



MEGHALAYA RURAL BANK



# MEGHALAYA RURAL BANK

**Empowering Rural Lives**

## **Annual Report 2018-19**

With Best Compliments from

**Dilip Kumar Guha**

**Chairman**

Meghalaya Rural Bank Head Office, MTC Building: 2<sup>nd</sup> floor

Police Bazar, Shillong 793 001, Meghalaya

[meghalayaruralbank.com/megrrb@gmail.com](http://meghalayaruralbank.com/megrrb@gmail.com)

**- 2018-19**

**ANNUAL REPORT : 2018-19**



## What s Inside

S.No.	Particulars	Page No.
1.	Vision, Mission and Values	02
2.	Letter of transmittal	03
3.	Chairman s Message	04
4.	Regional Offices and branches	05
5.	Branch Network	6-8
6.	Board of Directors	9
7.	Executive Team	10
8.	Our Mentors	11
9.	Key performance indicators: 2018-19	12-15
10.	Model Branch Awards: 2018 - 19	16-17
11.	Board of Directors Report: 2018-19	18-42
12.	Statutory Auditors report	43-47
13.	Balance Sheet, Profit & Loss account and Schedules	48-83



# Meghalaya Rural Bank

Established on 29<sup>th</sup> December 1981 under the Regional Rural Banks Act of 1976,  
listed as a Scheduled Bank under the RBI Act of 1934,  
endowed with a mandate to provide banking services to Meghalaya as a whole  
and its rural sector in particular.

## **Vision:**

**To be the Bank of  
first choice and  
contribute  
significantly for the  
State's development.**

## **Mission:**

**Provide quality  
banking services.  
Promote growth in the  
community and be a  
part of growth  
opportunities.**

## **Values:**

1. **Leadership in action**
2. **Innovation in thinking**
3. **Promptness in delivery**
4. **Update in knowledge**
5. **Transparency in dealings**



# Letter of Transmittal

Meghalaya Rural Bank, Head Office: Shillong

Dated: 30<sup>th</sup> June 2019

Secretary to the Government of India,  
Ministry of Finance,  
Dept. of Economic Affairs: Banking Division,  
New Delhi 110001

Dear Sir,

## **MEGHALAYA RURAL BANK: 38<sup>th</sup> ANNUAL REPORT**

In accordance with the provisions of Sec. 20 of the Regional Rural Banks Act, 1976, we are glad to forward the following documents herewith:

- > Report on the Bank's activities and performance during 2018-19
- > Bank's balance sheet and P&L statement for the year ended 31<sup>st</sup> March 2019
- > Auditors Report for the year 2018-19.

Yours faithfully,

**(Dilip Kumar Guha)**  
Chairman



## Chairman s Message



I feel honoured to present the Annual Report for the Financial Year 2018-2019 before all. Many important things that we achieved this year, has put our Bank where we are today. They are profitability, efficiency parameters, strengthening and streamlining the system and procedures, business growth and business process initiatives. Major achievements of Bank in FY 2018-19 are as under:

- Success in implementing the Asset Management Hub model of credit-proposal processing resulting in up-scaling of quality-control in this vital area of operation,
- Improved mobilisation of CASA deposits in the face of growing and intensified competition, Raising the tempo of cross-selling activities, formal instituting of the *marketing* concept as a guiding principle and motive force in our dealings with the public,
- Generating of higher operational profit despite subdued market trends and making a huge provision for Pension for the staff members.

There was, also, a greater streamlining of official protocols, systems and procedures; more rigorous enforcement of internal discipline; a higher degree of compliance with rules and regulations; and general gearing-up of organizational efficiency and effectiveness. Appreciating, as well, that the Bank possesses a body of staff endowed with vast attributes of talent, experience, intelligence, education and energy, key objective of the Bank is to capitalize on its high-value human resource by imparting training as required and selecting the right person for the right job.

But what counts in the end is not only how much we have grown and matured as an institution, but how well we as a Bank have been able to fulfill and remain true to our mandate of *developing the rural economy by providing ... credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs.*

I thank each Board Member for their guidance, and every member of staff for their support and cooperation all along this journey, taking on the challenges, and giving their best to the Organisation. I thank State Government of Meghalaya, Reserve Bank of India, Shillong, NABARD, Shillong, State Bank of India, B&O, Shillong for their continuous directions, guidance and support to the Bank. Last but not the least, my gratitude goes to all the customers of our Bank for reposing confidence in our Bank and giving us the opportunity of serving them.

Yours sincerely,

**(Dilip Kumar Guha)**  
Chairman



## *Regional Offices and select Branches*

**Head Office** : 2<sup>nd</sup> Floor MTC Building,  
Police Bazar, Shillong-793001, East Khasi Hills  
Email: megrrb@gmail.com

**Regional Office I** : 3<sup>rd</sup> Floor MTC Building,  
Police Bazar, Shillong-793001, East Khasi Hills

**Regional Office II** : 1<sup>st</sup> floor, C/o Smt. Antimon Nongrum,  
New Nongstoin, Nongstoin- 793119,  
West Khasi Hills

**Shillong Main Branch** : 2<sup>nd</sup> Floor MTC Building,  
Police Bazar, Shillong-793001, East Khasi Hills

**Nongpoh Branch** : 1<sup>st</sup> floor, Belcrest Building,  
Nongpoh Proper, Nongpoh-793102

**Nongstoin Branch** : 2<sup>nd</sup> Floor, C/o Smt. Antimon Nongrum,  
New Nongstoin, Nongstoin- 793119,  
West Khasi Hills

**Tura Branch** : 1<sup>st</sup> Floor, Ambika Mansion, Tura Bazar,  
Tura 794001, West Garo Hills

**Jowai Branch** : Opp. Thomas Jones Synod College, Iawmusiang,  
Jowai-793150, West Jaintia Hills



<b>BRANCH NETWORK</b>				
<b>EAST KHASI HILLS DISTRICT</b>				<b>39 Branches</b>
<b>C &amp; RD BLOCK</b>	<b>Branch</b>	<b>Incumbency</b>	<b>Opened on</b>	<b>Relocated on</b>
<b>Myllem</b>	Shillong	Scale - IV	29.12.1981	
	Rynjah	Scale - III	30.10.1982	
	Nongmynsong	Scale - III	17.12.1982	
	Mawlaingut	Scale - II	16.06.1984	
	Myllem	Scale - II	11.12.1984	
	Mawlai	Scale - III	04.10.1986	28.02.1995
	Iewduh	Scale - IV	26.02.1990	25.10.1995
	Demthring	Scale - III	23.03.1990	04.03.2002
	Jhalupara	Scale - II	06.08.2008	
	Golflinks	Scale - II	27.01.2010	
	Jaiaw	Scale - III	31.03.2011	
	Bishnupur	Scale - I	31.03.2011	
	Ksehbilat	Scale - I	21.03.2012	
	Nongthymmai	Scale - I	20.12.2012	
	Umlyngka	Scale - I	28.03.2013	
	Pomlum	Scale - I	19.12.2012	
	Mawprem	Scale - I	26.03.2013	
	Mawdatbaki	Scale - I	25.03.2013	
	Laban	Scale - I	20.12.2013	
	Mawiong	Scale - I	20.12.2013	
Nongrah	Scale - I	20.12.2013		
Mawpat	Scale - I	31.03.2017		
<b>Mawryngkneng</b>	Nongkrem	Scale - II	22.01.1983	
	Sohryngkham	Scale - II	06.07.1983	
	Smit	Scale - III	25.02.1985	
	Tynring	Scale - I	27.12.1985	31.03.1995
	Mawryngkneng	Scale - I	22.03.2012	
	Diengpasoh	Scale - I	27.03.2014	
<b>Mawsynram</b>	Lawbah	Scale - II	27.12.1983	
	Tyrsad	Scale - I	13.12.1984	
	Pongkung	Scale - II	31.05.1983	
<b>Mawkynew</b>	Mawkynew	Scale - I	09.03.1984	
<b>Pynursla</b>	Pynursla	Scale - II	11.11.1988	15.04.1996
<b>Khatarshnong-Laitkroh</b>	Mawdok	Scale - II	27.12.1984	
	Laitlyngkot	Scale - II	23.06.1984	
<b>Mawphlang</b>	Nongspung	Scale - I	18.12.1984	
	Mawngap	Scale - II	24.09.1988	24.09.1988
	Sohiong	Scale - II	29.12.1984	
<b>Sheila-Bholaganj</b>	Saitsohpen	Scale - I	28.01.1984	



