00
iv)	Self Help Group	1,96,98,300.00	2,62,64,400.00
v)	SAO	1,00,00,000.00	8,000,000.00
vi)	Venture Capital		95,000.00
	<b>Sub-Total</b>	<b>47,33,56,820.00</b>	<b>57,39,64,900.00</b>
2	<b>STATE BANK OF INDIA</b>		
i)	ST (SAO)	1,15,258.34	29,82,67,170.99
ii)	ST (OSAO)	-	-
	<b>Sub-Total</b>	<b>1,15,258.34</b>	<b>29,82,67,170.99</b>
	<b>TOTAL</b>	<b>47,34,72,078.34</b>	<b>87,22,32,070.99</b>

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

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Bills Payable	-	-
II. Inter-Office adjustment (Net)	17,75,10,422.72	1,62,72,230.16
III. Interest accrued	15,11,41,790.26	8,03,88,465.85
IV. Others (including provisions)	19,35,44,211.89	10,09,41,475.58
<b>T O T A L</b>	<b><u>52,21,96,424.87</u></b>	<b><u>19,76,02,171.59</u></b>

**Annexure - II**

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b># Others includes :</b>		
i) Provision for audit fee	3,51,632.00	3,18,972.00
ii) Outstanding in B.Chq	77,93,487.09	26,02,147.41
iii) Outstanding in Sundry A/c	62,78,933.95	18,38,895.66
iv) Provision for B & D	11,00,90,562.28	7,15,76,916.26
v) Balance in INC A/c	1,87,48,916.15	97,91,319.00
vi) Credit balance in CC	27,19,478.59	20,93,909.73
vii) Credit balance in OD	10,10,246.40	-
viii) Prov. for Leave Encashment	1,06,71,500.00	-
ix) Prov. for Gratuity	79,04,857.00	-
x) Interest Relief to Farmers	6,89,153.00	6,89,153.00
xi) Balance in Adjusting A/c	26,41,540.00	-
xii) Balance in SD Unidentified A/c	34,70,150.00	-
xiii) Excess provision on Service Tax	2,88,418.00	-
xiv) NHFDC Fund	34,70,150.00	50,00,00.00
xv) NEFT Commission A/c	4,305.00	-
xvi) Financial Inclusion Technology Fund	20,47,667.00	20,47,667.00
xvii) Subsidy Reserve Fund	33,64,540.00	-
xviii) Provision for depreciation on Investments	59,62,313.43	49,82,495.52
xix) Balance in Steps Rapid Remittance	42,76,709.00	-
xx) Additional Income Tax for PY 2011-12	17,48,828.00	-
<b>T O T A L</b>	<b><u>19,35,44,211.89</u></b>	<b><u>10,09,41,475.58</u></b>

**SCHEDULE - 6**

**CASH AND BALANCE WITH RESERVE BANK OF INDIA**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
I. Cash in hand (including foreign currency notes)	20,80,59,340.67	10,12,21,403.16
II. Balance with Reserve Bank of India		
i) In Current Account	50,09,64,112.02	38,81,76,582.02
ii) In other Accounts	-	-
<b>TOTAL</b>	<b><u>70,90,23,452.69</u></b>	<b><u>48,93,97,985.18</u></b>

**SCHEDULE - 7**

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

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
<b>I IN INDIA</b>		
i) Balance with Banks		
a) in current account	41,82,22,879.17	19,42,02,178.83
b) in other deposit account (SBI STDRs)	-	-
ii) Money at Call & short notice		
a) With banks	-	-
b) With other institutions	-	-
<b>TOTAL</b>	<b><u>41,82,22,879.17</u></b>	<b><u>19,42,02,178.83</u></b>
<b>II. OUTSIDE INDIA</b>		
i) In current Accounts	-	-
ii) In other deposit Accounts	-	-
iii) Money at call & short notice	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (I + II)</b>	<b><u>41,82,22,879.17</u></b>	<b><u>19,42,02,178.83</u></b>

