



३४ वीं वार्षिक प्रतिवेदन  
२०१६-१७

34<sup>th</sup> ANNUAL REPORT 2016-17



## अरुणाचल प्रदेश ग्रामीण बैंक

( भारत सरकार, अरुणाचल प्रदेश सरकार एवं भारतीय स्टेट बैंक के पूर्ण स्वामित्व वाला बैंक )

प्रधान कार्यालय : नाहरलागून

( अरुणाचल प्रदेश )

## ARUNACHAL PRADESH RURAL BANK

( Fully owned by Govt of India, Govt of Arunachal Pradesh & SBI )

HEAD OFFICE : NAHARLAGUN

( ARUNACHAL PRADESH )

**FROM THE CEO/CHAIRMAN'S DESK**



*The Arunachal Pradesh Rural Bank catering banking services allied banking activities in the state mostly in rural areas containing difficult terrain covering hilly and mountainous region in a challenging environment. Despite slow momentum of growth in the economy of these areas, our Bank has reported consistent performance - reflected growth in business, widened customer base and extending segmental rural credit delivery system.*


*The Bank has continued to build infrastrucure, investment in technologies and in human capital to support business growth and deepen customer relationship and also concentrate on financial awareness camps in rural areas like previous year. The bank has adopted new technologies like corporate BC model and E-commerce during the year along with exiting multiple channels for remittances of fund like Direct benfit Transfer, PM-Jan-Dhan Jojna, PM-Jeevan-Suraksha Bima, PM-Jeevan Jyoti Bima Jojna, Atal Pension Jojna, Public Finance Monitoring System(PFMS) etc .*

*During the year the bank concentrate on financial awareness camps in rural areas. The bank has adopted various new technologies with multiple channels for remittances of fund, Direct benefite transfer, PM-Jan-Dhan Jojna, PM-Jeevam-suraksha Bima, PM-Jeevan-Jyoty Bima Jpjan, Atal Pension Jojna, Public Finance Monitoring system(PFMS) etc It is a greate pride for us for achieving budgeted target on Depositing Mobilisation, Loans & Advances, NPA reduction and profit. The Bank was awarded Excellence performance for cross selling of SBI Life products during 2016-17 with 5Nos. MDRT CIF during the year.*

*Looking ahead, we are optimistic about the future and believe that our Bank is positioned suitably to adapt the challenges and capitalise on emerging opportunities in the economy. I also place on record the sincere gratitude to the Govt. of India, Govt of Arunachal Pradesh, Reserve Bank of India, National Bank for Agril. & Rural Development, State Bank of India, for their valuable supports for the growth of the bank from time to time.*

*I truly appreciate the staff support and association with the Bank and remain committed for delivering value to all our customers, stakeholders, and well wisher of the bank*

Place:Naharlagun  
Dated: 8<sup>th</sup> May 2017

  
( Akshay Kumar)  
CHAIRMAN

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**BOARD OF DIRECTORS**

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Shri A Kumar Director	Chairman Arunachal Pradesh Rural Bank (Appointed under Sub-Section 1 of Section 11 of RRB Act 1976)
Shri Manmohan Singh Director	Asstt General Manager Reserve Bank of India Regional Office, Guwahati (Nominee of Central Govt under Sub-section-1(b) of section 9 of RRB Act 1976)
Shri B. Kumar Director	Deputy General Manager National Bank for Agriculture & Rural Development Regional office, Bank Tinali, Itanagar (Nominee of Central Govt under Sub-section-1(c) of section 9 of RRB Act 1976)
Shri S.R. Saha Director	Asstt General Manager (ABU) State Bank of India Local Gead Office, Guwahati (Nominee of SBI under Sub-section-1(d) of section 9 of RRB Act 1976)
Shri S. S. Bairagi Director	Regional Manager Director State Bank of India Regional Office, Bank Tinali, Itanagar (Nominee of SBI under Sub-section-1(d) of section 9 of RRB Act 1976)
Shri Ikar Dirchi Director	Deputy secretary (Budget) Govt. of Arunachal Pradesh Itanagar (Nominee of State Govt under Sub-section-1(e) of section 9 of RRB Act 1976)
Shri Langwang Sumpa Director	Deputy Secretary ( Finance) Govt of Arunachal Pradesh (Nominee of State Govt under Sub-section-1(e) of section 9 of RRB Act 1976)

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**HEAD OFFICE**

Arunacha Pradesh Rural Bank  
Shiv Mandir Road E Sector PO Naharlagun  
Dist Papum Pare Arunachal Pradesh PIN-791110

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**STATUTORY AUDITOR:**

Ramesh Chandra Roy & Asso  
Chartered Accountants  
KOGHEY Commercial Complex  
'O' Point, Bank Tinali, Itanagat

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### **34rd ANNUAL REPORT OF BOARD OF DIRECTORS – 2016-17**

The Board of Directors of Arunachal Pradesh Rural Bank have the pleasure in presenting the 34rd Annual Report of the Bank together with audited Balance Sheet, Profit & Loss account and the Auditors Report for the accounting year ended 31<sup>st</sup> March,2017.

#### **BRIEF INTRODUCTION**

Arunachal Pradesh Rural Bank, sponsored by State Bank of India in collaboration with Government of India and Government of Arunachal Pradesh was established on the 30<sup>th</sup> November 1983 under the Regional Rural Bank Act, 1976 with its Head Office at Naharlagun, Papum Pare District of Arunachal Pradesh.

#### **AREA OF OPERATION**

The area of operation of the Bank included all districts of Arunachal Pradesh . The area covered by these districts is around 84000 sq. km. and the total population of the area of operation of the bank is 13.82 lakhs as per 2011 census. It is situated in the Trans Himalayan Region. It offers wide variations in scenic beauty from the plains of Brahmaputra valley to the snow clad mountains in the north. It is full of mountains and forests, with numerous small and big rivers flowing round the year. On the southern side is a small stretch of plain land. Human habitation is mainly in plain areas and in the valleys. The economy is predominantly agricultural, but a substantial portion of the people's livelihood is also derived from the forests. The major crops grown in the area are paddy, maize, mustard, potato, chilly, ginger etc. Industry and service sectors are yet to be developed in this area. Road communication and other infrastructure facilities are still in developing stage.



#### **BRANCH NETWORK:**

The Banking is spreading to remote and far flung areas of the state. Presently 28 number branches of Arunachal Pradesh Rural Bank are functioning in Arunachal Pradesh. The List of Branches as under:

<b><u>Sl.No.</u></b>	<b><u>BRANCH</u></b>	<b><u>CD BLOCK</u></b>	<b><u>DISTRICT</u></b>
1	Pasighat	Pasighat	East Siang
2	Lumpo	Ramle-Bango	East Siang
3	Sille	Pasighat	East Siang
4	Itanagar	Itanagar	Papum Pare
5	Ruksin	Ruksin	East Siang
6	Mebo	Mebo	East Siang
7	Daporijo	Daporijo	Upper Subansiri
8	Dumporijo	Dumporijo	Upper Subansiri
9	Sagalee	Sagalee	Papum Pare
10	Kimin	Kimin-Doimukh	Papum Pare
11	Boleng	Pangin	East Siang
12	Yazali	Ziro-II	Lower Subansiri
13	Geku	Geku	Upper Siang
14	Kamba	Kamba	West Siang
15	Likabali	Likabali	West Siang
16	Aalo	Aalo	West Siang
17	Basar	Basar	West Siang
18	Ziro	Ziro	Lower Subansiri

<u>Sl.No.</u>	<u>BRANCH</u>	<u>CD BLOCK</u>	<u>DISTRICT</u>
19	Roing	Roing	Lower Dibang Valley
20	Tezu	Tezu	Lohit
21	Rumgong	Rumgong	West Siang
22	Gensi	Gensi	West Siang
23	Taliha	Taliha	Upper Subansiri
24	Riga	Riga	East Siang
25	Mariyang	Mariyang	Upper Siang
26	Naharlagun	Itanagar	Papum Pare
27	Yachuli	Ziro-II	Lower Subansiri
28	JN College Branch	Pasighat	East Siang

**SHARE CAPITAL:**

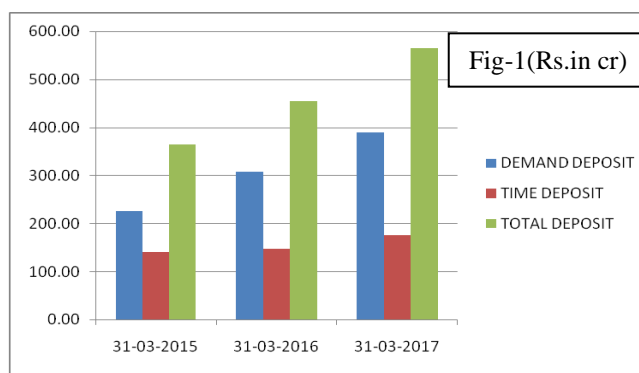
The authorized share capital of the bank is Rs.2000.00 crore as amendment of RRB Act 1976 during 2015-16 and paid up capital of the bank is Rs.5573.54 lakh as against Rs.525269.04 lakh of previous year. During the year, the bank has received Rs.2.13 Crores from Sponsored Bank and Rs.0.91 Crores from Government of Arunachal Pradesh as Additional Share capital. A sum of Rs.5.16 Crores is receivable from Govt. of India as additional share capital. The details of paid up Capital is given as under :-

(Rupees in lakhs)

Name of share holders	<u>Authorised share capital</u>		<u>Paid up share capital</u>	
	<u>No.of shares</u>	<u>Amount</u>	<u>No.of share</u>	<u>Amount</u>
Government of India	1000000000	100000.00	26345200	2634.52
Government of Arunachal Pradesh	300000000	30000.00	8819500	881.95
State Bank of India	700000000	70000.00	20570700	2057.07
<b>TOTAL</b>	<b>2000000000</b>	<b>200000.00</b>	<b>55735400</b>	<b>5573.54</b>

**DEPOSITS :**

The total deposits of the bank stood at Rs. 56504.04 lacs against Rs.45417.50 lacs in the previous year, registering 24.40% growth against previous year's growth of (-) 0.79%. The percentage of low cost (CASA) deposit to total deposits stands at 68.81% as on 31-03-2017 and total interest paid on deposit Rs. 2333.71 lakhs against Rs.2147.89 lakhs of the previous year. The per Branch deposit and per employee deposits stands at Rs.2018.02 lakhs and Rs. 582.52 lakhs respectively at the end of the year 2016-17. The category-wise break up of deposits is as under:-



(Rs.in lakhs)

<u>Category</u>	<u>31-03-2015</u>		<u>31-03-2016</u>		<u>31-03-2017</u>	
	<u>No.of a/c</u>	<u>Amount</u>	<u>No. of a/c</u>	<u>Amount</u>	<u>No. of a/c</u>	<u>Amount</u>
Current account	3351	6659.99	2906	5819.47	3607	14047.59
Saving Bank account	92427	14012.81	88306	22860.74	107088	22267.27
Saving Bank-No frill	13617	477.76	12664	470.62	13039	698.36
SB-Daily Deposit	3461	770.64	3379	930.13	1768	1004.98
SB-SHG	1496	111.33	1496	101.14	1672	144.69

(Rupees in lakhs)

Category	31-03-2015		31-03-2016		31-03-2017	
	No. of a/c	Amount	No. of a/c	Amount	No. of a/c	Amount
SB-PMJDY	14824	260.42	15815	349.23	17078	504.71
Recurring Deposits	6871	2046.56	6116	2278.12	6140	2499.89
Term Deposits (TDR)	92	815.85	65	759.87	88	1063.78
Special Term Deposit (STDR)	8375	11161.37	6330	11661.57	6624	14056.07
Others	325	200.99	174	186.61	169	217.11
<b>TOTAL</b>	<b>144839</b>	<b>36517.72</b>	<b>137251</b>	<b>45417.50</b>	<b>157273</b>	<b>56504.45</b>
Out of total Institutional	1438	1337.43	1355	9943.75	1136	6738.91
% of low cost deposits	89.19	61.05	90.88	67.63	91.82	68.82
Average cost of deposit mobilization	-	6.26	-	6.27	-	4.64
Per branch Deposits	5364	1352.51	4902	1622.05	5616	2018.02
Per employee Deposit	1478	372.63	1372.51	454.18	1621	582.52

**BORROWINGS:**

The bank has availed refinance from NABARD and perpetual Bonds amounting to Rs.86.07 lakhs. There is no default in repayment of installment and interest. The details of refinance as on 31-03-2016 are as under: (Rupees in lakhs)

Particulars	Previous year's outstanding	Refinance availed during the year	Amount of Installment paid during the year	Amount outstanding at the end of the year
SBI-Short term	0.00	0.00	0.00	0.00
SBI-Perpetual Bonds	86.07	0.00	0.00	86.07
NABARD short term	122.27	0.00	122.27	0.00
NABARD-ARF	130.40	0.00	65.20	65.20
NSTFDC	0.00	42.00	4.00	38.00
<b>TOTAL</b>	<b>338.74</b>	<b>42.00</b>	<b>191.47</b>	<b>189.27</b>

**OTHER LIABILITIES: DICGC**

The bank had opted out of the small loan guarantee scheme with effect from 1<sup>st</sup> April 1995. However, the bank has been continuing the deposit insurance scheme and half yearly premium on deposit insurance is regularly paid to Deposit Insurance and Credit Guarantee Corporation.