<b>BRANCH NETWORK</b>				
<b>SOUTH WEST KHASI HILLS DISTRICT</b>				<b>2 Branches</b>
<b>C &amp; RD BLOCK</b>	<b>Branch</b>	<b>Incumbency</b>	<b>Opened on</b>	<b>Relocated on</b>
<b>Mawkyrwat</b>	Mawkyrwat Mawthawpdah	Scale - III Scale - I	10.10.1983 28.01.1984	05.09.1994
<b>WEST KHASI HILLS DISTRICT</b>				<b>13 Branches</b>
<b>Mawshynrut</b>	Aradonga Riangdo Seinduli	Scale - I Scale - III Scale - I	25.03.1985 31.10.1983 22.01.1992	
<b>Nongstoin</b>	Rambrai Nongstoin Nongpyndeng Nondein	Scale - I Scale - IV Scale - I Scale - I	28.02.1984 15.03.1985 26.03.2013 20.12.2013	
<b>Mawthadraishan</b>	Markasa Myriaw Kynshi	Scale - II Scale - II Scale - II	30.05.1986 04.09.1984 26.02.1985	
<b>Mairang</b>	Nongkhlaw Nongthliew Mairang	Scale - II Scale - II Scale - III	23.03.1984 17.06.1986 15.12.1984	
<b>EAST JAINTIA HILLS DISTRICT</b>				<b>12 Branches</b>
<b>Laskein</b>	Mokaiaw Shangpung Iooksi	Scale - II Scale - III Scale - II	10.03.1983 13.08.1983 05.11.1988	
<b>Khliehriat</b>	Umkiang Rymbai Lumshnong Wapung Lad Rymbai Sohkynphor Khliehriat	Scale - III Scale - IV Scale - II Scale - IV Scale - III Scale - II Scale - I	20.07.1984 22.03.1985 29.10.1984 05.05.1984 27.02.1990 31.12.2011 28.03.2013	30.05.2007
<b>Saipung</b>	Sutnga Latyrke	Scale - IV Scale - I	04.12.1996 14.03.2013	
<b>WEST JAINTIA HILLS DISTRICT</b>				<b>7 Branches</b>
<b>Thadlaskein</b>	Khanduli Jowai Wahiajer Mihmyntdu Chutwakhu	Scale - I Scale - IV Scale - I Scale - I Scale - I	18.09.1984 21.03.1985 17.12.2012 20.12.2013 20.12.2013	
<b>Amlarem</b>	Amlarem Nongtalang	Scale - II Scale - II	28.03.1985 16.07.1984	04.08.2010



<b>BRANCH NETWORK</b>				
<b>RI BHOI DISTRICT</b>				<b>11 Branches</b>
<b>C &amp; RD BLOCK</b>	<b>Branch</b>	<b>Incumbency</b>	<b>Opened on</b>	<b>Relocated on</b>
<b>Umsning</b>	Bhoirymbong	Scale - II	31.01.1984	
	Umsning	Scale - I	14.03.2013	
	Zero Point	Scale - I	20.12.2013	
	Mawhati	Scale - I	27.03.2014	
	Mawlasnai	Scale - I	27.03.2014	
<b>Umling</b>	Nongpoh	Scale - IV	28.02.1985	31.12.1994
	Byrnihat	Scale - II	14.02.1990	25.05.2002
	Baridua	Scale - I	31.12.2010	
	Umden	Scale - I	21.03.2012	
	Marnagar	Scale - I	30.03.2015	
<b>Jirang</b>	Patharkmah	Scale - I	03.03.2016	
<b>EAST GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<b>Samanda</b>	Williamnagar	Scale - I	09.01.2009	
<b>WEST GARO HILLS DISTRICT</b>				<b>6 Branches</b>
<b>Rongram</b>	Tura	Scale - III	31.03.2008	
	Ringre	Scale - I	23.03.2012	
	Dalu	Scale - I	28.03.2013	
<b>Selsella</b>	Phulbari	Scale - I	20.12.2013	
	Garobadha	Scale - I	20.12.2013	
	Mahendraganj	Scale - I	20.12.2013	
<b>NORTH GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<b>Resubelpara</b>	Resubelpara	Scale - I	27.03.2014	
<b>SOUTH GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<b>Baghmara</b>	Baghmara	Scale - I	28.03.2012	
<b>SOUTH WEST GARO HILLS DISTRICT</b>				<b>1 Branch</b>
<b>Betasing</b>	Ampati	Scale - I	27.03.2013	
<b>Total number of branches: 94</b>				



# BOARD OF DIRECTORS

## 31st March 2019



*Shri Dilip Kumar Guha*  
**CHAIRMAN**



*Smti Anjali T. Lyndem*  
DGM (OUTREACH), SBI LHO, GUWAHATI  
**SPONSOR BANK NOMINEE**



*Shri Mukesh Papriwal*  
AGM, SBI Corporate Center, Mumbai  
**SPONSOR BANK NOMINEE**



*Shri P. Gangte*  
GM, RBI, SHILLONG  
**RBI NOMINEE**



*Shri Sanjeev D. Rohilla*  
DGM, NABARD, SHILLONG  
**NABARD NOMINEE**



*Shri E. Y. Chen*  
DIRECTOR: INSTITUTIONAL FINANCE  
GOVT. OF MEGHALAYA NOMINEE



*Shri J.E. Massar*  
Addl. DIRECTOR: C&RD Dep.  
GOVT. OF MEGHALAYA NOMINEE



# EXECUTIVE TEAM

31<sup>st</sup> March 2019



*Shri Dilip Kumar Guha*  
CHAIRMAN



*Smti Clotilda Marbaniang*  
General Manager



*Shri Prailyshon Wählang*  
Regional Manager - I



*Shri Rana Azmat Lyngdoh*  
Regional Manager - II



# Our Mentors



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



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



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



***Shri S. Ganesan***  
General Manager (A&S-RRB)  
State Bank of India  
Corporate Centre, Mumbai



## Key Performance Indicators: 2018-19

*(Rupees in thousands)*

Particulars		2016-17	2017-18	2018-19
<b>A KEY PERFORMANCE INDICATORS</b>				
1.	No. of Districts covered	11	11	11
2.	No. of Branches	94	94	94
	i Rural	75	73	73
	ii Semi-Urban	16	17	17
	iii Urban	3	4	4
3.	Total staff (excluding Sponsor Bank staff)	393	388	397
	Of which, Officers	148	159	173
4.	Deposits	17956659	18586485	21362597
	Growth %	14.47	3.51	14.94
5.	Borrowings Outstanding	234156	259370	323945
	Growth %	-4.57	10.77	24.90
6.	Gross Loans & Advance Outstanding	6581588	6644818	7028430
	Growth %	1.30	0.96	5.77
	Of 6 above, loans to			
	a. Priority Sector	4136787	3966745	4589067
	b. Non Priority Sector	2720856	2678073	2439363
	c. SCs & STs	6399775	6330269	6318981
	d. SF/MF/AL	1199575	985478	1104423
	e. Minorities	6399775	6330269	6318981
7.	CD Ratio	36.68	35.75	32.91
8.	Investments Outstanding	11900321	6285900	5150960
9.	SLR Investment Outstanding	3685020	4886100	4761160
	Non-SLR Investment Outstanding	8215301	1399800	389800