**SCHEDULE - 8**

**INVESTMENTS**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
<b>Investments in India in</b>		
i) Government Securities	1,63,31,68,777.00	1,52,54,03,890.50
ii) Other approved Securities	-	-
iii) Shares	-	-
iv) Debenture and Bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others (to be specified @) (Annexure-III)	3,79,98,86,797.00	2,44,88,03,025.00
<b>TOTAL</b>	<b><u>5,43,30,55,574.00</u></b>	<b><u>3,97,42,06,915.50</u></b>
<b>II. Investments outside India in</b>		
i) Government securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures	-	-
iii) Other Investments (to be specified)	-	-
<b>TOTAL</b>	-	-
<b>GRAND TOTAL (I + II)</b>	<b><u>5,43,30,55,574.00</u></b>	<b><u>3,97,42,06,915.50</u></b>

**Annexure - III**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
<b>@ Others Includes:</b>		
i. SBI Mutual Fund	31,00,00,000.00	80,00,00,000.00
ii. UTI Mutual Fund	32,05,80,000.00	13,00,00,000.00
iii. TDRs with SBI	2,74,93,06,797.00	2,23,88,03,025.00
iii. TDRs with IDBI Bank	42,00,00,000.00	-
<b>TOTAL</b>	<b><u>3,79,98,86,797.00</u></b>	<b><u>2,44,88,03,025.00</u></b>



**SCHEDULE - 9**

**ADVANCES**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
<b>A.</b>		
i) Bills purchased and discounted	-	-
ii) Cash Credits, Overdrafts and loans repayable on demand	96,12,77,941.98	79,23,42,575.32
iii) Term Loans	3,06,76,26,438.58	2,14,65,39,140.56
<b>TOTAL</b>	<b><u>4,02,89,04,380.56</u></b>	<b><u>2,93,88,81,715.88</u></b>
<b>B.</b>		
i) Secured by tangible Assets	3,96,40,68,708.71	2,88,36,24,286.87
ii) Covered by Bank/ Government Guarantee	-	-
iii) Unsecured	6,48,35,671.85	5,52,57,429.01
<b>TOTAL</b>	<b><u>4,02,89,04,380.56</u></b>	<b><u>2,93,88,81,715.88</u></b>
<b>C. I. Advances in India</b>		
i) Priority Sector	3,31,02,61,251.77	2,42,53,72,372.20
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	71,86,43,128.79	51,35,09,343.68
<b>TOTAL</b>	<b><u>4,02,89,04,380.56</u></b>	<b><u>2,93,88,81,715.88</u></b>
<b>II. Advances outside India</b>		
i) Due from Banks	-	-
ii) Due from others	-	-
iii) a) Bills purchased & discounted	-	-
b) Syndicate loans	-	-
c) Others	-	-
<b>TOTAL</b>	-	-
<b>GRAND TOTAL (CI + CII)</b>	<b><u>4,02,89,04,380.56</u></b>	<b><u>2,93,88,81,715.88</u></b>

## **SCHEDULE - 10**

### **FIXED ASSETS**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
I. Premises		
At cost as on 31st. March of the preceding year	-	-
Addition during the year	-	-
Deductions during the year	-	-
Depriciation to date	-	-
II. Other Fixed Assets \$ (Annexure - IV) ( including furnitures and fixtures)		
At cost as on 31st. March of the preceding year	1,57,19,786.18	1,41,78,937.18
Additions during the year	55,27,127.69	24,56,069.00
Deductions during the year	-	-
Depreciation to date	88,47,031.56	82,71,591.01
Written Down Value	1,23,99,882.31	83,63,415.17
<b>TOTAL</b>	<b><u>1,23,99,882.31</u></b>	<b><u>83,63,415.17</u></b>

## SCHEDULE - 11

### OTHERASSETS

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I Inter-Office adjustments (Net)	-	-
II Interest accrued	11,31,46,698.95	14,72,20,052.76
III Tax paid in advance/tax deducted at source	-	-
IV Stationery and stamps	13,78,370.53	14,62,622.32
V Non-banking Assets acquired in satisfaction of claims	-	-
VI Others @ \$ (Annexure - V)	2,85,95,886.59	2,60,73,908.39
<b>TOTAL</b>	<b><u>14,31,20,956.07</u></b>	<b><u>17,47,56,583.47</u></b>