**CASH AND BALANCE WITH BANKS:**

Cash held by the bank as on 31-03-2017 is Rs. 611.46 Lakhs as against Rs. 614.75 lakhs of the previous year. The average cash balance during the current year and the previous two years are furnished as under:

(Rupees in lakhs)

Particulars	2014-15	2015-16	2016-17
Average cash balance	733.70	776.47	623.54
Average cash as % of average deposits	2.22	2.17	1.24
Average balance with RBI	1612.38	1746.96	2402.90
Average balance with sponsor bank	1173.91	2888.60	1804.63

**TOTAL INVESTMENT:**

The total investment of the bank stood Rs.43359.55 Lakhs as at the end of the year as against Rs.29788.41lakhs of the previous year. SLR investment is classified under "Held to Maturity", "Available for Sale" and "Held for Trading" category. However, the book value is higher than face value/redemption value; the excess amount is amortized equally over the remaining period of maturity of the security. The amount amortized during the year was Rs.2030445.50 which was deducted from interest income on Govt. securities. The details of the investments are given below:

(Rs. In lakh)

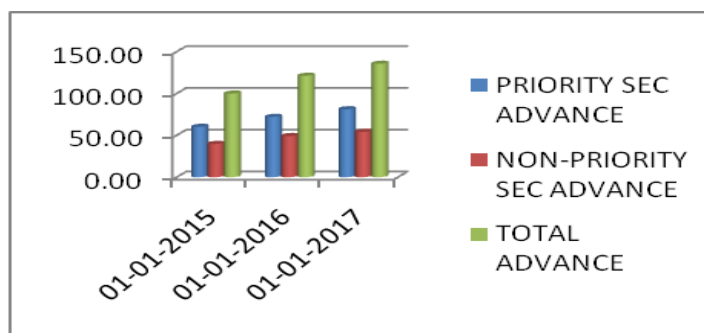
<b><u>Particulars of investment</u></b>	<b><u>Amount invested</u></b>		<b><u>Remarks</u></b>
	<b><u>As on 31-03-2016</u></b>	<b><u>As on 31-03-2017</u></b>	
Government securities	9882.26	14804.95	SLR
TDR with sponsor bank	15162.45	27034.60	Non-SLR
Mutual funds	4743.70	1520.00	Non-SLR
<b>TOTAL</b>	<b>29788.41</b>	<b>43359.55</b>	

**CLASSIFICATION OF SLR INVESTMENT**

<b><u>Particulars</u></b>	<b><u>Amount invested</u></b>		<b><u>Remarks</u></b>
	<b><u>As on 31-03-2016</u></b>	<b><u>As on 31-03-2017</u></b>	
<b><u>Held to Maturity (HTM)</u></b>	9882.26	9464.24	SLR-HTM
<b><u>Available for sale (AFS)</u></b>	0.00	5340.71	SLR-AFS
<b><u>Held for for trading (HFT)</u></b>	0.00	0.00	SLR-HFT
<b>TOTAL SLR INVESTMENT</b>	<b>9882.26</b>	<b>14804.95</b>	

**LOANS AND ADVANCES OUTSTANDING**

The gross loan and advances outstanding as on 31<sup>st</sup> March, 2017 was Rs. 13555.47 lakhs against Rs.12123.33 lakhs of the previous year. The growth of outstanding advances during 2016-17 was 11.81%. The interest earned during 2016-17 on advances was Rs. 1385.42 lakhs as against Rs 1117.59 lakhs in the previous year. The details of outstanding loans and advances are as under:-



<b><u>Particulars</u></b>	<b><u>Previous year 31-03-2016</u></b>		<b><u>Current year 31-03-2017</u></b>	
	<b><u>No.of a/c</u></b>	<b><u>Amount</u></b>	<b><u>No.of a/c</u></b>	<b><u>Amount</u></b>
Cash credit	463	3073.18	471	3523.24
Cash credit-SHG	24	39.81	55	59.53
General credit cards	477	119.74	369	86.93
Kisan credit cards	3132	1347.74	2878	1496.40
SGSY-CC	3	0.36	9	0.67
Weaver credit cards	253	52.52	215	45.04
PB-Recalled(CC)	17	15.85	5	17.63
Medium term loan	16	115.29	10	81.07
Agril. Term loans	146	511.02	128	430.18
Housing loan to public	19	421.83	32	876.71



Particulars	Previous year 31-03-2016		Current year 31-03-2017	
RTO	288	1091.99	268	1217.56
Small business finance	78	283.51	74	189.65
TL-SGSY	25	9.04	17	7.51
TL-SHG	26	45.31	35	37.50
Small Scale industries	18	81.25	12	55.69
<b>(A) TOTAL PRIORITY SECTOR</b>	<b>4985</b>	<b>7208.44</b>	<b>4578</b>	<b>8125.31</b>
Overdraft	109	2775.60	91	3091.86
Demand loan	538	833.29	566	949.20
Personal loan to public	383	651.59	392	753.49
Car/Two wheeler	23	73.63	24	75.87
Staff loans	269	535.75	167	531.27
PB-Recalled - loans	10	45.03	28	28.47
<b>(B) TOTAL NON-PRIORITY SECTOR</b>	<b>1332</b>	<b>4914.89</b>	<b>1268</b>	<b>5430.16</b>
<b>GRAND TOTAL (A+B)</b>	<b>6317</b>	<b>12123.33</b>	<b>5846</b>	<b>13555.47</b>
Out of total under target group	4985	7208.44	4578	8125.31
Out of total under non-target group	1332	4914.89	1268	5430.16
Out of total under SC/ST	1332	4914.89	1268	5430.16
Out of total under SF/MF/AL	3278	1858.76	3006	1926.58
Out of total under SME	1359	5239.31	1236	6075.88
Out of total under Govt. sponsored scheme	28	9.04	19	8.04
Credit Deposit ratio	-	26.69	-	23.99
Average return on advances	-	9.22	-	10.75

### IRAC NORM

The Bank has classified loans and advances as per latest provisioning and IRAC norms. The Asset-wise classification of current year as well as previous year and provision held there against are furnished as under: (Rs. In lakh)

Classification of loans and advances	As on 31-03-2016		As on 31-03-2017	
	Amount	% to Total	Amount	% to Total
1. Standard Assets	10653.73	87.88	12472.35	92.01
2. Sub-standard Asset	208.42	1.72	162.76	1.20
3. Doubtful: Secured upto 1 year	310.63	2.56	120.21	0.89
4. Doubtful:Secured 1 Year to 3 years	745.29	6.15	391.11	2.89
5. Doubtful: Secured above 3 Years	132.73	1.09	362.94	2.68
6. Loss Asset	72.53	0.60	46.10	0.33
<b>TOTAL ASSET</b>	<b>12123.33</b>	<b>100.00</b>	<b>13555.47</b>	<b>100.00</b>
7. Additional Provision made during the year	121.22	-	326.72	-
8. Total provision held against NPAs	483.87	-	882.25	-

### INTEREST DERECOGNISED

The details of interest de-recognized during the current year and the previous year are furnished as under:

(Rupees in lakhs)

Particular	31/03/2016	31/03/2017
1. De-recognized income at the beginning of the year	85.86	86.02
2. Addition in de-recognized income during the year	21.55	6.16
3. Recovery made against derecognized income	21.39	30.98
4. De-recognized income at the end of the year	86.02	61.20



**NPA MANAGEMENT**

The total NPAs as at the end of the year 2015-16 is Rs.1469.60 lakhs against Rs.1540.32 lakhs of the previous year.

The details of NPAs for last three years are furnished as under:-

(Rupees in lakhs)

Sl. No.	Particulars	31/03/2015	31/03/2016	31/03/2017
1.	NPAs at the beginning of the year	1481.79	1540.79	1469.60
2	Addition to NPA during the year	2695.43	491.67	368.00
3	NPAs written off during the year	0.00	102.69	229.00
4	Recovery against NPA during the year	2636.90	460.17	526.00
5	NPA at the end of the year	1540.32	1469.60	1082.60

**LOANS DISBURSED DURING THE YEAR**

The aggregate loans disbursed during the current year and the previous year is furnished below:

(Rs.in lakh)

Particulars	Previous year 31-03-2016		Current year 31-03-2017	
	No.of a/c	Amount	No.of a/c	Amount
Cash credit	74	881.00	79	1234.20
Cash credit-SHG	9	11.60	9	11.10
General credit cards	59	37.26	53	85.43
Kisan credit cards	183	286.31	183	277.60
SGSY-CC	0	0	0	0.00
Weaver credit cards	10	5.00	2	0.85
Medium term loan	0	0	2	7.13
Agril. Term loans	31	129.04	19	38.58
Housing loan to public	30	191.61	36	821.20
RTO	70	490.92	80	631.39
Small business finance	16	130.00	36	36.70
TL-SGSY	1	1.00	0	0.00
TL-SHG	4	6.00	5	10.00
Small Scale industries	1	0.50	1	7.00
<b>(A) TOTAL PRIORITY SECTOR</b>	<b>488</b>	<b>2170.24</b>	<b>505</b>	<b>3161.18</b>
Overdraft	34	239.50	24	224.48
Demand loan	605	748.02	537	1015.11
Personal loan to public	88	301.65	115	367.56
Car/Two wheeler	2	11.05	0	0.00
Staff loans	143	149.78	140	337.18
<b>(B) TOTAL NON-PRIORITY SECTOR</b>	<b>872</b>	<b>1450.00</b>	<b>816</b>	<b>1944.33</b>
<b>GRAND TOTAL (A+B)</b>	<b>1360</b>	<b>3620.24</b>	<b>1321</b>	<b>5105.51</b>
Out of total under target group	1286	1289.24	505	3161.18
Out of total under target NON-group	74	2331.00	816	1944.33
Out of total under SC/ST	1286	1289.24	505	3161.18
Out of total under SF/MF/AL	214	415.35	202	316.18
Out of total under SME	219	1539.18	124	1282.00
Out of total under Govt. sponsored scheme	1	1.00	0	0.00

**RECOVERY POSITION OF LOANS & ADVANCES**

The recovery positions of the bank along with age-wise, sector-wise position of overdues are furnished as under:-

(Rupees in lakhs)

<b>Particulars</b>	<b>As on 30/06/2015</b>	<b>As on 30/06/2016</b>
<b>TOTAL DEMAND</b>	<b>2313.78</b>	<b>2949.56</b>
Farm sector	336.52	<b>232.39</b>
Non-farm sector	1977.26	<b>2717.17</b>
<b>TOTAL RECOVERY:</b>	<b>1667.83</b>	1787.79
Farm sector	215.01	135.86
Non-sector	1452.82	1651.93
Recovery %	72.08	60.80
<b>TOTAL OVERDUES:</b>	<b>645.95</b>	1161.77
Farm sector	121.51	96.53
Non-farm sector	524.44	1065.24
<b>AGE-WISE POSITION OF OVERDUES:</b>	<b>As on 30/06/2015</b>	<b>As on 30/06/2016</b>
<b>UPTO 1 YEAR:</b>	<b>249.97</b>	217.33
Farm sector	59.63	7.81
Non-farm sector	190.34	209.52
<b>ABOVE 1 YEAR AND UPTO 3YRS</b>	<b>310.42</b>	743.46
Farm sector	54.68	80.04
Non-farm sector	255.74	663.42
<b>ABOVE 3 YEARS AND UPTO 5 YRS</b>	<b>17.54</b>	129.51
Farm sector	1.12	2.70
Non-farm sector	16.42	126.81
<b>ABOVE 5 YEARS</b>	<b>68.02</b>	71.47
Farm sector	6.08	5.98
Non-farm sector	61.94	65.49

**COMPREHENSIVE CROP INSURANCE**

The scheme for crop insurance has not been implemented in the state of Arunachal Pradesh and the bank has not participated in such scheme till 31<sup>st</sup> March,2017

**WRITE- OFF LOANS**

The Bank has not written off any bad and doubtful loans during the year. The details are as under:-

(Rupees in lakhs)

<b>Upto last year ( 31/03/2016)</b>		<b>Current year ( 2015-17)</b>		<b>Total loan written off upto (31/03/2017)</b>	
<b>No.of a/c</b>	<b>Amount</b>	<b>No.of A/c</b>	<b>Amount</b>	<b>No.of a/c</b>	<b>Amount</b>
9391	1951.61	147	228.90	9538	2180.54

**INCOME EARNED**

The incomes earned by this bank on various heads during the current year as well the previous year are furnished below:  
(Rupees in lakhs)

<b><u>Particulars</u></b>	<b><u>Previous year</u></b> <b><u>31-03-2016</u></b>	<b><u>Current year</u></b> <b><u>31-03-2017</u></b>
1. Interest earned on loans and advances	1117.59	1385.42
2. Interest earned on investments	1485.09	1651.97
3. Interest earned on Balance with Banks in current a/c	Nil	NIL
4. Other income	589.36	1568.22
<b>TOTAL</b>	<b>3192.04</b>	<b>4605.61</b>