Particulars		2016-17	2017-18	2018-19
<b>B.</b>	<b>AVERAGES</b>			
10.	Average Deposit	15914125	18586485	19974541
	Growth %	31.16	16.79	7.46
11.	Average Borrowings	260669	253096	291658
	Growth %	4.64	-2.91	15.24
12.	Average Gross Loans and Advances	6150158	6478632	6836624
	Growth %	12.86	5.34	5.53
13.	Average Investments	4920900	6524238	5718430
	Growth %	55.00	32.58	-12.35
	Average SLR Investment	3128893	4215394	4823630
	Average SLR Investment as % of. Dep	19.66	22.68	24.14
	Average Non-SLR Investment	6863766	8352408	894800
	Average Non-SLR Invt. as % of Avg.Dep	43.13	44.94	4.48
	Average Working Funds	17615603	18884221	21788478
<b>C</b>	<b>LOANS ISSUED</b>			
14.	Loans issued during the year	2720856	3011803	4015623
	Growth %	-2.36	10.69	18.56
	Of 14 above Loans to			
i.	Priority Sector	1621438	1825800	2920504
ii.	Non Priority Sector	1099418	1186003	1095119
iii.	SC & ST	2616103	2531416	3693844
iv.	SF/MF	433976	660200	619939
v.	Minorities	2616103	2531416	3693844
<b>D</b>	<b>PRODUCTIVITY</b>			
15.	Per Branch	261100	268418.12	302032
	Per Staff	61824	65029.13	71514
	<b>ERECOVERY PERFORMANCE</b>			



Particulars		2016-17	2017-18	2018-19
16.	<b>TOTAL</b>			
	Demand	4116574	38161	3049324
	Recovery	3409426	28222	2205570
	Overdues	707148	9939	843754
	Recovery % (June Position)	58.07	74.00	72.33
17.	<b>FARM SECTOR</b>			
	Demand	445057	24948	703791
	Recovery	258458	17583	530515
	Overdues	186599	7365	173276
	Recovery % (June Position)	58.07	70.48	75.38
18.	<b>NON-FARM SECTOR</b>			
	Demand	3671517	13213	2345533
	Recovery	3150968	10639	1675055
	Overdues	520549	2574	670478
	Recovery % (June Position)	85.82	80.52	71.41
<b>F</b>	<b>ASSET CLASSIFICATION</b>			
19.	i. Standard	5916420	4643168	6194304
	ii. Sub-Standard	208150	140673	220057
	iii. Doubtful	446090	450458	458048
	iv. Loss	10928	59069	156021
	Total	6581588	6644817	7028430
	Standard Assets as % to Gross Loans & Adv.	89.89	69.88	88.13
<b>G</b>	<b>PROFIABILITY ANALYSIS</b>			
20.	Interest Paid on:			
	i. Deposits	773200	857158	858711
	ii. Borrowings	15803	11312	13987
21.	Salaries	270074	267671	311111
22.	<b>Particulars</b>	2016-17	2017-18	2018-19
	Other Operating Expenses	98921	115006	138926
	23. Provisions made during the year			
	i. Against NPA	73355	71386	283255
	ii. Other Provisions	-	14004.18	187740



Particulars		2016-17	2017-18	2018-19
24.	Interest Received on			
	i. Loans & Advances	649463	620524	677385
	ii. Investments	256371	470532	476654
	iii. Others	474226	393499	547910
25.	Other Income	57069	77808	110608
26.	Loss/Profit	205876	225826	17826
<b>H</b>	<b>OTHER INFORMATION</b>			
27.	Share capital Deposit Received	25976	25976	25976
28.	Deposit Insurance & Credit Guarantee			
	i. Claims settled- Cumulative	-	-	-
	ii. Claims received but pending adjustment	-	-	-
	iii. Claims pending with corporation	-	-	-
29.	Cumulative Provisions			
	i. Against NPAs	255030	233997	450046
	ii. Against Standard Assets	19194	18686	20155
30.	Interest Derecognized			
	i. During the year	13576	-	-
	ii. Cumulative	23059	-	-
31.	Loans Written-off during the year			
	i. No. of Accounts	219	1796	531
	ii. Amount	16485	86437	64019
32.	Accumulated loss	-	-	-
33.	Reserves and Surplus	1470720	1594119	1602170
	i. Net NPAs	387077	441016	384080
	ii. % Provisions o gross NPAs	50.36	53.44	53.95
	iii. % Gross NPAs to advances	10.10	10.16	11.87
	iv. % Net NPAs advances	5.88	6.64	5.46
	v. CRAR	13.73	15.94	16.78



### Model Branch Awards

The winners of the Best Performance Awards, 2018-19 were the following :

Table : <b>Branch Performance Awards 2018-19</b>		
	<b>Award categories</b>	<b>Branch / Officer</b>
1.	Best All Round Performance:	
	First	Mawlaingut Branch
	First Runner-up	Kshebilat Branch
	Second Runner-up	Tura Branch
2.	Highest Achievement of Deposit budget -	
	First	Umkiang Branch
	First Runner-up	Shillong Branch
	Second Runner-up	Mawkyrwat Branch
3.	Highest Achievement of Loans & Advances Budget:	
	First	Phulbari Branch
	First Runner-up	Mawkdok Branch
	Second Runner-up	Tura Branch
4.	Highest NPA Reduction other than through write-off:	
	First	Seinduli Branch
	First Runner-up	Mawthawpdah Branch
	Second Runner-up	Jaiaw Branch
5.	Lowest NPA for 4 consecutive years among branches in operation for over 10 years:	
	First	Nongthymmai Branch
	First Runner-up	Amlarem Branch
	Second Runner-up	Mawkyrwat Branch
6.	Highest Cross-selling of SBI Life Insurance items	
	First	Shillong Branch
	Second	Nongstoin Branch
	Third	Demthring Branch
	Fourth	Nongthymmai Branch
	Fifth	Smit Branch
7.	Heighest cross-selling of SBI General Insurance items	
	First	Tura Branch
	Second	Nongstoin Branch
	Third	Shillong Branch
	Fourth	Iewduh Branch
	Fifth	Nongpoh Branch



8.	Best implementation of social security scheme	
	PMJDY	Mawkyrwat Branch
	PMJJBY	Mawlaingut Branch
	PMSBY	Laitlyngkot Branch
	APY	Mawkyrwat Branch
9.	Highest no. of FLCs conducted during the year	Laitlyngkot Branch
10.	Best Controlling Heads	General Manager RM-1 / RM-2
11.	Best Departmental Heads	Chief Manager, IT/ Senior Manager, Per & HRD/ Senior Manager, Accounts
12.	Special Award	Shri Prasanta Choudhury



## DIRECTORS REPORT

We take pleasure in presenting the 38th Annual Report of Meghalaya Rural Bank together with the audited Statements of Accounts and Auditors Report for the financial year ended 31<sup>st</sup> March 2019.

### Business review

The quantum of business handled by the Bank increased by 12.52% during the year from a level of Rs 2523.13 cr to Rs 2839.10 cr. Loans and advance sincreased by 5.77% from Rs 664.49 cr to 702.84 cr, and deposits by 14.93% from Rs 1858.64 cr to Rs 2136.26 cr. By comparison, total business had grown by 2.80% in 2017-18.