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

### Annexure - V

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
<b>\$ Other Assests</b>		
i) Outstanding in suspense a/c	7,46,280.34	10,59,277.14
ii) Bal in H.O. P.B. a/cs	3,97,500.00	4,04,000.00
iii) Bills receivables a/c	2,31,91,298.00	2,19,43,437.00
iv) ADWDRS Receivable	26,36,343.25	26,36,343.25
v) Deferred Tax	-	30,851.00
vi) Adjustment to be made on Fixed Assets	-1,44,661.00	-
vii) Balance in System Suspense account	17,69,126.00	-
<b>TOTAL</b>	<b><u>2,85,95,886.59</u></b>	<b><u>2,60,73,908.39</u></b>

## SCHEDULE - 12

### CONTINGENT LIABILITIES

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Claims against the bank not acknowledged as debts	11,837,396.00	11,837,396.00
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Guarantees given on behalf of constituents		
a) In India	-	-
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable. Income Tax liability if any, arising for non- compliance with income Tax Laws	-	-
<b>TOTAL</b>	<b><u>11,837,396.00</u></b>	<b><u>11,837,396.00</u></b>

## SCHEDULE - 13

### INTEREST EARNED

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Interest/discount on advances/ bills	35,36,87,439.51	26,48,64,516.75
II. Income on Investments	35,29,24,109.54	25,89,47,318.74
III. Interest on balances with Reserve Bank of India & other Inter-Bank funds.	-	-
IV. Others	-	-
<b>TOTAL :</b>	<b><u>70,66,11,549.05</u></b>	<b><u>52,38,11,835.49</u></b>

#### **SCHEDULE - 14**

##### **OTHER INCOME**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
I. Commission, exchange and brokerage	3,34,29,387.78	1,83,35,575.56
II. Profit on sale of investments less- loss on sale investments	-	-
III. Profit on revaluation of investments less- loss on revaluation of investments	-	-
IV Profit on sale of land, buildings and other assets(Vehicles)	-	-
V Profit on exchange transaction less- Loss on exchange transaction.	-	-
VI Income earned by way of dividends etc, from subsidiaries/companies/and/or joint ventures abroad in India.	-	-
VII Miscellaneous Income		
a) Write back of Provision	-	2,11,30,000.00
b) Interest on ADWDRS	-	-
<b>TOTAL</b>	<b><u>3,44,29,387.78</u></b>	<b><u>3,94,65,575.56</u></b>

#### **SCHEDULE - 15**

##### **INTEREST EXPENDED**

	<b>As on 31.03.2012 (Current Year)</b>	<b>As on 31.03.2011 (Previous Year)</b>
I. Interest on deposits	39,48,34,794.40	26,49,50,676.97
II. Interest on Reserve Bank of India/ Inter-Bank borrowings	4,80,93,479.00	5,10,96,809.00
III. Others	83,257.00	-
<b>TOTAL</b>	<b><u>44,30,11,530.40</u></b>	<b><u>31,60,47,485.97</u></b>

### SCHEDULE - 16

#### OPERATING EXPENSES

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
I. Payments to and provisions for employees	15,43,80,169.87	10,93,19,395.30
II. Rent, taxes and lightning	46,37,073.00	35,45,416.00
III. Printing and stationery	20,24,400.79	16,95,010.48
IV. Advertisement and Publicity	23,455.00	1,43,660.22
V. Depreciation on bank's property.	17,54,736.55	14,58,055.75
VI. Total Branch Computerisation	87,65,360.00	26,01,199.00
VII. Auditors' fees and expenses (including branch Auditors)	3,51,632.00	3,18,972.00
VIII. Law charges	5,79,385.00	7,70,810.61
IX. Postage, Telegrams, Telephones..	7,18,272.90	7,00,521.58
X. Repairs and maintenances	1,77,139.00	4,02,754.45
XI. Insurance	76,53,406.00	63,37,584.29
XII. Other expenditures	78,46,912.36	52,57,943.25
<b>TOTAL</b>	<b><u>18,89,11,942.47</u></b>	<b><u>13,25,51,322.93</u></b>