**EXPENDITURE INCURRED**

The interest expenses and operating expenses for the current year and the previous year are as under:

(Rupees in lakhs)

<b><u>Particulars</u></b>	<b><u>Previous year</u></b> <b><u>31-03-2016</u></b>	<b><u>Current year</u></b> <b><u>31-03-2017</u></b>
1. Interest paid on deposits	2147.89	2333.71
2. Interest paid on borrowing	29.59	16.63
3. Payment to and provisions for employees	671.40	975.01
4. Other operating expenses	200.88	454.85
5. Provision for bad debts during the year	121.22	643.43
<b>TOTAL</b>	<b>3170.98</b>	<b>4423.63</b>

**FINANCIAL RATIOS**

The various financial ratios for the current year and the previous year are as under:-

(Rupees in lakhs)

<b><u>Sl.No.</u></b>	<b><u>Particulars</u></b>	<b><u>Previous year</u></b> <b><u>31-03-2016</u></b>	<b><u>Current year</u></b> <b><u>31-03-2017</u></b>
I	Average working fund	40307.23	54838.42
II	Financial returns	6.46	5.97
III	Financial cost	5.40	4.61
IV	Financial margin (II – III)	1.06	1.36
V	Operating expenses as % to working fund	2.16	2.60
VI	Misc. income as % to working fund	1.46	2.86
VII	Operating profit (IV+VI)-V	0.36	1.62
VIII	Risk cost as % to working fund	0.30	1.19
IX	Net margin (VII – VIII )	0.06	0.43

**TRANSFER PRICE MECHANISM**

The bank has adopted the following transfer price mechanism for the year 2016-17

1. Interest received from HO on current a/c balance	6.00% on Current account balances
2. Interest received from HO on interest paid on saving bank a/c	140.00% on interest paid on Saving bank a/c
3. . Interest received from HO on interest paid on saving bank a/c	105.00% On Interest paid on Time Deposits a/c

**TRANSFER PRICE MECHANISM**

The bank has adopted the following transfer price mechanism for the year 2016-17

1. Interest received from HO on current a/c balance	70.00% on Interest earned on Loan & Advances
2. Interest received from HO on interest paid on saving bank a/c	7.25% on Cash on Hand balance
3. Interest received from HO on interest paid on saving bank a/c	9.00% on NPA outstanding balances

**PERFORMANCE ON KEY PARAMETERS**

The performance during current year and previous year have been furnished in Annexure-I attached to this report and branch-wise business furnished in Annexure-II at the end of the report

**KISAN CREDIT CARDS**

The detailed performances of Kisan Credit Cards are furnished below:

(Rupees in lakhs)

<b>Particular</b>	<b>Sanctioned During the year-2016-17</b>		<b>Outstanding as on 31/03/2017</b>	
	<b>No. of a/c</b>	<b>Amount</b>	<b>No. of a/c</b>	<b>Amount</b>
Kisan Credit Cards	183	277.60	2878	1496.40

**GENERAL CREDIT CARDS**

The detailed performance of General Credit Cards are furnished below:

(Rupees in lakhs)

<b>Particular</b>	<b>Sanctioned During the year 2016-17</b>		<b>Outstanding as on 31/03/2017</b>	
	<b>No. of a/c</b>	<b>Amount</b>	<b>No. of a/c</b>	<b>Amount</b>
General Credit Cards	53	85.43	369	97.03

**SELF-HELP GROUPS**

The detailed performances of Self-help group financing are furnished below:

(Rupees in lakhs)

<b>Particular</b>	<b>Sanctioned During the year 2016-17</b>		<b>Outstanding as on 31/03/2017</b>	
	<b>No. of a/c</b>	<b>Amount</b>	<b>No. of a/c</b>	<b>Amount</b>
SHG credit linkage	10	21.10	90	115.22

**INTEREST RATES ON DEPOSITS**

The interest rates on deposits were last revised on 21th November 2016 and the same rate is continuing till 31<sup>st</sup> March 2017. The detail is as under:

<b>Account Type</b>	<b>Sub-type</b>	<b>Product type (Description)</b>	<b>Rate of interest per annum</b>
5011	1101	Current account general-public-individual	0.00%
5011	2101	Current account general-public-Others	0.00%
5011	5101	Current account general-Society/Bank	0.00%
5011	8101	Current account general-institution	0.00%
1011	1101	Saving Bank-General-public-Individual	4.00%
1011	2101	Saving Bank-General-public-others	4.00%
1011	3101	Saving Bank-General-public-Staff	5.00%
1011	5101	Saving Bank-General-public- Society	4.00%
1011	7101	Saving Bank-General-public-SHG	4.00%
1011	8101	Saving Bank-General-public-Institutions	4.00%



**INTEREST RATES ON DEPOSITS**

The interest rates on deposits were last revised on 6<sup>th</sup> November 2015 and the same rate is continuing till 31<sup>st</sup> March 2017. The detail is as under:

Account Type	Sub-type	Product type (Description)	Rate of interest per annum
1111	1101	Saving Bank-without-cheque-Gen-Public	4.00%
1145	1101	Saving Bank-Without-Cheque-Daily Deposit	4.00%
1163	1101	Saving Bank-without-Cheque-No frill a/c	4.00%
1151	1101	Saving Bank-without-Cheque-PMJDY	4.00%
		<b>TIME DEPOSITS:</b>	
		15 days to 45 days	5.50%
		46 days to 90 days	5.50%
		91 days to 179 days	6.50%
		180 days to 240 days	6.50%
		241 days to 364 days	6.75%
		1 year to less than 2 years	7.00%
		1 1/2 years to less than 2 years	7.00%
		2 years to less than 3 years	7.00%
		3 years to less than 5 years	7.25%
		5 years to less than 8 years	7.00%
		8 year and upto 10 years	7.00%

Note: The interest rates payable on deposits of Senior Citizen, Charitable institution will get 0.25 % additional rate on above

**INTEREST RATES ON LOANS AND ADVANCES**

The interest rates on loan and advances were not revised during the year. The previous year's rates are continued which are as under:-

Account Type	Sub-type	Product type (Description)	Limit	Rate of interest Per annum
6050	1001	Overdraft	Upto 25000/-	12.00%
6050	1001	Overdraft	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6050	1001	Overdraft	Above Rs.2.00 lakhs	14.00%
6110	1001	Cash credit	Upto 25000/-	12.00%
6110	1001	Cash credit	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6110	1001	Cash credit	Above Rs.2.00 lakhs	14.00%
6130	1001	KCC/ACC	Max. Limit Rs. 3.00 lakhs with intt. Suvention	7.00%
6150	1001	GCC	Max. Limit Rs.3.00 lakhs	13.00%
6110	1101	WCC	Max. limit Rs.0.50 lakhs	9.00%
6210	1001	TL-SSI-Public	Upto 25000/-	12.00%
6210	1001	TL-SSI-Public	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6210	1001	TL-SSI-Public	Above Rs.2.00 lakhs	14.00%
6220	1001	TL-SBF-Public	Upto 25000/-	12.00%
6220	1001	TL-SBF-Public	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6220	1001	TL-SBF-Public	Above Rs.2.00 lakhs	14.00%
6230	1001	TI-ATL	Upto 25000/-	12.00%
6230	1001	TL-ATL	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6230	1001	TL-ATL	Above Rs.2.00 lakhs	14.00%

Account Type	Sub-type	Product type (Description)	Limit	Rate of interest Per annum
6220	1001	TL-SME	Upto 25000/-	12.00%
6220	1001	TL-SME	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6220	1001	TL-SME	Above Rs.2.00 lakhs	14.00%
6250	1001	TL_Personal-public		13.00%
6259	1001	TL-personal-staff	Limit upto 7.00 lakh	9.00%
6259	2001	TL-Housing-Staff	Upto Rs.110000/-	5.00%
6259	2001	TL-Housing-Staff	Above Rs.110000/-	11.00%
6259	3001	TL-Convey-staff	Upto Rs.80000/-	8.5%
6259	3001	TL-Convey-staff	Above Rs.80000/-	11.00%
6250	2001	TL-Housing loan-pub	Upto 1.00 crore	13.00%
6259	3002	TL-Convey-2wheeler-staff	Limit upto 1.25 lakh	7.50%
6250	1101	TL-RTO-Public	Upto 25000/-	12.00%
6250	1101	TL-RTO-Public	Above 25000/ & upto Rs.2.00 lakhs	13.00%
6250	1101	TL-RTO-Public	Above Rs.2.00 lakhs	14.00%
6250	1201	Consumer-public		13.00%
6250	3001	TL-CAR/Two wheeler		13.00%
6250	8001	TL-SHG		12.00%
6250	8101	TL-SGSY-public		12.00%
6259	1001	TL-PER-Staff		10.00%
6259	1201	TL-Consumer-Staff		11.00%
6259	1301	TL-Computer-staff		6.00%
6220	1101	MTL		14.00%

NOTE: The rate of interest on Demand Loan against time deposits of the bank will be above 2.00% of the rate of the respective time deposits pledged.

### **NON-FUND BUSINESS**

The Bank has started non-fund base business by cross selling of SBI Life Insurance products, SBI General Insurance products as a corporate agents. Moreover, the bank has implemented NEFT remittances, issuance of draft, collection of cheques etc. to increase non-fund base income.

### **FINANCIAL INCLUSION:**

The bank has implementing financial inclusion as per GOI/RBI instruction. Due to geographical difficulties, villages are scattered in far flung areas and non availability of Business correspondene(BCs) in the area of our operation. We covered all the allotted villages ( 40 SSA with 828 villages) by opening of accounts through our Branches. During the current year, our Bank has appointed a corporate B.C. ( E-Gramin Services Private Ltd) and two CSP have just started to work in March 2017.

### **PRADHAN MANTRY-JAN-DHAN YOJNA:**

Under Pradhan Mantri Jan-Dhan Yojna, Bank organized Financial Literacy camps, open saving bank PMJDY accounts and also issue ATM Debit cards. The detail is as under: ( Rs.in lakh)

<b><u>Particulars</u></b>	<b><u>Previous year 2015-16</u></b>	<b><u>Current year 2016-17</u></b>
Financial Literacy camps	31	102
Saving bank-PMJDY account	15815	17078
Deposit mobilised	349.23	504.71
ATM Debit cards issued	13509	13538

**PRADHAN MANTRY-JEEVAN BIMA AND ATAL PENSION YOJNA:**

Bank has been implemented PM- suraksha Bima, PM-Jeevan Jyoti Bima and Atal Pension Yojna during 2016-17.

The details is as under:

(Rupees in lakh)

Particulars os Jojna	Previous year 2015-16		Current year 2016-17	
	No.	Premium collected	No.	Premium collected
PM-JEEVAN SURAKSHA YOJANA	4357	0.52	5308	0.64
PM-JEEVAN JYOTI BIMA YOJANA	3304	10.90	3868	12.76
ATAL PENSION YOJANA	134	2.99	372	1.49
Commissioned earned	-	0.97	-	1.57

**CROSS SELLING OF SBI-LIFE INSURANCE:**

The Bank had a tie up with SBI-Life Insurances co. Ltd for cross selling of Insurance products through Corporate Insurance Agency. 5 CIFs were awarded MDRT during 2016-17 against 2 MDRT of the previous year. The bank has achieved Excellent performance award for 2016-17 from SBI-Life Insurance Co. Ltd. for cross selling of SBI life products.