The respective contribution of deposits and loans and advances to the business-mix as on March 2019 was in the ratio of 3:1.

Year	Deposits	Loans & advances	Business	Increase
2013	995.30	378.85	1374.15	26.58 %
2014	1041.56	503.10	1544.65	12.41 %
2015	1192.61	615.83	1808.43	17.08 %
2016	1269.29	649.72	1919.02	06.11 %
2017	1795.67	658.73	2454.39	27.90 %
2018	1858.64	664.48	2523.13	02.80 %
<b>2019</b>	<b>2136.26</b>	<b>702.84</b>	<b>2839.10</b>	<b>12.52 %</b>

### Profit analysis

Net profit for the year stood at Rs0.81cr compared to Rs12.34 cr in the previous year. Operating profit before provisions and contingencies had grown by as much as 57% from Rs 31.12 cr to Rs 48.89 cr, but the quantum of provisions required to be made impact on our overall profitability.

Year	Income	Expenditure	Net profit
2012-13	94.53	66.25	28.29
2013-14	106.98	74.91	31.68
2014-15	123.69	85.00	30.06
2015-16	129.20	101.81	12.98



2016-17	143.72	115.80	11.65
2017-18	156.24	125.11	12.34
2018-19	181.26	132.37	0.81

### Net Interest Income

Interest earnings grew by 14.62% from Rs 148.46 cr to 170.19 cr, and Interest Expenditure by 0.58% from Rs 86.85 cr to 87.37 cr. Net Interest Income grew by 34.44% from Rs 61.60 cr to Rs 82.83 against growth of 4.23% registered during the previous year.

### Operating Income / Expenditure

Total Operating Expenditure had risen from Rs 31.12 cr in Mar 18 to 48.82 cr in Mar 19 and Operating Income from Rs 156.24 cr to Rs 181.26 cr.

### Provisions

Total provisioning for the year ended Mar 19 amounted to Rs 47.07crore.

Table: Total provisions made during the year ended 31 <sup>st</sup> March 2019 (Rs in thousands)	
Standard Assets	1468
Bad & Doubtful Assets	283255
Leave encashment	6060
Gratuity	7804
Investment Fluctuation Reserve	2364
Wage revision arrears	4200
National Pension Scheme	287
Pension	160300
Fixed assets	1182
Stationery Stock	3472
Bonus	567
RBI Deafnotional interest	37
<b>Total</b>	<b>470696</b>

### Balance sheet size

The Bank's Balance Sheet grew in size by 13.95% from Rs 2134.87 cr in March 2018 to Rs 2432.66 cr in March 2019. The corresponding growth rate between March 2017 and March 2018 had been by 3.67%.



## Capital and Reserves

### Authorised capital

The Bank's authorised share capital of Rs 2,000 cr remained unaltered from the position that had obtained as in March 2018.

### Paid-up capital

The amount of fully paid-up capital also stood unchanged at Rs 2,59,76,000/-.

Table: Bank's Paid-up/Issued Share Capital March 2019		
Shareholder	Share amount (Rs)	Holding percentage
Government of India	1,29,88,000	50
State Bank of India	90,91,600	35
Government of Meghalaya	38,96,400	15
	<b>2,59,76,000</b>	<b>100</b>

## Reserves & Net Worth

Table: Bank's Net Worth (Rs in crores)				
	2015-16	2016-17	2017-18	2018-19
Share Capital	02.60	2.60	2.60	2.60
Reserves	47.45	50.36	53.45	53.65
Accum. profit	87.97	96.71	105.97	106.57
<b>Total</b>	<b>138.02</b>	<b>149.67</b>	<b>162.02</b>	<b>162.82</b>
Increase	10.38%	8.44%	8.25%	0.49%



## Capital Adequacy Ratio

Table: Capital Adequacy Ratio		<i>(Rs in thousands)</i>		
		2016-17	2017-18	2018-19
<b>Tier I</b>				
a	Paid-up Capital	25976	25976	25976
b	Statutory reserves & surplus	503604	534454	536467
c	Accumulated profit	967116	1059665	1065703
<b>Total</b>		<b>1496696</b>	<b>1620095</b>	<b>1628146</b>
<b>Tier II</b>				
d	General provisions & reserves	<b>32450</b>	<b>40936</b>	<b>42405</b>
<b>Grand total (a to d)</b>		<b>1529146</b>	<b>1661031</b>	<b>1670551</b>
Risk weighted assets		11204431	10473860	9954062
<b>Capital to Risk Weighted Assets</b>		<b>13.65%</b>	<b>15.86%</b>	<b>16.78%</b>

## Business ratios

Table: Business Ratios		<i>(Rs in lacs)</i>	
		2018-19	2017-18
i	Interest Income as percentage of Working Fund	7.83	7.28
ii	Non-interest Income as percentage of Working Funds	0.51	0.38
iii	Operating Profit as percentage of Working Funds	2.25	1.53
iv	Return on Assets	0.04	0.64
v	Business (Deposits plus Advances) per Employee	715	618
vi	Profit per Employee	0.20	2.93



## Deposits Growth

31 <sup>st</sup> March -	Deposit level	Increase
2013	995.30	23.27%
2014	1041.56	04.65%
2015	1192.61	14.50%
2016	1269.29	06.43%
2017	1795.66	41.47%
2018	1858.65	3.51%
2019	2136.26	14.94%

## Deposit-mix & CASA

	31 <sup>st</sup> Mar 17	31 <sup>st</sup> Mar 18	31 <sup>st</sup> Mar 19
Current Acc.	105.96	110.30	155.03
Savings Bank	1137.21	1131.06	1325.93
Sundries	-	0.42	0.77
<b>CASA total</b>	<b>1243.17</b>	<b>1241.78</b>	<b>1481.73</b>
Term Deposits	539.44	601.34	635.57
Recurring Dep.	13.05	15.53	18.96
<b>Grand total</b>	<b>1795.66</b>	<b>1858.65</b>	<b>2136.26</b>

The Bank had posted the year s highest growth in CASA at 69.36% deposits among State Bank of India-sponsored RRBs.

## Borrowings

	March 2017	March 2018	March 2019
NABARD	19.78	23.42	28.28
NSTFDC	2.43	1.98	1.88
<b>Total</b>	<b>22.21</b>	<b>25.40</b>	<b>30.16</b>



## Investments

The Investment Policy of the Bank was formulated in 2006 and the same was reviewed/revised and approved by the Board from time to time, confirming to the RBI guidelines. In terms of Section 24 of the BAct 1949, the Bank has maintained investment in the avenues laid down in the Policy.

SLR funds were invested largely in government securities with SBI's Securities Services Branch, Mumbai handling transactions in this regard on behalf of the Bank. Non-SLR funds were kept in current accounts and term deposit accounts with the sponsor bank and other banks as well as in selective mutual funds. The Bank was guided in the matter of investments by a Board-approved Investment Policy drafted on lines suggested by the sponsor bank.

Non SLR investments are invested in TDRs of Banks. The Bank has been monitoring the following up for prompt receipt of interest due from Govt Securities/Banks.

Table: Average Investments <span style="float: right;">(Rs in crores)</span>						
	March 2017		March 2018		March 2019	
	Amt	Yield %	Amt	Yield %	Amt	Yield %
SLR	312.89	8.19%	421.54	8.65%	414.64	8.47%
Non-SLR	686.38	6.91%	835.24	5.98%	609.92	6.82%
<b>Total</b>	<b>999.27</b>	<b>7.31%</b>	<b>1256.78</b>	<b>7.13%</b>	<b>1024.56</b>	<b>7.40%</b>

## CRR and SLR

The Bank has complied with the regulatory requirement of maintenance of adequate balances towards CRR and SLR. There is a well laid down system of assessing the CRR and SLR requirements taking into account the NDTL. No default had occurred in fulfillment of CRR and SLR obligations during the year.