### SCHEDULE - 17

#### PROVISIONS & CONTINGENCIES

	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
	<b>(Current Year)</b>	<b>(Previous Year)</b>
1 Provision for Bad & Doubtful Debts ( including Risk fund )	2,13,98,695.52	5,96,91,288.79
2 Service Tax	9,76,749.00	9,42,675.00
3 Premium for purchase of Investment	35,89,569.50	42,34,869.50
4 Depreciation on Investments	53,89,817.91	37,06,301.73
5. Reversal of wrong entry as per MOC	-	12,40,980.00
6. Reversal of Service Charge	-	22,804.00
7. Addl. Service Charge as per MOC	-	-14,49,484.33
8. Reversal of wrong entry on PB A/c as per MOC	-	-17,15,952.00
<b>TOTAL</b>	<b><u>3,13,54,831.93</u></b>	<b><u>6,66,73,482.69</u></b>

## **SCHEDULE - 18**

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

**1. General :**

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

**2. Revenue Recognition:**

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

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

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

**3. Investments:**

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

**4. Advances :**

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

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

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

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

5. **Fixed Assets :**

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

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

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

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

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



6. **Retirement Benefits :**

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

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

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

7. **Taxation :**

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

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

8. **Net Profit :**

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

8.1. *Provision for possible Loan losses.*

8.2. *Provisions on advances.*

8.3. *Provision for income Tax*

8.4. *Provision for amortization on investment*

8.5. *Other usual and necessary provisions.*

**SCHEDULE - 19**

**Notes on Accounts**

1) **Reconciliation :**

a) *Balancing, reconciliation of accounts relating to inter branch deposits and adjustment of transaction between Head Office and Branches has all been reconciled as on 31.03.2012.*

- b) *Interest & Income on Inter Bank borrowing of funds from Head Office and/or lent to Head Office has also been reconciled up to 31.03.2012.*
- c) *Intra-branch deposits and deposits with sponsor bank and balances of borrowings has been reconciled up to 31.03.2012.*

2) **Investments :**

- a) *Pursuant to the policy of making investment, the Bank had made a total investment of `54,330.56 lakhs in Government Securities, Mutual Funds and Fixed Deposits with other banks. These investments are made only on specified securities approved by RBI/NABARD.*
- b) *All investments are valued at cost.*
- c) *Provision for Amortization of premium on investments has been made.*

3) **Advances :**

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

4) **Profit and Loss Account :**

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

5) **Consolidation :**

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

6) **Additional Information :**

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

i) Capital Adequacy Ratio	:	7.56%
ii) Percentage of Share holding of the Government of India.	:	50.00 %
iii) Percentage of Net NPA to Net Advances	:	6.96%
iv) Provisioning & Contingencies as per the profit		

& Loss Account is Composed of the following :-

a) Provisions made towards Standard Assets	:	185.76 lakhs
b) Provision made towards NPA	:	213.99 lakhs
c) Provisions made for purchase of premium for investment	:	59.62 lakhs
d) Depreciation on investment	:	35.90 lakhs
v) Amount held in Interest Not Collected Account	:	187.49 lakhs
vi) Business per Branch	:	2117.55 lakhs
vii) Business per employee (excluding sub-staff)	:	702.25 lakhs
viii) Previous year figures have been grouped and or re-grouped wherever necessary.		
ix) Maturity pattern of Deposits Accounts :-		
a) 1 to 14 days	:	22519.95 lakhs
b) 15 to 28 days	:	1102.57 “
c) 29 days up to 3 months	:	4148.60 “
d) 3 months to 6 months	:	4637.29 “
e) 6 months to 1 year	:	4710.40 “
f) 1 year up to 3 years	:	55808.15 “
g) Over 3 years up to 5 years	:	1477.75 “
h) Over 5 years	:	971.70 “
<b>TOTAL</b>	:	<b>95376.41 “</b>