The details of cross selling of SBI-Life Insurance for last two years as under:

(Rupees in lakh)

Particulars os Jojna	Previous year 2015-16		Current year 2016-17	
	No.	Premium collected	No.	Premium collected
Micro products	22	0.36	2031	0.60
Other product	144	66.19	188	130.00
<b>TOTAL</b>	<b>166</b>	<b>66.55</b>	<b>2219</b>	<b>130.60</b>
<b>Commission received</b>	<b>-</b>	<b>8.15</b>	<b>-</b>	<b>13.89</b>

**CROSS SELLING OF SBI-GENERAL INSURANCE:**

The Bank had a tie up with SBI-General Insurances co. Ltd for cross selling of general Insurance products through Corporate Insurance Agency. The details of cross selling of SBI-General Insurance for last two years as under:

(Rupees in lakh)

Particulars os Jojna	Previous year 2015-16		Current year 2016-17	
	No.	Premium collected	No.	Premium collected
GPAI product	NA	0.00	142	2.55
Other product	507	24.50	122	14.45
<b>TOTAL</b>	<b>507</b>	<b>24.50</b>	<b>264</b>	<b>17.00</b>
<b>Commission earned</b>	<b>-</b>	<b>1.52</b>	<b>-</b>	<b>1.05</b>

**APRB-RSETI:**

The Arunachal Pradesh Rural Bank Rural Self-Employment Training Institute (APRB-RSETI), a non- profitable Society, registered under Society Act,1860 for Papum Pare district , sponsored by Arunachal Pradesh Rural Bank , was established on 29<sup>th</sup> October,2011 at APRB, HO: Naharlagun.The Institute is functioning presently in a rented building at Nirjuli, near Bage-Tinali, Papum Pare district (A.P). The training Institute was established as per the guidelines of MoRD, New Delhi. The Nodal Agency of the RESTIs is NIRD, Hyderabad and its functioning is monitored by NACER, Bangaluru. Since APRB-RESTI is the stand alone RESTI in the state of Arunachal Pradesh , it is covering the entire state for training the unemployed rural & urban youths, mainly the un-employed youths selected under PMEGP, Standup India, SRLM and NULM for bank finance through different bank branches in the state. The performance made under training and settlement of the RSETI during the FY 2016-17 and since inception has been furnished as under:-

The performance of the Institute for the year 2016-17 is as under:

<b>Training Programmes</b>	<b>No. of Programmes</b>	<b>Duration</b>	<b>No. of Participants</b>
PMEGP EDP Training Programme	13	Min-6 days Max.23 days	413
Domestic Electrical appliance repairing (EDP) programmes	2	31 days	27
Home Nursing (EDP) Programme	1	45 dahys	20
Poultry farming (EDP) programme	1	6 days	13
Piggery farming (EDP) programme	1	6 days	12
<b>TOTAL</b>	<b>18</b>		<b>485</b>

#### **MEMBERSHIP TO CREDIT INFORMATION INSTITUTION:**

The Bank has obtained membership for credit information with Credit Information Bureau of India Limited(CIBIL), Experian Credit Information Company of India Pvt. Ltd and CRIFF High Marks.

#### **TECHNOLOGIES**

All branches are migrated to CBS platform. Rupay ATM Debit cards, Rupay ATM-PMJDY card Rupay Kisan card, National Electronic Fund tranfer (NEFT),Real Time Gross Settlement (RTGS), Direct benefit transfer , ACH-credit, ACH-Debit, APBS-Credit, SMS alert facility etc are in operation. Moreover, we have implemented E-Commerce, IMPS, and CSP channel during the year

#### **BOARD OF DIRECTORS MEETING**

The following Meeting of Board of Directors were held during 2016-17

<b><u>Date of Board Meetings</u></b>	<b><u>Name of Directors present in the meeting</u></b>
01-06-2016	Shri A.Kumar, Shri R.K. Senapati, Shri P.K. Brahma, Shri P.Aich
08-09-2016	Shri A. Kumar, Shri Langwang Sumpa, Shri Ikar Dirchi, Shri S.S. Bairagi, Shri B. Kumar
27-10-2016	Shri A. Kumar, Shri S.S. Bairagi, Shri Langwang Sumpa, Shri Manmohan Singh,
08-12-2016	Shri A. Kumar, Shri S. R, Saha, Shri Manmohan Singh, Shri B. Kumar
22-02-2017	Shri A. Kumar, Shri Manmohan Singh, Shri S.R. Saha, Shri B. Kumar, Shri Ikar Dirchi

#### **DIRECTORS RETIRED DURING 2016-17**

The following Directors were retired from the Board during the year is as under:

<b><u>Name</u></b>	<b><u>Designation</u></b>	<b><u>Parent organisation</u></b>	<b><u>Date of retirement from the Board</u></b>
Shri Aatish Anant	AGM	RBI RO	27-10-2016
Shri R.K. Senapati	AGM	SBI,LHO	12-08-2016
Shri P.K. Brahma	AGM	SBI RO	12-08-2016
Shri P. Aich	Deputy Secy(Budget)	State Govt.	08-09-2016



**NEW DIRECTORS APPOINTED TO THE BOARD DURING 2016-17**

The following Directors were retired from the Board during the year is as under:

<b>Name</b>	<b>Designation</b>	<b>Parent organisation</b>	<b>Date of appontment the Board</b>
Shri Manmohan Singh	AGM	RBI RO	27-10-2016
Shri S.R. Saha	AGM	SBI LHO	12-08-2016
Shri S.S. Bairagi	AGM	SBI RO	12-08-2016
Shri Ikar Dirchi	Dy Secy(Budget)	State Govt.	08-09-2016
Shri Langwang Sumpa	Dy Secy ( Finance)	State Govt.	08-09-2016

**REWARDS AND RECOGNITION**

The bank has received following awards for achievement in different key parameters

<b>Sl. No.</b>	<b>Particulars</b>	<b>Key performance</b>	<b>Awarded by</b>
1	Super performer 2011-12 among SBI sponsored RRBs	Achievement in key parameters during 2011-12	State Bank of India
2	Excellent Performance 2013-14	Achievement in cross selling of SBI life products	SBI Life Insurance Co.Ltd
3	Top Performer award 2015-16 ( 2 <sup>nd</sup> position) among SBI sponsored RRBs	Achievement in key parameters during 2015-16	State Bank of India
4	Excellent Performance award 2015-16	Achievement in cross selling of SBI life products	SBI Life Insurance Co.Ltd
5	Excellent Performance 2016-17	Achievement in cross selling of SBI life products	SBI Life Insurance Co.Ltd

**STATUTORY AUDITORS**

M/s Ramesh Chandra Roy & Asso. Chartered Accountant, Kogay Commercial complex, 'O' point Tinali, Itanagar was appointed as statutory Auditors for the year 2015-16 after due approval from the Central Government.

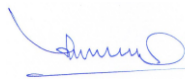
**ACKNOWLEDGEMENT**

The Board places on record its sincere gratitude to the Government of India, Government of Arunachal Pradesh, Reserve Bank of India, State Bank of India, National Bank for Agriculture and Rural Development(NABARD), Indian Institute of Bank Management, Bankers Institute of Rural Development, SBI Learning Centre, NABARD Regional Training Centre etc. for their valuable support. The Board is indebted to the customers of the Bank, various Development agencies and well wishers of the Bank for their whole hearted supports and patronage. Last but not the least, the Board once again applauds the efforts of the bank employees who have discharged their duties and responsibilities towards the growth and progress of the Bank.

**Dated: 04-05-2017**

**Place: Naharlagun**

**For and on behalf of Board of Directors**

  
**( A. KUMAR)**  
**C H A I R M A**



**Ramesh Chandra Roy & Asso.**  
Chartered Accountants

Kogey Commercial Complex  
'O' Point Tinali, Itanagar-791111  
Tel-0360-2217235  
[email-rameshsw7@hotmail.com](mailto:email-rameshsw7@hotmail.com)

To  
The Members,  
Arunachal Pradesh Rural Bank  
Naharlagun, Arunachal Pradesh

1. We have audited the accompanying Financial Statements of **Arunachal Pradesh Rural Bank, Naharlagun** which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, Profit and Loss Account for the year ended on that date and other explanatory informatio

### **Management's Responsibility for the Financial Statements**

2. Management of the bank is responsible for the preparation of these financial statements that give true and fair view of the financial position and financial performance of the Branch in accordance with the Banking Regulation Act, **1949** complying with Reserve Bank of India guidelines, **the provisions of the other Statute (if any) and recognized accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).** This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

### **Opinion:**

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

*We invite attention to provisioning norms for NPA according which substandard, doubt full assets to be bifurcated into secured and unsecured portion and provision should be made accordingly. Among other things, Norm stipulate that Provision for unsecured portion of substandard and doubt full assets should be made @ 25% and 100% respectively.*

*However, Loan & Advances has not been bifurcated into secured and unsecure portion while making provision on substandard, doubt full assets 1 and doubt full assets .Rather general provision @ 15%, 25% and 40% on total outstanding amount has been provided in respect of substandard, doubt full assets 1 and doubt full assets 2 respectively. Further in absence of report detailing assets into secured and unsecured portion, we are not able to quantify the provision amount to be made.*

In our opinion, **read with observation mentioned in LFAR of HO and Branch**, and to the best of the information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Banking Regulation Act 1949 and give true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of Balance Sheet, of the state of affairs of the bank as at 31<sup>st</sup> march 2017.
- (b) In the case of the Statements of Profit and Loss, of the profit of the bank for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

- 6. The Balance Sheet and the Profit and Loss Account contains the data required to draw up the Balance Sheet and the Profit and Loss Account in Form A and B respectively of the Third Schedule of the Banking Regulation Act, 1949;
- 7. 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 purpose of the audit and have found them to be satisfactory.
  - (b) The transactions of the branch which have come to our notice have been within the powers of the Bank.
- 8. We further report that:
  - a. the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the Books of account and returns; and
  - b. in our opinion, proper books of account as required by law have been kept by the bank so far as appears from our examination of those books unless **otherwise stated**;

For RAMESH CHANDRA ROY & ASSO

Chartered Accountants

(FRN-016170N)



Bhupendra Bahadur Singh  
(Partner)

M.No. 525395/ FRN 016170N

THE THIRD SCHEDULE (See Section 29)  
(Banking Regulation Act, 1949)

## FORM-'A'

**ARUNACHAL PRADESH RURAL BANK**  
**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2017**

<u>CAPITAL AND LIABILITIES</u>	<u>Schedule</u>	<u>Current year</u> <u>31/03/2017</u>	<u>Previous year</u> <u>31/03/2016</u>
Capital	1	557354000.00	526904000.00
Reserve & Surplus	2	0.00	0.00
Deposits	3	5650444510.19	4541749944.37
Borrowings	4	18926899.00	33874300.00
Other Liabilities & Provisions	5	353714085.37	278292340.79
<b>TOTAL</b>		<b>6580439494.56</b>	<b>5380820585.16</b>
<u>ASSETS</u>	<u>Schedule</u>	<u>Current year</u> <u>31/03/2017</u>	<u>Previous year</u> <u>31/03/2016</u>
Cash & Balance with RBI	6	338440061.67	247637958.00
Balance with Bank, Money at Call and short notice	7	62388239.58	389811971.00
Investment	8	4335955482.15	2978841251.72
Advances	9	1291256648.10	1155343567.98
Fixed Asset	10	20083661.42	8948822.35
Other Asset	11	532315401.64	600237014.11
<b>TOTAL</b>		<b>6580439494.56</b>	<b>5380820585.16</b>
Contingent liabilities and Bills for collection	12	0.00	0.00

As per our report of even date attached.

**For RAMESH CHANDRA ROY & ASSO**

Chartered Accountants

(FRN-016170N)

*B.S.2017*

Bhupendra Bahadur Singh

(Partner)

M.No. 525395/ FRN 016170N

*(Signature)*

( A. KUMAR)

**CHAIRMAN**

Place: Naharlagun

Date: 16<sup>th</sup> April 2017

*(Signature)*

( B.Kumar)

Director

*(Signature)*

( Manmohan Singh)

Director

*(Signature)*

( S.R. Saha)

Director

*(Signature)*

(S.S.Bairagi)

Director

*(Signature)*

(Ikar Dirchi)

Director



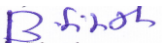
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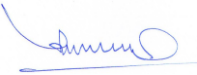
**ARUNACHAL PRADESH RURAL BANK**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2017**

<u>PARTICULARS</u>	<u>Schedule</u>	<u>Current year</u> <u>2016-17</u>	<u>Previous year</u> <u>2015-16</u>
<b>I. INCOME:</b>			
Interest earned	13	303738959.67	260268042.86
Other income	14	156822169.78	58935643.89
<b>TOTAL</b>		<b>460561129.45</b>	<b>319203686.75</b>
<b>II. EXPENDITURE:</b>			
Interest expenses	15	235034244.15	217748076.30
Operating expenses	16	142985982.03	87228245.52
Provisions & contingencies		64342541.05	12121851.29
<b>TOTAL</b>		<b>442362767.23</b>	<b>317098173.11</b>
<b>III. PROFIT AND LOSS:</b>			
Net profit(+) Loss(-) for the year		18198362.22	2105513.64
Loss brought forward		-416962649.49	-419068163.13
<b>TOTAL</b>		<b>-398764287.27</b>	<b>-416962649.49</b>
<b>IV. APPROPRIATIONS:</b>			
Transfer to statutory reserve		NIL	Nil
Transfer to other reserve		NIL	Nil
Transfer to Govt. Proposed dividend		NIL	Nil
Balance carried over to balance sheet		-398764287.27	-416962649.49
<b>TOTAL</b>		<b>-398764287.27</b>	<b>-416962649.49</b>
Significant Accounting Policies and Notes to Accounts	17, 18	<b>0.00</b>	<b>0.00</b>

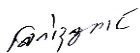
As per our report of even date attached.