In the last full reporting fortnight of 2018-19 covering the period from 16<sup>th</sup> to 29<sup>th</sup> March 2019, an average balance of Rs 86.63 cr was maintained in current account with RBI against the CRR requirement of Rs 82.94 cr, and an average amount of Rs 526.78 cr in approved SLR avenues against the required SLR average of Rs 399.14 cr.

## Credit portfolio

The credit portfolio of the Bank increased to Rs. 702.84 cr in March 2019 from Rs. 664.48 cr in March 2018.



### Total disbursement and outstanding

Table: Credit Portfolio <span style="float: right;">(Rs in crore)</span>						
2017-18			2018-19			
Loans & Advances	Yr end outstanding		Disbursed		Yr end outstanding	
	No. of Acc.	Amt.	No. of Acc.	Amt	No. of Acc.	Amt.
KCC	19,074	98.55	7457	54.08	20651	110.44
Other Crop Loans			23	0.24	457	4.39
AATL	958	7.85	96	0.07	202	63.22
JLGs		2	0.01	19	0.11	
NRLM	774	6.12	1341	11.53	1426	8.97
Other SHGs			1607	13.14	2065	13.97
Small Business	5137	144.58	915	166.89	5940	193.60
Transport Operators	950	21.24	221	7.97	863	19.49
PMEGP	801	20.46	1522	13.92	524	10.34
Other SSI	360	7.90	216	6.78	523	15.31
Housing	759	52.02	233	12.56	969	7.21
Education Loan	335	6.78	67	1.02	371	7.14
GCC	3272	6.36	1280	3.84	2568	4.71
<b>Priority Sector</b>	<b>34415</b>	<b>396.67</b>	<b>14980</b>	<b>292.05</b>	<b>36278</b>	<b>458.90</b>
Non-priority sector	8536	267.81	2882	109.51	8537	243.94
<b>Total</b>	<b>42771</b>	<b>664.48</b>	<b>17862</b>	<b>401.56</b>	<b>44815</b>	<b>702.84</b>

As per the directions of Government of India and NABARD we have implemented revised Kisan Credit Card System for crop loan borrowers from Kharif 2012. Further, loan limit will be fixed for 5 years and documents will be obtained for the terminal limit. Year wise limits will be fixed based on present Scale of Finance and keeping in view the future cost of investment.

As per the directions of Government of India and NABARD we have been implementing Cash Credit System for SHG loans with effect from January 2012. Accordingly we have arranged for fixing limits for a period of 5 years basing on their present corpus and proposed thrift.

#### Asset Management Hub for sanction of loans

Implementation of the Hub and Spoke Model for centralised processing of credit proposals proceeded in right earnest with a view to improving the quality of the Bank's loan assets. To begin with, three Asset



Management Hubs (AMHs) were set up, i.e. at Shillong, Nongstoin and Umsning, and another at Nongthymmai later in the year. Each of the Hubs was linked to 8 - 9 Spoke branches which functioned as sales and service outlets for loan proposals.

The AMHs were well equipped with staff and adequate infrastructure and helped to standardize/streamline our procedures for the appraisal, sanction and documentation of loans and advances, and in filtering out unhealthy practices that had crept into this area of operation. By the end of the year, over a fourth of the total amount of loans and advances sanctioned by the Bank was being routed through the centralised Hubs.

### Agricultural credit

Agriculture continued to be the key focus area for the Bank and credit outstanding under this sector-head increased from 18.10% of the Bank's total loan portfolio as in Mar 18 to 28.61% in Mar 19.

### Priority Sector Lending (PSL)

In terms of RBI Circular No.FIDD.CO.Plan.BC No. 14/04.09.01/2015-16 dated December 3, 2015, w.e.f. 01.01.2016, 75 per cent of outstanding advances should be towards Priority Sector. RRBs will have a target of 75% of their outstanding advances for priority sector lending and sub-sector targets as below:

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

March 2018			March 2019	
PSL	Accts.	Amt.	Accts.	Amt.
Disbursed	20413	2228730	14980	2920504
Outstanding	34415	3966745	36278	4589067



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

The government restructured Sawarnajayanti Gram Swarozgar Yojana- SGSY into National Rural Livelihoods Mission (NRLM) to provide great focus and momentum for poverty reduction. SRLM and SERP will provide each 7% interest as subvention for prompt repayers through e-transfer to the SHGs account under the scheme. The position of NRLM as on 31.03.2019.

	March 2018				March 2019			
	Disb.		Outstng.		Disb.		Outstng.	
	Accts.	Amt.	Accts.	Amt.	Accts.	Amt.	Accts.	Amt.
<b>Revolving Fund</b>	223	15937	342	17573	729	54187	1391	87419
<b>Activity Loan</b>	105	8270	432	43674	23	1941	35	2286
<b>Total</b>	<b>328</b>	<b>24207</b>	<b>774</b>	<b>61247</b>	<b>752</b>	<b>56128</b>	<b>1426</b>	<b>89705</b>

### Government-sponsored Scheme: Prime Minister s Employment Generation Programme (PMEGP)

The position of PMEGP as on 31.03.2019.

March	Disbursed		Outstanding	
	Accts.	Amt.	Accts.	Amt.
2017	71	20385	464	130921
2018	110	31133	801	204559
2019	125	40111	524	103351



### Government sponsored Scheme: Pradhan Mantri MUDRAYojana (PMMY)

The position of MUDRA as on 31.03.2019.

Table: Financing under MUDRA (Rs in thousands)									
	SHISHU (Loans up to Rs 50,000)			KISHORE (Loans of Rs 50,000 to Rs 5 lac)			Total		
	Accs.	Disb.	Outstd	Accs.	Disb.	Outstd	Accs.	Disb.	Outstd
STs	572	27158	44343	42	9078	10464	614	36236	54807
General	22	1728	1728	-	-	-	22	1058	1728
Total	594	28216	46071	42	9078	10464	636	37294	56535
Of the above entrepreneurs:									
New	314	15550	23004	-	-	-	314	15550	23004
Women	365	17318	27067	21	4455	5589	386	21773	32656
Other Minorities	554	26311			9078	10464	596	35389	54325

### Government Sponsored Scheme: Pradhan Mantri Awas Yojana (PMAY) -Housing for All (Urban Mission)

Table: Financing under PMAY (Rs in thousands)				
	2017-18		2018-19	
	Disbursed	Outstanding	Disbursed	Outstanding
Accounts	11	88,60	10	32
Amount	24	10531	6540	17425



### Interest subvention

The benefit of interest subvention made available by various sponsoring agencies were passed on to all eligible borrower-clients of the Bank.

### Lending to Scheduled Tribe communities

		2017-18		2018-19					
		Disbursed		Outstanding		Disbursed		Outstanding	
	Amt.	As % of total disb.	Amt.	As % of total disb.	Amt.	As % of total disb.	Amt.	As % of total disb.	
<b>Accts.</b>	13922	81.12	37946	88.72	14568	81.56	39672	88.52	
<b>Amt.</b>	2531416	92.16	6330269	95.27	3693844	91.99	6318981	89.91	

### Credit Information Companies

The Bank has acquired affiliation with all four Credit Information Bureaus (CICs) conferred with Certificates of Registration by the RBI. These CICs are Credit Information Bureau (India) Ltd., Equifax Credit Information Services Pvt. Ltd., Experian Credit Information Company of India Pvt. Ltd., and CRIF High Mark Credit Information Services Pvt. Ltd.