x)	<i>Maturity pattern of Loans and Advances :-</i>		
	a)	1 to 14 days:	∖ 4778.53 lakhs
	b)	15 to 28 days	∖ 451.45 “
	c)	29 days up to 3 months	∖ 653.95 “
	d)	3 months up to 6 months	∖ 934.13 “
	e)	6 months up to 1 years	∖ 1794.76 “
	f)	Over 1 year up to 3 years	∖ 10927.29 “
	g)	Over 3 years up to 5 years	∖ 6602.19 “
	h)	Over 5 years	∖ 14146.74 “
		<b>TOTAL</b>	∖ <b>40289.04</b> “
xi)	<i>Maturity pattern of Investment :-</i>		
	a)	1 to 14 days	∖ 1144.03 lakhs
	b)	15 to 28 days	∖ 2658.74 “
	c)	29 days up to 3 months	∖ 1547.78 “
	d)	3 months up to 6 months	∖ 2076.03 “
	e)	6 months up to 1 years	∖ 10025.89 “
	f)	Over 1 year up to 3 years	∖ 10578.16 “
	g)	Over 3 years up to 5 years	∖ 10507.52 “
	h)	Over 5 years	∖ 15792.41 “
		<b>TOTAL</b>	∖ <b>54330.56</b> “
xii)	<i>Movement in NPA Accounts:-</i>		
	i)	at the beginning of the year	∖ 1669.66 lakhs
	ii)	addition during the year	∖ 3210.42 “
	iii)	reduction during the year -	
	a)	recoveries	∖ 2037.35 “
	b)	up gradation	∖ 14.41 “
	c)	write offs	∖ 101.67 “
	iv)	at the end of the year:	∖ 2726.65 “

~~0~ ~

**HEAD OFFICE : AIZAWL**  
**SUMMARY OF FIXED ASSETS ACCOUNT AND DEPRECIATION AS ON 31.03.2010**

**ANNEXURE - IV**

I. Particulars	Value at	Added	Dispos	Total	Rate of	Depreciation	Depreciation	Depreciation	WDV as on	WDV as on
o.	cost	during	-ed off/	as on	Depre-	upto	during	upto	31.03.2011	31.03.2010
	31.03.2010	the period	adjmnt	31.03.2011	ciition	31.03.2010	the year	31.03.2011		
2	3	4	5	6	7	8	9	10	11	12
Steel furniture and										
Office equipment	33,853,585.68	2,27,705.00	-		10%	1,956,824.50	1,83,009.47	2,139,838.97	1,713,751.71	1,669,056.18
Plant & Machinery	4,117,424.50	196,000.00	-		15%	1,311,091.65	4,06,249.93	1,717,341.58	2,400,082.92	2,610,332.85
Wooden Furnitures	3,381,024.00	341,385.00	-		10%	1,283,160.84	199,553.32	1,482,714.16	1,898,309.84	1,756,478.16
Motor Vehicles	978,567.00	-	-	978,567.00	15%	545,874.18	76,357.56	622,231.74	356,335.26	432,692.82
Electric Appliances	648,976.00	328,258.00	-		10%	104,192.60	42,431.69	146,624.29	502,351.71	216,525.40
Computer & Accessories										
Before 31-03-08	3,099,535.00	-	-		33.33%	2,066,253.35	1,033,281.65	3,099,535.00	-	1,033,281.65
4-08 to 31-03-09	915,220.00	-	-	915,220.00	33.33%	305,042.83	305,042.83	610,085.66	305,134.34	610,177.17
Current year	284,140.00	-	-	284,140.00	33.33%	-	94,703.86	94,703.86	189,436.14	-
<b>Sub-total</b>	<b>4,298,895.00</b>	<b>284,140.00</b>	<b>-</b>		<b>33.33%</b>	<b>2,371,296.18</b>	<b>1433028.34</b>	<b>3,804,324.52</b>	<b>494,570.48</b>	<b>1,643,458.82</b>
<b>TOTAL</b>	<b>17,278,472.18</b>	<b>1,377,488.00</b>	<b>-</b>			<b>- 7,572,439.95</b>	<b>2,340,630.30</b>	<b>9,913,070.25</b>	<b>7,365,401.93</b>	<b>8,328,544.23</b>