**For RAMESH CHANDRA ROY & ASSO**  
Chartered Accountants  
**(FRN-016170N)**

  
Bhupendra Bahadur Singh  
(Partner)  
M.No. 525395/ FRN 016170N

  
(A. KUMAR)  
**CHAIRMAN**

Place: Naharlagun  
Date: 16<sup>th</sup> April 2017

  
(B. Kumar)  
Director

  
(Manmohan Singh)  
Director

  
(S.R. Saha)  
Director

  
(S.S. Bairagi)  
Director

  
(Ikar Dirchi)  
Director

<u>SCHEDULE-1</u>	<u>CAPITAL</u>	<u>Current year</u> <u>31-03-2017</u>	<u>Previous year</u> <u>31-03-2016</u>
A. Authorised capital (2000000000 shares of Rs.10/- each)		2000000000.00	20000000000.00
Issued, subscribed and paid up capital (5269040 shares of Rs.10/- each)		557354000.00	526904000.00
I. From Govt. of India (26345200 shares of Rs.10/- each)		263452000.00	263452000.00
II. From Govt. of A.P. (7906560 Shares of Rs.10/- each)		88195000.00	79065600.00
III. From sponsor bank, SBI (18438640 shares of Rs.10/- each)		205707000.00	184386400.00
<b>TOTAL OF A</b>		<b>557354000.00</b>	<b>526904000.00</b>

<u>SCHEDULE-2</u>	<u>RESERVE &amp; SURPLUS</u>	<u>Current year</u> <u>31-03-2017</u>	<u>Previous year</u> <u>31-03-2016</u>
<b>I. STATUTORY RESERVE:</b>			
Opening balance		Nil	Nil
Addition during the year		Nil	Nil
Deduction during the year		Nil	Nil
<b>II. CAPITAL PREMIUM:</b>			
Opening balance		Nil	Nil
Addition during the year		Nil	Nil
Deduction during the year.		Nil	Nil
<b>III. SHARE PREMIUM:</b>			
Opening balance		Nil	Nil
Addition during the year		Nil	Nil
Deduction during the year		Nil	Nil
<b>IV. REVENUE AND OTHERS RESERVE:</b>			
Opening balance		Nil	Nil
Addition during the year		Nil	Nil
Deduction during the year		Nil	Nil
<b>TOTAL (I + II + III + IV)</b>		Nil	Nil

<u>SCHEDULE-3</u>	<u>Deposits</u>	<u>Current year</u> <u>31-03-2017</u>	<u>Previous year</u> <u>31-03-2016</u>
<b>A. I. DEMAND DEPOSIT</b>			
i. From banks		NIL	NIL
ii. From others		1430762836.86	600606415.43
<b>II. SAVINGS BANK DEPOSIT</b>			
		2457708135.25	2471186731.47
<b>III. TERM DEPOSIT:</b>			
i. From banks		NIL	NIL
ii. From others		1761973538.08	1469956797.47
<b>TOTAL of (I+II+III)</b>		<b>5650444510.19</b>	<b>4541749944.37</b>
<b>B. I. Deposits of branches in India</b>			
		5650444510.19	4541749944.37
<b>II. Deposits of branches outside India</b>			
		NIL	NIL
<b>TOTAL</b>		<b>5650444510.19</b>	<b>4541749944.37</b>

<b>SCHEDULE-4</b>	<b>BORROWINGS</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I. BORROWING IN INDIA:</b>			
i.From Reserve Bank of India		NIL	NIL
ii.From other banks (Perpetual Bonds of SBI)		8607000.00	8607000.00
iii.From other Institutions (NABARD)		6519900.00	25267300.00
iv.From other Institutions (NSTFDC)		3799999.00	
<b>TOTAL OF ( i+ii+iii)</b>		<b>18926899.00</b>	<b>33874300.00</b>
<b>II. BORROWING FROM OUTSIDE INDIA</b>			
		18926899.00	NIL
<b>TOTAL OF (I+II)</b>		<b>18926899.00</b>	<b>33874300.00</b>
SECURED BORROWING (including I & II above)		<b>18926899.00</b>	<b>33874300.00</b>

<b>SCHEDULE-5</b>	<b>OTHER LIABILITIES AND PROVISIONS</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.BILLS PAYABLE</b>			
II.INTER-OFFICE ADJUSTMENT (NET)		NIL	NIL
<b>III.INTEREST ACCRUED:</b>			
i.On deposit		303224141.29	250221415.42
ii.On borrowings		NIL	NIL
IV.OTHERS (Including provisions) ( Detail in schedule-18 item-6a )		50489944.08	28070925.37
<b>TOTAL (I, II, III, IV)</b>		<b>353714085.37</b>	<b>278292340.79</b>

<b>SCHEDULE-6</b>	<b>CASH AND BALANCE WITH RBI</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.CASH IN HAND</b>			
		61145592.00	61474822.00
<b>II.BALANCE WITH Reserve Bank of India</b>			
i.In current account		277294469.67	186163136.00
ii.In other account		NIL	NIL
<b>TOTAL (I, II)</b>		<b>338440061.67</b>	<b>247637958.00</b>

<b>SCHEDULE-7</b>	<b>BALANCE WITH BANKS &amp; Money at call &amp; shortnotice</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.IN INDIA:</b>			
i.Balance with Banks:			
a.In current account		62388239.58	389811971.00
b.In other account		NIL	NIL
ii. Money at call & short Notice:			
a.With Banks		NIL	NIL
b.With other institutions		NIL	NIL
<b>TOTAL (i, ii)</b>		<b>62388239.58</b>	<b>389811971.00</b>
<b>II.OUTSIDE INDIA:</b>			
i.Current account		NIL	NIL
ii.In other deposit account		NIL	NIL
iii.Money at call and short notice		NIL	NIL
<b>GRAND TOTAL ( I AND II )</b>		<b>62388239.58</b>	<b>389811971.00</b>

<b>SCHEDULE-8</b>	<b>INVESTMENTS</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I. INVESTMENT IN INDIA:</b>			
	i. Government securities	1480495538.15	988226163.99
	ii. Other approved securities	NIL	NIL
	iii. Shares	NIL	NIL
	iv. Debenture and bonds	NIL	NIL
	v. Subsidiaries and joint venture	NIL	NIL
	vi. Others (Specify) (a) Mutual fund	152000000.00	474370397.73
	(b) Others (STDR with SBI)	2703459944.00	1516244690.00
<b>TOTAL (i, ii, iii, iv, v, vi)</b>		<b>4335955482.15</b>	<b>2978841251.72</b>
<b>II. INVESTMENT OUTSIDE INDIA:</b>			
	i. Govt. Securities including local authorities	NIL	NIL
	ii. Subsidiaries/joint venture	NIL	NIL
	iii. Other investment (specify)	NIL	NIL
<b>TOTAL (I, II)</b>		<b>4335955482.15</b>	<b>2978841251.72</b>

<b>SCHEDULE-9</b>	<b>ADVANCES</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>A. I. Bills purchased &amp; discounted</b>			
	II. Cash credit, overdraft & loan repayable on demand	NIL	Nil
	a. Cash credit/KCC/ACC/GCC	485562993.75	435092282.09
	b. Overdraft	308524058.74	274248831.47
	c. Demand loan	94705575.49	84202385.94
	III. Term loans	402464020.12	361800068.48
<b>TOTAL (I, II, III)</b>		<b>1291256648.10</b>	<b>1155343567.98</b>
<b>B. I. Secured by tangible assets</b>			
	II. Covered by bank / Govt. Guarantee	1027473572.08	959461551.83
	III. Unsecured	NIL	NIL
		263783076.02	195882016.15
<b>TOTAL (I + II + III)</b>		<b>1291256648.10</b>	<b>1155343567.98</b>
<b>C. ADVANCES IN INDIA:</b>			
	a) Priority sectors	759131495.03	677969217.96
	b) Public sectors	NIL	NIL
	c) Other	532125153.07	477374350.02
<b>TOTAL (a + b + c)</b>		<b>1291256648.10</b>	<b>1155343567.98</b>
<b>II. ADVANCES OUTSIDE INDIA:</b>			
	i) Due from banks	NIL	Nil
	ii) Due from others	NIL	Nil
	iii) Bills purchased & discounted	NIL	Nil
	iv) Syndicate loans	NIL	Nil
	v) Others	NIL	Nil
<b>TOTAL (I + ii + iii + iv + v)</b>		NIL	Nil
<b>GRAND TOTAL (C.I &amp; C.II.)</b>		<b>1291256648.10</b>	<b>1155343567.98</b>



<b>SCHEDULE-10</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.PREMISES:</b>	NIL	Nil
I. At cost as on 31 <sup>st</sup> March of the preceeding year	NIL	Nil
ii.Addition during the year	NIL	Nil
iii.Deduction during the year	NIL	Nil
iv.Depreciation to date	NIL	Nil
<b>II.OTHER ASSETS (including furniture &amp; fixtures)</b>		
i.At cost on 31 <sup>st</sup> March of the preceeding year	22619699.60	22217743.60
ii.Addition during the year	15403703.00	3602721.00
iii.Deduction during the year	130000.00	3200765.00
iv.Depreciation to the date.	17809741.18	13670877.25
<b>NET VALUE</b>	<b>20083661.42</b>	<b>8948822.35</b>

<b>SCHEDULE-11</b>	<b>OTHER ASSET</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.INTER-OFFICE ADJUSTMENT (NET)</b>		28078102.00	32591323.96
<b>II.INTEREST ACCRUED</b>		67883400.83	90556581.64
<b>III.TAX PAID IN ADVANCE/Tax deducted at source</b>		NIL	Nil
<b>IV.STATIONERY AND STAMPS</b>		938750.60	1049922.60
<b>V.Non-banking asset acquired in satisfaction of claim</b>		NIL	Nil
<b>VI.OTHERS (Detail in schedule-18 item 6b )</b>		435415148.21	476039185.91
<b>TOTAL (I, II, II, IV, V &amp; VI)</b>		<b>532315401.64</b>	<b>600237014.11</b>

<b>SCHEDULE-12</b>	<b>CONTINGENT LIABILITIES</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.Claims against the bank not acknowledged as debt</b>		Nil	Nil
<b>II.Liabilities on account of outstandings     forward exchange contract</b>		Nil	Nil
<b>III.Liabilities for partly paid investment</b>		Nil	Nil
<b>IV.Guarantee given on behalf of constituents</b>		Nil	Nil
<b>V.Acceptance, endorsement and other obligation</b>		Nil	Nil
<b>VI.Others items for which the bank is contingently liable</b>		Nil	Nil
<b>TOTAL ( I, II, III, IV, V)</b>		<b>Nil</b>	<b>Nil</b>

<b>SCHEDULE-13</b>	<b>INTEREST EARNED</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
<b>I.INTEREST ON ADVANCES</b>		138541619.87	111759103.54
<b>II.INTEREST ON INVESTMENT (Detail in chedule-18, item 6c)</b>		165197339.80	148508939.32
<b>III.INTEREST on Balance with RBI &amp; other Banks</b>		NIL	Nil
<b>IV.OTHERS</b>		NIL	Nil
<b>TOTAL ( I + II + III + IV)</b>		<b>303738959.67</b>	<b>260268042.86</b>

<b>SCHEDULE-14</b>	<b>OTHER INCOME</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
I.COMMISSION, EXCHANGE & BROKERAGE		11086983.53	7901931.54
II.PROFIT ON SALE OF INVESTMENT		141396927.25	46704196.35
LESS: LOSS ON REVALUATION OF investment			
III.PROFIT ON REVALUATION OF INVESTMENT		NIL	NIL
LESS: Loss on over-valuation of investment			
IV.PROFIT on sale of land, building & other asset		NIL	NIL
LESS: Loss on sale of land, building & other asset			
V.PROFIT on exchange transaction		NIL	NIL
LESS: Loss on exchange transaction		NIL	NIL
VI.INCOME earned by way of dividend etc. From subsidiaries companies/joint venture set up abroad/in India		4338259.00	4329516.00
VII.MISCELLENEOUS INCOME			
VIII.Subsidy from sponsor bank on account of salary & allowances to Deputed staff		NIL	NIL
<b>TOTAL (I TO VIII)</b>		<b>156822169.78</b>	<b>58935643.89</b>

<b>SCHEDULE-15</b>	<b>INTEREST EXPENDED</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
I. Interest on deposit		233371046.15	214789098.30
II.Interest on RBI/Inter-bank borrowing		1663198.00	2958978.00
III.Others		NIL	Nil
<b>TOTAL (I, II, III)</b>		<b>235034244.15</b>	<b>217748076.30</b>

<b>SCHEDULE-16</b>	<b>OPERATING EXPENSES</b>	<b>Current year 31-03-2017</b>	<b>Previous year 31-03-2016</b>
I.Payment to and provision for employees (Detail in schedule-18 item 6d)		97500591.11	67140308.58
II.Rent, taxes and lighting		14048675.00	5318059.01
III.Printing and stationery		1751503.00	2078044.00
IV.Advertisement and publicity		10650.00	71625.00
V.Depreciation on Bank's property		4138863.93	2139831.19
VI.Directors' fees, allowances & expenses		NIL	Nil
VII.Auditors' fees, allow. & exp.(including Br.audit)		263892.00	170145.00
VIII.Law charges		71955.00	273276.00
IX.Entertainment expenses		716726.00	524421.00
X.Repairing and maintenance		734267.00	240271.50
XI.Insurance		5630679.00	4786931.00
XII.Postage, telegrams, telephone		665803.00	602319.00
XIII.Other expenditure ( Detail in schedule-18 item 6e)		17452376.99	3883014.24
<b>TOTAL (I to XIII)</b>		<b>142985982.03</b>	<b>87228245.52</b>

**ARUNACHAL PRADESH RURAL BANK****SCHEDULE 17-SIGNIFICANT ACCOUNTING POLICIES FOR FY 2016-17:****A. Basis of Preparation:**

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting ongoing 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. As regards Bank's foreign offices, income and expenditure are recognised as per the local laws of the country in which the respective foreign office is located.
- 1.2 Interest income is recognised in the Profit and Loss Account as it accrues except: (i) Interest on FDR , commission income booked net of TDS, and on the other Hand TDS receivable in not booked under other assets (ii) 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), (iii) overdue interest on investments and bills discounted, (iv) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.
- 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 Dividend is accounted on an accrual basis where the right to receive the dividend is established.
- 1.6 All other commission and fee incomes are recognised on their realisation except for: (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee; (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.
- 1.7 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.
- 1.8 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 Government Securities are recorded on "Settlement Date". Investments other than Government Securities are recorded on "Trade 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 the above two categories, are classified as "Available for Sale (AFS)".
- iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.
- v. Investments in subsidiaries, joint ventures and associates are classified as HTM.