Our Bank has been uploading the data regularly and all our AMHs and Credit Committee are accessing the credit history of the loan applicants in their credit decisions.

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

Our Bank has registered with CERSAI in terms of RBI guidelines and complied with the instructions. Equitable/Registered mortgages and Hypothecation in respect of all our loans, which are covered under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest, 2002 (SARFAESI Act) as on 31.03.2017 have been registered with CERSAI.

With this, the details of the security interest created in favour of our bank is available on a public domain for search by citizens/other banks/FIs as a result of which the potential fraud/multiple financing against the same property can be prevented.



## Annual Credit Plan 2018-19

Sector	Target		Achievement	
	Accts.	Amount	Accts.	Amount
Short Term Credit(Crop Loan)	15965	8.36	7457	59.05
Investment Credit for Agri& Allied Agri.	3657	37.50	1798	7.92
<b>Total Agriculture</b>	<b>19622</b>	<b>121.36</b>	<b>9255</b>	<b>66.97</b>
Non Farm Sector (Msme)	7326	149.78	5425	216.48
Other Priority Sector	2403	91.51	300	13.58
<b>Grand total</b>	<b>29351</b>	<b>362.65</b>	<b>14980</b>	<b>297.03</b>

## Recovery& Management of NPAs

	March 2017	March 2018	March 2019
NPAs at beginning of the year	45,04,19	66,51,66	67,50,25
Added during the year	31,61,48	16,28,27	27,79,63
NPAs upgraded to Standard Assets	4,84,02	2,67,01	59,23
Recovered	3,65,14	4,00,87	4,89,20
Written-off	1,64,85	8,61,80	6,40,19
Total reduction during the year	10,14,01	15,29,68	11,88,62
<b>Gross NPAs at the year-end</b>	<b>66,51,66</b>	<b>67,50,25</b>	<b>83,41,26</b>
Gross NPAs as % of total advances	10.11%	10.16%	11.87%
NPAs net of provisions	38,70,77	42,20,16	38,40,81
<b>Net NPAs as % of total advances</b>	<b>5.88%</b>	<b>6.64%</b>	<b>5.46%</b>

The following strategies were adopted to reduce/contain the NPAs:

- NPA reduction team has been strengthened by posting of a senior officer and 4 others.
- They are responsible for initiating action under SARFAESI, Suit Filed, vehicle seizure, closure of suit filed cases, AUC recovery etc.
- NPA team continuously call borrowers under IRAC 1,2,4 and above for up-gradation of accounts.
- Review mechanism has been put in place. Regular review meetings are being conducted.
- More than Rs. 20.00 lac outstanding NPA account are being monitored by Chairman personally.
- Chronic NPA branches have been allotted to senior officials.



## DCB as in June 2018

Table: Demand Collection Balance (DCB) <i>(Rs in Lacs)</i>								
	Demand		Collection		Overdues		Recovery%	
	Jun 17	Jun 18	Jun 17	Jun 18	Jun 17	Jun 18	Jun 17	Jun 18
Farm/Priority Sector	24948	23040	17583	15420	7365	7614	70.48	66.93
Non-Farm/Non-Priority Sector	13213	7462	10639	6638	2574	824	80.52	88.96
<b>Total</b>	<b>38161</b>	<b>30493</b>	<b>28222</b>	<b>22056</b>	<b>9939</b>	<b>8438</b>	<b>82.82</b>	<b>72.33</b>

## Suit-filed under the SARFAESI Act

Table: SARFAESI cases filed <i>(Rs in thousands)</i>			
Pending cases at the beginning of the year	Cases filed during the year	Total no. of cases filed	Amt. involved
-	15	15	408.75

## Bakijai (Certificate) cases

Table: Bakijai (Certificate) cases filed <i>(Rs in thousands)</i>				
	March 2018		March 2019	
	Accts.	Amt.	Accts.	Amt.
Pending at beginning of year	1371	33511	1919	100732
Settled during year	35	2352	1	22
Additional filed during year	196	17273	40	3461
Pending at the year-end	1532	48432	1958	104171

## Compromise settlements

Table: Compromise settlement/OTS/Write-off <i>(Rs in thousands)</i>				
	March 2018		March 2019	
	Accts.	Amt.	Accts.	Amt.
Loans written-off	1796	86437	779	64776
Out of which,				
Bad Debts debited	207	15483	531	64019
Compromise/One-Time settlement	57	6863	248	757



## Income Recognition and Asset Classification (IRAC)

	March 2018				March 2019			
	Secured	Unsecured	Total	Provision	Secured	Unsecured	Total	Provis n
Standard	464,31,68	132,66,24	596,97,92	1,90,12	453,66,43	165,76,61	619,43,04	2,01,54
Sub-standard	14,06,73	2,48,25	16,54,98	1,77,50	20,16,64	1,83,93	22,00,57	3,48,48
Doubtful 1	19,01,29	6,33,76	25,35,05	7,20,91	11,27,58	2,23,67	13,51,25	5,05,56
Doubtful 2	12,56,92	5,38,68	17,95,60	6,76,94	19,05,04	5,48,85	24,53,89	13,19,87
Doubtful 3	52,18	1,21,75	1,73,93	1,73,93	1,27,28	6,48,06	7,75,34	7,75,34
Loss	-	5,90,69	5,90,69	5,90,69	-	15,60,21	15,60,21	15,60,21
<b>Total</b>	<b>510,48,80</b>	<b>153,99,37</b>	<b>664,48,17</b>	<b>25,30,09</b>	<b>505,42,97</b>	<b>197,41,33</b>	<b>702,84,30</b>	<b>47,02,00</b>

### Internal Control System Inspection & Audit

All activities of the Bank are subjected to internal audit function, which comprises three different types of audits namely (a) Risk Focused Internal Audit (RFIA), Snap Audit, and Concurrent Audit. The Risk Focused Internal Audit system has been implemented in the Bank from August 2017, as suggested by our Sponsor Bank i.e. State Bank of India. For further strengthening of the audit system the new format has been introduced with the following rating system parameters-wise marks.

#### Revised Rating

Well Controlled: A+  
Adequately Controlled: A  
Moderately Controlled: B  
Unsatisfactorily Controlled: C

#### Range of Marks

>=850  
>700 and <=850  
>600 and <=699  
<600

### RFIA and Snap Audit

Inspection/Audit	Pending in Mar 18	Br. that became due during 2018-19	Total branches due in 2018-19	Inspected/audited during 2018-19
Internal Inspection	28	30	58	58
Snap Audit	28	45	73	73



### **Concurrent Audit**

Concurrent Audit as a mechanism of Management control and monitoring took concrete shape during the year with the appointment of three Concurrent Auditors from among retired personnel of the Bank as well as the sponsor bank. The Concurrent Auditors undertook Concurrent Audit of well over a third of the total number of branches, besides scrutinising of systems and procedures followed at the Head Office.

### **Information System (IS) Audit**

In compliance with NABARD and sponsor bank guidelines, Information Security (IS) Audit of the Bank was conducted from 13<sup>th</sup> to 15<sup>th</sup> November 2018 by Shri Swarup Kr. Mukherjee, Auditor commissioned by the sponsor bank. The audit covered Head Office, Regional Office I and 10 of the larger branches and focused on hardware/software control at the branch-level, user management, maintenance of IT assets, customer management involving IT, and other related issues. A rectification report on points relating to the IS Audit Report has been submitted to NABARD.

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

The XIXth Statutory Inspection of the Bank under Section 35(6) of the Banking Regulation Act, 1949, with reference to the financial position as on March 2018, was conducted from 11<sup>th</sup> to 26<sup>th</sup> June 2018 by Inspectors from NABARD Regional Office, Guwahati. The Bank's compliance remarks on points contained in the Statutory Inspection Report was submitted to NABARD within the stipulated period.

Weighted Average Marks Awarded during the inspection: 71.41%, B+ (Sound banking operations but with moderate weaknesses).

### **Statutory Audit**

The closing accounts of the year were audited by M/s M.C. Bhandari & Co., Kolkata (as Statutory Central Auditor), and M/s D. Das & Associates and Amit O.P. Sharma & Co., Shillong, (as Statutory Branch Auditors). The Statutory Central Auditor has in his report confirmed that the Bank's Balance Sheet and statement of Profit and Loss Account were in compliance with the applicable accounting standards issued by the ICAI.

### **Financial Literacy Camps (FLCs)**

In course of 2018-19, a total of 424 financial literacy camps were organized by the Bank's rural branches at village locations throughout the state. Instruction on credit-availing procedures, digital banking facilities, activation of KCC cards, the importance of timely repayment of loans and other such topics was disseminated in course of the FLCs. The largest number of FLCs during the year was arranged by Laitlyngkot Branch and their performance in this regard has been duly recognised.



Expenses incurred in connection with organizing the FLCs were partly defrayed with financial assistance generously received from NABARD Regional Office, Shillong.

#### **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Expenses incurred in connection with organizing the FLCs were partly defrayed with financial assistance generously received from NABARD Regional Office, Shillong.

#### **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Table: PMJDY accounts		
	No. of accounts	
	2018-19	Cumulative as on March 2019
Opened	26667	19705
RuPayDebit Cards issued	11234	77825

Mawkyrwat branch had opened the highest number of PMJDY accounts during 2018-19.

#### **Prime Minister s Social Security schemes: PMJJBY, PMSBY, APY**

Table: Enrolment under the Prime Minister s Social Security Schemes: 2018-19		
	Nos. of accounts	
	2018-19	Cumulative as on March 2019
PMJJBY	8528	179232
PMSBY	9749	23916
APY	358	1668
<b>Total</b>	<b>18635</b>	<b>43516</b>



The branches most active in implementation of the Prime Minister's social security schemes during 2018-19 were Mawlaingut Branch (PMJJBY), Laitlyngkot Branch (PMSBY), and Mawkyrwat (APY).

### BCs/CSPs

The 19 BCs/CSPs on the Bank's books extended critical support to selected branches in regard of such tasks as account opening, cash deposits and withdrawals, sourcing of loan applications, NPA recovery, enrolment under the government's social security schemes, and extension of micro-insurance coverage.

### RSETI, Nongstoin

Shri Omin Pohlong, Manager Scale II, took charge as Director: MRB - RSETI, Nongstoin from Shri Erming Nengnong, former Director, on 24<sup>th</sup> April 2018.

<b>Table : Training programmes conducted by MRB-RSETI, Nongstoin: 2018-19</b>				
<b>Prog.</b>	<b>Topic</b>	<b>Duration</b>	<b>No. of trainees</b>	<b>Of whom, women</b>
36 <sup>th</sup>	Piggery Farming	15 <sup>th</sup> to 25 <sup>th</sup> May 2018	30	10
37 <sup>th</sup>	Piggery Farming	25 <sup>th</sup> June to 5 <sup>th</sup> July 2018	24	15
38 <sup>th</sup>	Poultry Farming	24 <sup>th</sup> July to 3 <sup>rd</sup> August 2018	30	14
39 <sup>th</sup>	Piggery Farming	28 <sup>th</sup> August to 7 <sup>th</sup> Sept 2018	20	10
40 <sup>th</sup>	Piggery Farming	18 <sup>th</sup> to 28 <sup>th</sup> September 2019	22	11
41 <sup>st</sup>	Dairy/Vermi-composting	15 <sup>th</sup> to 25 <sup>th</sup> January 2019	24	3
42 <sup>nd</sup>	Poultry Farming	11 <sup>th</sup> to 21 <sup>st</sup> February 2019	15	9
			<b>165</b>	<b>72</b>
	Prior to 2018-19		688	413
	<b>Cumulative</b>		<b>832</b>	<b>487</b>



## Cross-selling

Progress achieved in cross-selling of SBI Life Insurance and SBI General Insurance products during the year was as follows:

### SBI Life Insurance

Table: Cross-selling of SBI Life Insurance Co. products (Rs in thousands)		
	2017-18	2018-19
No. of new insurance policies sold	132	335
New business insurance premium collected (Rs)	11159	16018
Total Commission Income (Rs.)	680	1980
No. of CIFs in place	30	42
No. of MDRTs	1	3

### SBI General Insurance

Table: Cross-selling of SBI General Insurance Co. products (Rs in thousands)		
	2017-18	2018-19
No. of new insurance policies sold	438	2,170
New business insurance premium collected (Rs)	1100	3900
Total Commission Income (Rs)	93	470
No. of Specified Persons (SPs)	1	2

### Best performers in cross-selling

The best performing branches in regard of cross-selling during the year were the following:

Table: Top achievers in Cross-Selling		
	SBI Life Insurance	SBI General Insurance
First	Shillong Branch	Tura Branch
Second	Nongstoin Branch	Nongstoin Branch
Third	Demthring Branch	Shillong Branch
Fourth	Nongthymmai Branch	Iewduh Branch
Fifth	Smit Branch	Nongpoh Branch



### Information Technology

The Bank had purchased its first PC in 1995 and subsequently initiated Total Branch Automation (TBA) on the Zenith InfoTech Banc 724 platform.

Migration to integrated networking via the TCS-developed Bancslink Core Banking Solutions (CBS) software was initiated in January 2011 and completed by June that year, with C-Edge Technologies Ltd, Mumbai as the Application Service Provider. All business units of the Bank are now connected via VSAT services managed by C-Edge Technologies Ltd and their implementing telecommunications partners viz., Tatanet (NELCO), Hughes & Airtel. The Bank's Head Office has a Leased Line for primary connectivity and VSAT for backup/secondary connectivity.

On 13<sup>th</sup> December 2015, agreement for extension of Service Level Agreement (SLA) for another 5 years, inclusive of WAN connectivity, was executed with C-Edge Technologies Ltd.

Several other packages of computerised facilities, such as money transfer via RTGS and NEFT, RuPay ATM-cum-Debit Cards, SMS and NEFT alerts, Mobile Banking, and Direct Benefit Transfers (DBT), are now available to customers of the Bank.

### Information Security

The ongoing thrust towards a cashless economy has necessitated greater reliance on technology. However the use of technology also requires that adequate safeguards and checks be in place. In light of the above, the Bank had commissioned an IS Audit of our Head Office, Regional Office and 10 branches by a qualified IS Auditor during 2018-19.

### Mobile Banking

The Bank completed User Acceptability Testing (UAT) for Mobile Banking in March 2017 and had rolled out Mobile Banking services for its customers in April 2017. The MRB Mobile Banking app has been well accepted by the Bank's urban as well as rural customers. Mobile Banking facilitates remittance of funds through NEFT, IMPS, and transfer transactions within the Bank, and also balance enquiries. Customers can also hot-list ATM cards for their accounts through the App. This has enabled the Bank to attract new customers and retain existing customers. More than 2000 customers have since availed our Mobile Banking services. The volume of transactions that took place during the year through different payment channels via mobile banking are as under:

NEFT		IMPS		UPI		Intra-Bank transfer	
No. of transactions	Value (in Crs.)	No. of transactions	Value (in Crs.)	No. of transactions	Value (in Crs.)	No. of transactions	Value (in Crs.)
7009	5.74	10516	7.66	24216	3.18	5723	6.35



### Unified Payment Interface (UPI) services

The Bank went live for Unified Payments Interface (UPI) in January 2018. Customers can now download Bharat Interface for Money (BHIM) App and transact on their respective Bank accounts 24x7x365. Bharat Interface for Money (BHIM) is a payment app that lets you make simple, easy and quick transactions using Unified Payments Interface (UPI). Direct bank payments to anyone on UPI using their UPI ID or scanning their QR with the BHIM app can be done. During 2018-19, transactions involving an amount of Rs.3.17 crore had taken place through UPI.