### 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) Treasury Bills and Commercial Papers are valued at carrying cost.
- iv) **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).
- v) **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per 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.
- vi) 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.

vii) Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices and respective regulators in the 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 the shares of any company is valued at Rs. 1 per company on account of the 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 NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii) Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the 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. Securities purchased/sold under LAF with RBI are debited/credited to Investment Account and reversed on maturity of the transaction. Interest expended/earned thereon is accounted for as expenditure/revenue.

### **3.Loans /Advances and Provisions thereon:**

3,1 Loans and Advances are classified as performing and non-performing, based on the guidelines 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 due during the same period;
- iii) In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;
- iv) 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:

Substandard Assets:	<ul style="list-style-type: none"> <li>i. A general provision of 15% on the total outstanding;</li> <li>ii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.</li> </ul>
Doubtful Assets:	
	i. Upto one year – 25%
	ii. One to three years – 40%
	iii. More than three years – 100%
Loss Assets:	100%

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

3.5 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans / advances before and after restructuring is provided for, in addition to provision for the respective loans/advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.6 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.

3.7 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.8 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 "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

#### **4. Fixed Assets Depreciation and Amortisation:**

4.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

4.2 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. Subsequent expenditure/s incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

4.3 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	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine / Cash Deposit Machine / Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year



Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets. Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 5 Years Safe Deposit 20 Years Lockers Furniture & Fixtures 10 Years

- 4.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.
- 4.5 Assets costing less than Rs. 1,000 each are charged off in the year of purchase.
- 4.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).
- 4.7 In respect of assets given on lease by the Bank on or before 31<sup>st</sup> March 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.
- 4.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations /norms of the respective countries.

## 5 **Leases:**

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

## 6 **Impairment of Assets:**

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**7. Employee Benefits:****7.1 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.

**7.2 Long Term Employee Benefits:****i. Defined Benefit Plan**

- a. Employees of the Bank are covered by Employees Provident Fund and Pension Schemes of Employees Provident Fund Organisation of Government of India. All eligible employees are entitled to receive benefits under the Employees Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 3.67% of wages i.e. Basic plus Dearness allowances maximum of Rs.15000/-). These contributions are remitted to Employees Provident Fund Organisation, 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 for on the basis of actuarial valuation.
- b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.
  - i) 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 a maximum amount of Rs. 10 lacs. Vesting occurs upon completion of five years of service, for this Bank has taken a policy with SBI Life Insurance Co. Ltd. and makes periodic contributions to the fund as per actuarial valuation carried out annually.
  - ii) The Bank provides for pension to all eligible employees as per Employees Pension Fund Scheme. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 8.33% of Basic plus Dearness Allowances maximum of Rs.15000/-.

**ii. Other Long Term Employee benefits:**

- a. All eligible employees of the Bank are eligible for compensated absences, leave travel concession, Leave encashment as per Sponsor Bank Guidelines. The costs of such long term employee benefits are internally funded by the Bank.

**8. Taxes on income:**

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after

taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably/virtually certain.

#### **9. Provisions, Contingent Liabilities and Contingent Assets:**

9.1 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.

9.2 No provision is recognised for:

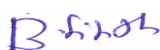
- i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- ii. any present obligation that arises from past events but is not recognised 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.

9.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

9.4 Contingent Assets are not recognised in the financial statements.

As per our report of even date attached.  
FOR Ramesh Chandra Roy & Associates.  
Chartered Accountants



(Bhupendra Bahadur Singh)  
Partner  
M.No.525395 FRN:( 016170N)  
Place: Naharlagun ( Camp)  
Date: 16<sup>th</sup> April 2017



(Akshay Kumar)  
**CHAIRMAN**

**SCHEDULE 18: NOTES TO ACCOUNTS 2016-17****APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017.****1. Share Capital deposit Account**

Share capital deposit account representing amount received from stakeholders has been shown as Paid up Capital as per RRB Amendment Act, 2015 No. 14 of 2015 dated 12<sup>th</sup> May 2015 in schedule -1 of Capital.

**2. Reconciliation/ Matching**

- Reconciliation /matching/adjustment of inter branch transactions, branch suspense and sundry deposits are in progress on an on going basis. The impact, in the opinion of the management of the bank, of un-recognised entries on the financial statements would not be material.
- In certain branches, the balancing books and reconciliation of control accounts with subsidiary ledger/registers are in progress.
- Balance with the other banks as mentioned in the schedule-7 are taken as appearing in the books of accounts of the Bank and its branches. Reconciliation and adjustment entries thereof are passed as and when the statements are received from other banks.
- The consequent effect of adjustment / matching / reconciliation as mentioned in (a) to (c) above, if any, on the account, is not ascertainable.

**3. Fixed Assets and Depreciation**

Accounting of fixed assets of the bank and depreciation thereon are done centrally at the Head Office of the Bank.

**4. Stationary**

The stationary supplied to the branches has been charged to Profit & Loss account at Head Office without taking in to account the stock of stationary at branches. This effect the amount of stationary consumed which is debited to Profit & Loss Account. Thus, the impact of above on net result shown by Profit & Loss account and stock of stationary shown in Balance Sheet is not ascertainable.

**5. Provisions and Contingencies**

The provisions and contingencies amount shown in "Profit and Loss Account" includes provisions against advances (net) and provisions for fraud committed in the earlier year.

**6. Break up of some items shown in the schedule forming part of the financial statement**

- a) Schedule-5 item-iv : OTHER :details as below:

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>
Provisions against standard asset	3373665.96	4988940.76
Provisions for audit fees	120000.00	150000.00
Provisions for Deputed Staff Salary	1860000.00	0.00
Sundry Deposit (TDS)	18890845.39	9767777.00
Banker's cheque to be issued account	1076282.02	2111901.32
Un-Identified Suspense (Cr.)	250000.00	0.00
PMJJBY/PMSBY	132.00	-606.00
Provision on Inter-Office Adjustment	0.00	24508557.00
Provision on Income Tax	0.00	8963373.00
Provisions for arrear salary Payment	2500000.00	0.00
New Group GCC	0.00	1.00
<b>TOTAL</b>	<b>28070925.37</b>	<b>50489944.08</b>



## a) Schedule-11 item-IV OTHER : Details as below

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>
Accumulated losses	416962649.49	398764287.27
Balance of system suspense account	594604.85	92544.48
Balance in Suspense A/c	11141164.50	3945367.50
Balance in ATM Settlement A/c	7026400.00	17951664.50
Balance in ATM clearing suspense	-48000.00	-137990.00
Balance in RTGS Settlement	1501092.47	2011418.00
Balance in DBTL- ACH Cr. A/c	1259337.02	-1105361.46
Balance in Step- Rapid Remittance( NEFT)	255490.02	1314962.49
Provision for Leave Liability	1811098.00	0.00
Capital cost for CBS receivable from SBI	8607000.00	0.00
Recurring cost of subvention branch receivable from RBI 2012-13	1394285.20	0.00
Recurring cost of subvention branch receivable from RBI 2013-14	914424.00	0.00
Recurring cost of subvention branch receivable from RBI 2014-15	7082537.00	0.00
Recurring cost of subvention branch receivable from RBI 2015-16	9406411.36	0.00
Recurring cost of subvention branch receivable from RBI 2016-17	0.00	11133461.36
Reimbursement receivable from RBI for V-sat rent-2014-15	4032000.00	0.00
Reimbursement receivable from RBI for V-sat rent-2015-16	4044000.00	0.00
Reimbursement of Biometric implementation	54692.00	0.00
APRB APBS Payment	0.00	1384534.02
IMPS Clearing A/c	0.00	223463.05
ECS DR	0.00	-29476.00
ACH DR	0.00	-133727.00
<b>TOTAL</b>	<b>476039185.91</b>	<b>435415148.21</b>

## b) Schedule-13 item II i.e. interest on investment ( Details as below)

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>
Interest earned on Govt. securities	45696619.54	96871840.39
Interest earned on FD with SBI	102812319.78	68325499.41
<b>TOTAL</b>	<b>148508939.32</b>	<b>165197339.80</b>

## d) Schedule-16 item-I: Payment to and provision for employees :Details as below:

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>
Salary & allowances	56496698.31	81370132.29
Travelling expenses	1771114.50	1939067.45
Halting expenses	413363.00	229116.50
Vehicle Rent & Fuel	0.00	152336.00
Medical reimbursement	716708.57	1416011.00
Uniform expenses	0.00	1700.00
LTC expenses	585626.50	579193.00
Leave encashment	938459.00	1645663.75
Lodging charges	13017.00	40415.00
Gratuity paid	516318.00	1990063.00
Wages to temporary staff	3250464.00	5165761.00
Allowances paid to deputed Officers from SBI	2438539.70	2971132.12
<b>TOTAL</b>	<b>67140308.58</b>	<b>97500591.11</b>

e) Schedule-16 : Item-XIII : other expenses: Details as below:

<b>Particulars</b>	<b>2015-16</b>	<b>2016-17</b>
AMC for Others	123242.00	15008863.00
Fuel charges	233933.00	0.00
Brief Case	0.00	5000.00
Annual maintenance charge for hardware & software	1015811.00	0.00
Dead Stock	0.00	14550.00
Labour charges	37900.00	12200.00
Training expenses	133395.00	0.00
Bank charges	49092.05	42921.56
Expenses for batteries	0.00	200.00
Books and periodicals	13447.00	35085.00
Computer Peripherals	7055.00	21222.00
Cleansing	107811.00	148462.00
Sundry Expenses	0.00	687588.25
Charges Round off	59.33	60.98
Misc. expenses	2161268.86	1476224.20
<b>TOTAL</b>	<b>3883014.24</b>	<b>17452376.99</b>

### 1. **Advances**

i). Net advances outstanding shown in the balance sheet have been worked out as follows:

<b>Particulars</b>	<b>Previous year 31-03-2016</b>	<b>Current year 31-03-2017</b>
Gross advance outstanding	1212333064.19	1355546773.03
LESS: Interest not collected account(INCA)	8602468.28	6120248.94
LESS: Provisions for NPAs & Frauds	48387027.93	58169875.99
<b>Net advances</b>	<b>1155343567.98</b>	<b>1291256648.10</b>

### 8. Capital

<b>Particulars</b>	<b>Previous year 31-03-2016</b>	<b>Current year 31-03-2017</b>
i. CRAR (%)	6.30%	10.77
ii. CRAR- Tier I Capital (%)	6.30%	10.77
iii. CRAR- Tier II Capital (%)	0.00	0.00
iv. Percentage of Shareholding of the		
a. Government of India	51.00%	51.00%
b. State Government	15.00%	15.00%
c. Sponsor Bank	35.00%	35.00%

### b) SLR INVESTMENT

(Rupees in lakh)

<b>Particulars</b>	<b>Previous year 31-03-2016</b>	<b>Current year 31-03-2017</b>
1. Value of Investments	9882.26	14804.95
i. Gross Value of Investments	9882.26	14804.95
ii. Provisions for Depreciation	NIL	NIL
iii. Net Value of Investments	9882.26	14804.95

<b>Particulars</b>	(Rupees in lakh)	
	<b>Previous year 31-03-2016</b>	<b>Current year 31-03-2017</b>
2. Movement of provisions held towards depreciation on investment	NIL	NIL
i. Opening Balance	NIL	NIL
ii. Add: Provisions made during the year	NIL	NIL
iii. Less: Write off/ write back of excess provision during the year	NIL	NIL
iv. Closing balance	NIL	NIL

**c. Repo Transactions**

( Rupees in lakh)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31 <sup>st</sup> March 2017
Securities sold under Repo	NIL	NIL	NIL	NIL
Securities purchased under Repo	NIL	NIL	NIL	NIL

**d. Non-SLR Investment portfolio****i) Issuer composition of Non-SLR Investment**

(Rupees in lakh)

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	27034.60	NIL	NIL	NIL	NIL
iv)	Private corporates	NIL	NIL	NIL	NIL	NIL
v)	Others (Mutual Funds)	1520.00	NIL	NIL	NIL	NIL
vi)	Provisions held toward depreciation	NIL	NIL	NIL	NIL	NIL
	<b>TOTAL*</b>	<b>28554.60</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

NOTE: (1) \* Total under column 3 should tally with the total of investments included under following categories in Schedule 8 to the Balance Sheet.

- a) Shares;  
b) Debentures and Bonds; and  
c) Others,

(2) Amounts reported under columns 4,5,6 and 7 above may not be mutually exclusive

**ii) Non-performing Non-SLR investments**

(Rupees in lakh)

Particulars	<b>Previous year 31-03-2016</b>	<b>Current year 31-03-2017</b>
Opening balance	NIL	NIL
Additions during the year since 1st April	NIL	NIL
Reductions during the above period	NIL	NIL
Closing balance	NIL	NIL
Total provisions held	NIL	NIL

**9. Asset Quality****9.1 Non-performing Assets**

( Rupees in lakh)

Sl No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
i)	Net NPAs to Net Advances (%)	7.81%	3.42%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	1540.32	1469.60
b)	Additions during the year	491.67	368.11
c)	Reductions during the year	562.39	754.59
d)	Closing balance	1469.60	1083.12
iii)	Movement of Net NPAs		
a)	Opening balance	981.82	899.71
b)	Additions during the year	585.26	306.91
c)	Reductions during the year	667.37	766.41
d)	Closing balance	899.71	440.21
iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
a)	Opening balance	472.62	483.87
b)	Additions during the year	114.25	326.73
c)	Reductions during the year	103.00	228.90
d)	Closing balance	483.87	581.70

**Note:-**

- i. Gross NPAs = Total of sub-standard assets + doubtful assets + loss assets under loans and advances)
- ii. Net NPAs = Gross NPAs minus (Balance in interest suspense account + DICGC claims received and kept in suspense account + Total provisions held against NPA accounts).
- iii. Total NPAs = NPAs under loans and advances + NPAs under investments + NPAs under other assets + NPAs under Guarantees, if any ( Off Balance Sheet exposure).

**9.2 Details of Loan Assets subject to Restructuring:**

( Rupees in lakh)

Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
i)	Total amount of loan assets subject to Restructuring, Rescheduling, Renegotiation	NIL	NIL
ii)	The amount of standard assets subject to Restructuring, Rescheduling, Renegotiation	NIL	NIL
iii)	The amount of sub-standard asset subject to Restructuring, Rescheduling, Renegotiation	NIL	NIL
iv)	The amount of doubtful asset subject to Restructuring, Rescheduling, Renegotiation	NIL	NIL

**9.3 Details of financial assets sold to Securitisation (SC)/ Reconstruction Company (RC) for Assets Reconstruction**



(Rupees in lakh)			
Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
i)	No. of accounts	NIL	NIL
ii)	Aggregate value (net of provisions) of account sold to SC/RC	NIL	NIL
iii)	Aggregate consideration	NIL	NIL
iv)	Additional consideration realised in respect of account transferred in earlier years	NIL	
v)	Aggregate gain/ loss over net book value	NIL	NIL

#### 9.4. Details of non-performing financial assets purchased/ sold

Banks which purchase non-performing financial assets from other banks shall be required to make the following disclosure in the Notes on Accounts to their Balance Sheets :

##### A. Details of non-performing financial assets purchased : (Rupees in lakh)

Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
1 (a)	No. of account purchased during the year		NIL
1 (b)	Aggregate outstanding	NIL	NIL
2 (a)	Of these, No.of accounts Restructured during the year	NIL	NIL
2 (b)	Aggregate outstanding	NIL	

##### B. Details of non-performing financial assets sold

Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
1	No. of accounts sold	NIL	NIL
2	Aggregate outstanding	NIL	NIL
3	Aggregate consideration received	NIL	NIL

#### 9.5 Provisions on Standard Asset

(Rupees in lakh)

Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
	Provisions towards Standard Assets	33.74	49.89

Note : Provisions towards Standard Assets need not be netted from gross advances but shown separately as " Provisions against Standard Assets", under " Liabilities and Provisions - Others' in Schedule No. 5. of the Balance Sheet.

#### 10. Business Ratio

(Rupees in lakh)

Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
i)	Interest Income as a percentage to Working Funds \$	6.46%	6.70%
ii)	Non-interest income as a percentage to Working fund	1.46%	3.44%
iii)	Operating Profit as a percentage to Working Funds \$	0.05%	0.60%
iv)	Returns on Assets @	0.04%	0.29%
v)	Business (Deposits plus advances) per employee #	587.15	737.47
vi)	Profit per employee	0.21	1.92

\$ - Average working funds ( as defined in Annexure IV) has been worked out on the basis of quarterly outstanding figure of total assets as appearing in the consolidated Gen Ledger of the RRB/ quarterly balance sheet as on end of every quarter ended.

@ - "Return on Assets" would be with reference to average working funds.

# - For the purpose of computation of business per employee (deposits plus advances) inter-bank deposits may be excluded

### 11. Asset Liability Management-Maturity pattern of certain items of assets and liabilities

(Rupees in crores)

Particulars	1 to 14 days	15 to 28 days	29days to 3 month	Over 3 months upto 6 months	Over 6 monbt h upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	143.87	93.32	66.10	85.55	35.24	79.29	44.05	17.62	565.04
Advances	9.48	13.04	19.82	26.60	22.02	20.33	15.50	8.76	135.55
Investments	165.00	3.00	1.33	15.75	101.71	26.93	51.26	68.62	433.60
Borrowings	0.00	0.00	0.38	0.65	0.00	0.00	0.00	0.86	1.89
Foreign Currency Asset	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

### Exposures - Exposure to Real Estate Sector

Sl.No.	Particulars	<u>Previous year</u> <u>31-03-2016</u>	<u>Current year</u> <u>31-03-2017</u>
A)	Direct exposure	NIL	NIL
i)	Residential Mortgage Lending fully secured by mortgage on residential property	NIL	NIL
ii)	Commercial Real Estate Lending secured by motgage on commercial real estates ( Office building, retail space, multipurpose commercial premises, multi-family residential building multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and constructions etc.	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	NIL	NIL

**12. Details of Single Borrower SGL, Group Borrower limit(GBL) exceeded by the BANK**

The bank should make appropriate disclosures in the "Notes on account" to the annual financial statements in respect of the exposure where the bank had exceeded the prudential exposure limits during the year. The sanctioned limit or entire outstanding, whichever is high, shall be reckoned for arriving at exposure limit and for disclosure purpose.

**13. Miscellaneous:Amount of provision made for Income Tax during the year**

<b>Particulars</b>	<b>Previous year 31-03-2016</b>	<b>Current year 31-03-2017</b>
Provision for Income Tax	Nil	8963373.001

**14. Disclosure of Penalties imposed by RBI**

During the year Reserve Bank of India has not levied any penalties on the Bank under the provision of Section 46 (4) of the Banking Regulation Act, 1949, for contraventions of any of the provisions of the Act, 1949; order, rule or condition specified by Reserve Bank under the Act.

**15. Disclosure Requirements as per Accounting Standards where the RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts'**

**15.1. Accounting Standard 5** - Net Profit or Loss for the period, prior period items and changes in accounting policies. Bank has no such disclosures to be made in the Notes on Accounts to the Balance Sheet of banks.

**15.2. Accounting Standard 9 - Revenue Recognition**

This Standard requires that in addition to the disclosures required by Accounting Standard 1 on 'Disclosure of Accounting Policies (AS 1)', an enterprise should also disclose the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties. Bank has no such disclosures.

**15.3. Accounting Standard 15 - Employee Benefits**

Banks may disclose the change in accounting policy in the appropriate schedule relating to 'Significant changes in Accounting Policies' 'Accounting Policies' The Board of Directors of a bank must disclose the accounting policies followed in respect of VRS expenditure. If VRS applications were accepted subsequent to the closure of the accounting year, the Board of Directors would be required to make a disclosure in the Board Report of that fact and the likely impact of the VRS. Bank has not yet implemented VRS Schemes till date.

**15.4. Accounting Standard 17 - Segment Reporting**

While complying with the Accounting Standard, banks are required to adopt the following :

- i. The business segment should ordinarily be considered as the primary reporting format and geographical segment would be the secondary reporting format.
- ii. The business segments will be "Wholesale Banking" "Banking" and "banking operations"
- iii. "Domestic" and "International" segments will be the geographic segments for disclosure.
- iv. Banks may adopt their own methods, on a reasonable and consistent basis, for allocation of expenditure among the segments. Not applicable in RRBs.

### 15.5 Accounting Standard 18 - Related party disclosure

AS - 18 deals with 'Related party Disclosures'. The following are the examples of the related party transactions in respect of which disclosures may be made by a reporting enterprise.

- Agency arrangements
- Finance (including loans and equity contribution in cash or in kind)
- Management contracts including deputation of employees, etc.

Name of the related party	Deposit/ Investment	Borrowings	Balance with Bank	Interest Income/Capital Gail	Interest expenses	Other Expenses	No. of employees on deputation
State Bank of India (Sponsor Bank)	27034.60	Nil	623.88	683.25	Nil	0.43	2
SBI Mutual Fund	1520.00	Nil	Nil	1000.96	Nil	Nil	Nil

### 15.6 Accounting Standard 22 - Accounting for Taxes on Income

This Standard is applied in accounting for taxes on income. This includes the determination of the amount of the expenses or saving related to taxes on income in determination of the amount period and the disclosure of such an amount in the financial statement. Adoption of AS 22 may give rise to creation of either a 'Deferred Tax Asset' (DTA) or a 'Deferred Tax Liability' (DTL) in the books of accounts of banks and creation of DTA or DTL would give rise to creation issues which have a bearing on the computation of capital adequacy ratio and bank's ability to declare dividends. In this regard, it is clarified as under :

DTL created by debit to opening balance of Revenue Reserves on the first day of application of the Accounting Standards 22 or to Profit and Loss Account for the current year should be included under item (vi) " (including provisions)' of Schedule 5 - ' Liabilities and Provisions' in the Balance Sheet. The balance in DTL account will not be eligible for including in Tier I or Tier II capital for capital adequacy purpose as it is not an eligible item of capital.

DTA created by credit to opening balance of Revenue Reserves on the first day of application of Accounting Standards 22 or to Profit and Loss Account for the current year should be included under item (vi) "" Other of Schedule 11 ' Other Assets' in the Balance Sheet.

Creation of DTA results in an increase in Tier I capital of a bank without any tangible asset being added to the banks' Balance Sheet. Therefore, in terms of the extant instructions on capital adequacy, DTA, which is an intangible asset, should be deducted from Tier I capital. The Bank has made operating profit in current year, but no provision has been made for tax as bank has carried over loss of previous years.

## 16. Additional Disclosures

### 16.1. Provisions and Contingencies

To facilitate easy reading of the financial statements and to make the information on all Provisions and contingencies available at one place, banks are required to disclose in the 'Notes to Accounts' the following information :



Sl.No.	Particulars	Previous year 31-03-2016	Current year 31-03-2017
a)	Opening balance in the floating provisions account	Nil	Nil
b)	The quantum of floating provisions made in the accounting	Nil	Nil
c)	Amount of draw down made during the accounting year	Nil	Nil
d)	Closing balance in the floating provisions account	Nil	Nil

Note : The purpose of draw down made during the accounting year may be mentioned

### 16.2. Disclosure of complaints

Banks are also advised to disclose the following brief details along with their financial results :

#### A. Customer Complaints

Sl.No.	Particulars	Previous year 31-03-2016	Current year 31-03-2017
a)	No. of complaints pending at the beginning of the year	Nil	Nil
b)	No. of complaints received during the year	247	35
c)	No. of complaints redressed during the year	247	35
d)	No. of complaints pending at the end of the year	Nil	Nil

#### B. Award passed by the Banking Ombudsman

Sl.No.	Particulars	Previous year 31-03-2016	Current year 31-03-2017
a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
b)	No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
c)	No. of Awards implemented during the year	Nil	Nil
d)	No. of unimplemented Awards at the end of the year.	Nil	Nil

*B. Singh*

(Bhupendra Bahadur Singh)  
Partner

MEM.No.525395 FRN:( 016170N

Place: Naharlagun ( Camp)

Dated 16<sup>th</sup> April 2017

*Akshay Kumar*

(Akshay Kumar)  
**CHAIRMAN**

## ANNEXURE-I

## Performance during current year and previous year:

( Rupees in lakh)

Sl.No	Particulars	Previous year 2015-16	Current year 2016-17
<b>1</b>	<b>NO. OF BRANCHES</b>	<b>28</b>	<b>28</b>
	a) Urban Branch	2	2
	b) Semi Urban Branch	5	5
	c) Rural Branch	21	21
	d) Ultra small Branches	0	0
<b>2</b>	<b>TOTAL STAFF</b>	<b>100</b>	<b>97</b>
	a) On Deputation from SBI(including Chairman)	2	2
	b) Officer	51	51
	c) Office Asstt. (multipurpose)	41	38
	d) Office Attendants	6	6
<b>3</b>	<b>OWN FUND</b>	<b>5269.04</b>	<b>5573.54</b>
	a) Share capital	5269.04	5573.54
	b) Reserve	NIL	NIL
	c) Share capital Deposits	NIL	0.00
<b>4</b>	<b>DEPOSITS</b>	<b>45417.50</b>	<b>56504.45</b>
	Absolute growth	8899.78	11086.95
	% of growth	24.37	24.41
	a) Demand deposits	30717.93	38884.71
	Absolute growth	8223.99	8166.78
	% of growth	36.56	26.58
	i) Current account	6006.06	14307.63
	ii) Saving Bank account	24711.87	24577.08
	b) Time deposits	14699.57	17619.74
	Absolute growth	657.79	2920.17
	% of growth	4.82	19.86
<b>5</b>	<b>BORROWINGS</b>	<b>338.74</b>	<b>103.20</b>
	% OF GROWTH	NIL	0.00
	a) From Sponsor Bank (SBI)		
	i) Limit Sanctioned	86.07	86.07
	ii) Outstanding	86.07	86.07
	b) From NABARD		
	i) Limit sanctioned	1264.82	1463.21
	ii) Outstandings	252.67	65.20
	c) From Other Institution ( NSTFDC)		0.00
	i) Limit sanctioned	NIL	42.00
	ii) Outstanding	NIL	38.00
<b>6</b>	<b>ADVANCES OUTSTANDING</b>	<b>12123.33</b>	<b>13555.47</b>
	Absolute growth	2124.00	1432.14
	% of growth	21.24	11.81
	a) Target group	7267.90	8156.76
	Ratio to total advances	59.95	60.17
	b) Non-target group	4855.43	5401.71
	Ratio to total advances	40.05	39.84
	<b>Out of total under:</b>		
	a) Agriculture	1858.76	1926.57

<b>Sl.No</b>	<b>Particulars</b>	<b>Previous year 2015-16</b>	<b>Current year 2016-17</b>
	b) Allied activities	511.02	430.18
	c) Rural artisan	81.25	55.69
	d) Priority sector	7267.90	8153.76
	e) Weaker section	4902.11	5050.92
	f) Kisan credit cards	1347.74	1496.40
	g) SHG Finance	99.91	97.55
	h) SGSY Finance	9.04	8.04
	i) General credit cards	119.74	86.93
	j) SME	5239.31	6075.88
<b>7</b>	<b>LOAN DISBURD DURING THE YEAR:</b>	<b>3620.24</b>	<b>5116.25</b>
	a) Target group	2170.24	3171.92
	b) Non-target group	1450.00	1944.33
	Out of total under:		
	a) Agriculture	415.35	316.18
	b) Allied activities	129.04	38.58
	c) Rural artisan	0.50	7.00
	d) Priority sector	2170.24	3171.92
	e) Weaker section	1097.63	1116.52
	f) Kisan credit cards	286.31	277.60
	g) SHG Finance	17.60	21.10
	h) SGSY Finance	1.00	0.00
	i) General credit cards	37.26	85.43
	j) SME	1539.18	1987.72
<b>8</b>	<b>CREDIT DEPOSIT RATIO</b>	<b>26.69</b>	<b>23.99</b>
<b>9</b>	<b>RECOVERY RATE ( JULY-JUNE)</b>	<b>72.08</b>	<b>60.61</b>
<b>10</b>	<b>INVESTMENT</b>	<b>29788.41</b>	<b>43359.55</b>
	a) SLR investment	9882.26	14804.95
	b) Non-SLR Investment	19906.15	28554.60
<b>11</b>	<b>INVESTMENT TO DEPOSIT RATIO</b>	<b>65.59</b>	<b>76.73</b>
<b>12</b>	<b>BALANCE WITH SBI</b>	<b>19060.57</b>	<b>27658.48</b>
	a) In current account	3898.12	623.88
	b) In TDR accounts	15162.45	27034.60
<b>13</b>	<b>BALANCE WITH RBI IN CURRENT ACCOUNT</b>	<b>1861.63</b>	<b>2772.94</b>
<b>14</b>	<b>CASH IN HAND</b>	<b>614.75</b>	<b>611.46</b>
<b>15</b>	<b>AVERAGE WORKIN FUND</b>	<b>40307.23</b>	<b>54838.42</b>
<b>16</b>	<b>AVERAGE DEPOSITS</b>	<b>35804.07</b>	50254.41
<b>17</b>	<b>AVERAGE BORROWINGS</b>	<b>378.97</b>	284.26
<b>18</b>	<b>AVERAGE CASH IN HAND</b>	<b>776.47</b>	623.54
<b>19</b>	<b>AVERAGE BALANCE WITH RBI</b>	<b>1746.96</b>	2402.90
<b>20</b>	<b>AVERAGE BALANCE WITH BANKS</b>	<b>2888.60</b>	1804.63
<b>21</b>	<b>AVERAGE SLR INVESTMENT</b>	<b>6413.73</b>	13514.72
<b>22</b>	<b>AVERAGE NON-SLR INVESTMENT</b>	<b>18249.95</b>	22910.78
<b>23</b>	<b>AVERAGE LOAN AND ADVANCES</b>	<b>11090.68</b>	12876.23
<b>24</b>	<b>WORKING FUND</b>	<b>40307.23</b>	54838.42
<b>25</b>	<b>RISK WEIGHTED ASSETS</b>	<b>17626.46</b>	15519.84

<b>Sl.No</b>	<b>Particulars</b>	<b>Previous year 2015-16</b>	<b>Current year 2016-17</b>
<b>26</b>	<b>CRAR</b>	<b>6.73</b>	<b>10.77</b>
<b>27</b>	<b>PROFIT AND LOSS ACCOUNT:</b>		
	a) Total Income	3192.04	<b>4597.71</b>
	i) Interest earned on advances	1117.59	1385.42
	ii) Interest earned on Investment	1485.09	2945.74
	iii) Other Income	589.36	266.55
	b) Total Expenditure:	3170.98	<b>4415.73</b>
	i) Interest paid on deposits	2147.89	2333.71
	ii) Interest paid on borrowings	29.59	16.63
	iii) Operating expenses	872.28	1421.96
	iv) Provisions	121.22	643.43
	c) Net Result	21.06	181.98
<b>28</b>	<b>ACCUMULATED LOSSES</b>	<b>4169.63</b>	<b>3987.64</b>
<b>29</b>	<b>AVERAGE COST OF FUND (%)</b>	<b>5.40</b>	<b>4.61</b>
	a) Average cost of deposit	6.00	4.64
	b) Average cost of borrowind	7.81	5.85
<b>30</b>	<b>AVERAGE RETURN ON FUND (%)</b>	<b>6.46</b>	<b>5.97</b>
	a) Average return on advances	9.22	10.75
	b) Average return on Investment	7.91	8.08
<b>31</b>	<b>TRANSACTION COST AS % TO WORKING FUND</b>	<b>1.67</b>	<b>2.59</b>
<b>32</b>	<b>TOTAL BUSINESS</b>	<b>57540.83</b>	<b>70059.92</b>
<b>33</b>	<b>PRODUCTIVITY:</b>		
	a) Per Branch business	2055.05	2502.14
	b) Per employee business	587.15	737.47
	c) Per branch profit	0.75	6.49
	d) Per employee profit	0.21	1.91
<b>34</b>	<b>NON-PERFORMIN ASSETS</b>		
	a) At the beginning of the year	1540.32	1469.60
	b) Addition during the year	491.67	368.11
	c) Recovery during the year	562.39	754.59
	d) NPA at the end of the year	1469.60	1083.12
	e) Gross NPA percentage	12.12	7.99
	f) Net NPA percentage	7.81	3.42
<b>35</b>	<b>ASSET CLASSIFICATION</b>	<b>12123.33</b>	<b>13555.47</b>
	a) Standard	10653.73	12472.35
	b) Sub-standard	208.42	162.76
	c) Doubtful	1188.65	874.26
	d) Loss asset	72.53	46.10
<b>36</b>	<b>PROVISIONING:</b>	<b>517.61</b>	<b>687.04</b>
	a) Provision against standard asset	33.74	49.89
	b) Provision against sub-standard assets	19.05	23.36
	c) Provision against doubtful assets	393.05	512.33
	d) Provision against loss assets	71.76	46.00
	e) Provision against frauds etc.	0.00	55.46



<b>Sl.No</b>	<b>Particulars</b>	<b>Previous year 2015-16</b>	<b>Current year 2016-17</b>
<b>37</b>	<b>BALANCE OF PROVISION ACCOUNT:</b>	<b>517.61</b>	<b>687.04</b>
	a) Provision against standard assets	33.74	49.89
	b) Provision against NPAs	483.87	581.69
	c) Provision against Frauds etc.	0.00	55.46
<b>38</b>	<b>TECHNOLOGIES:</b>		
	a) CBS implementation	Yes	Yes
	b) NEFT implementation	Yes	Yes
	c) RTGS implementation ( except sponsorbank)	Yes	Yes
	d) Rupay ATM Debit cards	Yes	Yes
	e) Rupay Kisan credit cards	Yes	Yes
	f) DBT ( ACH CR)	Yes	Yes
	g) DBT ( ACH DR)	Yes	Yes
	h) ECS Debit	No	Yes
	i) IMPS	No	Yes
	j) E-commerce	No	Yes
	k) Kiosk banking ( BC-CSP)	No	Yes
<b>39</b>	<b>INTERNAL CONTROL:</b>		
	a) Snap audit: (No. of branches covered during the year)	6	
	b) Internal Audit ( No.of Branches covered during the year)	10	
	c) Inter branch adjustment	245.09	245.09
<b>40</b>	<b>NEW BRANCH/RELOCATION/MERGER</b>		
	a) New branch open during the year	Nil	NIL
	b) Relocation of branches during the year	Nil	Nil
	c) Merger of branches during the year	Nil	Nil
		Nil	Nil



## Annexure-II

## STATEMENT SHOWING DISTRICT WISE BRANCHES WITH BUSINESS AS ON 31-03-2017

(Rupees in lakhs)

<u>NAME OF DISTRICT / BRANCH</u>	<u>NAME OF BLOCK</u>	<u>TOTAL DEPOSITS</u>	<u>TOTAL ADVANCES</u>	<u>C D RATIO</u>	<u>DATE OF OPENING</u>
<b>EAST SIANG DISTRICT</b>					
1. Pasighat branch	Pasighat	6794.99	1270.13	18.69	31-12-1983
2. Lumpo Branch	Ramle-Bango	700.19	163.95	23.41	31-03-1984
3. Sille Branch	Pasighat	1182.22	442.07	37.39	04-07-1984
4. Ruksin Branch	Pasighat	2052.86	607.00	29.56	31-12-1984
5. Mebo Branch	Mebo	1499.71	240.10	16.00	02-02-1985
6. Boleng Branch	Pangin	989.03	49.18	4.97	12-02-1986
7. Riga branch	Riga	107.04	0.00	0.00	29-06-2012
8. J.N.College Br.	pASIGHAT	708.83	15.89	2.24	07-03-2016
<b>WEST SIANG DISTRICT</b>					
9. Kamba Branch	Liromoba	665.74	84.17	12.64	10-01-1989
10. Likabali Branch	Basar	2037.34	322.90	15.84	27-12-1985
11. Aalo Branch	Aalo	3904.45	619.30	15.86	30-12-1994
12. Basar Branch	Basar	1257.44	322.90	25.67	24-07-1993
13. Rumgong Br.	Rumgong	166.96	31.31	18.75	12-08-2011
14. Gensi Branch	Gensi	215.06	12.43	5.77	30-01-2012
<b>PAPUM PARE DISTRICT</b>					
15. Itanagar Branch	Itanagr	1572.19	601.61	38.26	17-12-2003
16. Sagalee Branch	Sagalee	2711.94	870.21	32.08	26-03-1985
17. Kimin Branch	Kimin	577.85	155.41	26.89	03-07-1985
18. Naharlagun Br.	Naharlaghun	8519.68	3060.78	35.92	31-07-2007
<b>UPPER SUBANSIRI DISTRICT</b>					
19. Daporijo Branch	Daporijo	7786.08	452.80	5.81	08-06-1994
20. Dumporijo Br.	Dumporijo	1992.59	75.31	3.77	24-03-1985
21. Taliha Branch	Taliha	133.44	16.48	12.35	29-06-2012
<b>LOWER SUBANSIRI DISTRICT</b>					
22. Yazali Branch	Ziro-II	1295.69	472.33	36.45	03-04-1986
23. Ziro Branch	Ziro	3183.49	621.51	19.52	22-09-2008
24. Yachuli Branch	Ziro-II	673.82	199.57	29.61	13-08-2007
<b>UPPER SIANG DISTRICT</b>					
25. Geku Branch	Marryang	674.72	4.30	0.63	26-11-1986
26. Mariyang Br.	Marryang	776.90	81.30	10.46	31-12-2011
<b>LOHIT DISTRICT:</b>					
27. Tezu	Tezu	3635.56	2773.41	76.28	18-11-2008
<b>LOWER DIBANG VALLEY DISTRICT</b>					
28. Roing	Roing	681.40	25.18	3.69	02-09-2008