### Internet Banking

The Bank had completed User Acceptability Testing (UAT) for Internet Banking (INB) in September 2014 and rolled out Retail INB for its customers with view rights only in March 2016. While transaction rights are yet to be given by RBI, the existing facility has fetched a good response from institutional, business and SME segment customers as access to account statements is greatly simplified.

### RTGS / NEFT

In December 2011, the Bank rolled-out its National Electronic Fund Transfer (NEFT) facility under sub-membership of State Bank of India, and with sponsor bank assistance also introduced RTGS at around the same time. Currently, the NEFT facility is also available via the MRB Mobile Banking App, making this payment channel more accessible to our customers.

### ATM Cards

In May 2013, NPCI on-boarded the Bank on the RuPayATM platform as a sub-member Bank with SBI as the sponsor bank. The first ATM cards were delivered to staff and customers in June 2013. The total number of ATM cards issued by the Bank up to the 2018-19 FY ending is as under:

	No. of Accounts	No. of Cards issued
Savings Bank Accounts	6,31,028	1,25,498
PMJDY Accounts	1,93,705	77,825

Meghalaya Rural Bank was certified as an Issuer Bank on the RuPay Global Clearing & Settlement System (RGCS) in January 2015. This has enabled customers of the Bank issued with RuPay Debit Cards to swipe their cards in PoS Machines installed at merchant establishments for making financial transactions.

An e-Commerce product facilitating use of the Bank's RuPayATM Debit Cards for online shopping and payment of utility bills was launched on 12th January 2016.



### PoS Machine installation

On 23rd October 2017, the Bank entered into an agreement with SBI for Merchant Acquiring Business and deployment of Point of Sale (PoS) machines to merchants having accounts with Meghalaya Rural Bank. A total of 18 merchant establishments have since been provided with PoS machines, thus furthering the national objective of progressing towards a more cashless society by the 2018-19 FY ending.

### AEPS

To enable our customers to increase cash less transactions at merchant establishments using their Aadhaar-linked Meghalaya Rural Bank account, the Aadhaar Pay (Issuer) facility was launched by the Bank. Through use of the Aadhaar payment apps, customers of the Bank are able to carry out cashless transactions at various retail outlets.

### Right to Information Act

Ten applications seeking information under the Right to Information Act, 2005 was received during 2018-19. Each of these applications were responded to within the stipulated time-frame.

### Human Resource Management

#### Staff strength

Designation	Total	Out of total, STs	Out of total, women
Chief Managers (Scale IV)	09	05	01
Senior Managers (Scale III)	20	13	04
Managers (Scale II)	41	36	22
Assistant Managers (Scale I)	105	77	33
<b>Officers: total</b>	<b>175</b>	<b>131</b>	<b>60</b>
Office Assistants (Multipurpose)	124	115	39
Office Attendants (Multipurpose)	100	95	47
<b>Staff: total</b>	<b>399</b>	<b>341</b>	<b>146</b>
As % of total staff strength	-	85%	37%

#### Promotions

Based on a promotion exercise set in motion in May 2018, 3 officers were promoted from Scale III to Scale IV grade, 9 from Scale II to Scale III grade, and 4 from Scale I to Scale II grade. Also, 7 Office Assistants were promoted to Officers Scale I, and 12 Office Attendants to the Office Assistants cadre. The promotions took effect from 28<sup>th</sup> August 2018.



## **Recruitment**

Based on the outcome of IBPS sCRP (Common Recruitment Process) RRBs VI, 20 new recruits joined the Bank in course of the year as Officers Scale I and 10 as Office Assistants.

## **Training**

Several in-house seminars and training programmes were organised for staff of the Bank. The programmes included orientation courses held in October 2018 for new recruits and promotees to the Officer Scale I and Office Assistant cadres, and a series of Back-to-Basics seminars in December 2018 for field-level officers in December 2018. A total of 174 officers had participated in the Back-to-Basics programme.

The Bank also, on behalf of IBPS, undertook pre-examination training (PET) in Shillong from 30<sup>th</sup> July to 11<sup>th</sup> August 2018 for reserved seat categories of candidates appearing for the CRP VII for RRBs. Forty six (46) candidates for the posts of officers and 47 for the posts of Office Assistants attended the training.

## **Industrial relations**

Industrial relations remained on an even keel with the various associations of officers and employees of the Bank cooperating constructively with the Management throughout the year.

## **Payment of pensions**

Following the order of the Hon ble Supreme Court order and publication of notifications by the Government of India regarding grant of pension to employees of RRBs, the Bank completed various relevant procedures, including adoption and registration of a Pension Trust Deed, setting up a Trusteeship for the Meghalaya Rural Bank Employees Pension Fund, and establishment of a Pension Cell at Head Office. On completion of the formalities and procedures, the first release of pension to a recently retired officer took place on 2<sup>nd</sup> January and payment to the 20 other eligible existing pensioners was issued on 30<sup>th</sup> March 2019.

## **Settlement of terminal benefits**

No effort was spared to enable release of terminal benefits to staff who retired during the year within a month of the staff proceeding into retirement.

## **Vigilance administration**

The role of the Bank's Chief Vigilance Officer (CVO) was undertaken by a Chief Manager deputed from the sponsor bank. The CVO handled vigilance-related issues, internal disciplinary cases, as well as complaints redressal.

As part of efforts to strengthen preventive vigilance, the CVO undertook regular branch visits and formulated guidelines and policies to improve security and sensitise staff to the ever lurking risk of fraud inherent in day-to-day banking operations.



Vigilance Awareness Week was observed by the Bank from 29<sup>th</sup> October to 3<sup>rd</sup> November 2018 as per advice of the Central Vigilance Commission (CVC). This theme of this year's observance was 'Eradicate Corruption Build a New India' and included taking of a Vigilance Pledge by functionaries of the Bank on 29<sup>th</sup> October and convening of special preventive vigilance meetings at the branch and controlling office/Head Office levels.

### Board of Directors

The following were the Directors who joined/retired from the Board during the year:

**Shri Sanjeev D. Rohilla**, Deputy General Manager, NABARD, Regional Office, Shillong, vice **Smt L. Leivang**, Deputy General Manager, NABARD, Shillong, w.e.f. 6<sup>th</sup> June 2018,

**Shri Mukesh Papriwal**, Assistant General Manager, SBI Corporate Centre, Mumbai vice **Shri Mohammad Umar**, Assistant General Manager, SBI Corporate Centre, Mumbai, w.e.f. 5<sup>th</sup> February 2019.

The Board appreciated the services rendered by the out-gone Directors and extended a warm welcome to the newly-appointed Directors.

Meetings of the Board during 2018-19 were convened on 26<sup>th</sup> April, 22<sup>nd</sup> June, 3<sup>rd</sup> August, 12<sup>th</sup> October, 29<sup>th</sup> October, and 7<sup>th</sup> December (2018), and 08<sup>th</sup> February (2019). The record of attendance at the meetings is as under:

Table: Attendance of Directors at Board Meetings held during 2018-19			
Director	Designation	Appointed on:	No. of meetings attended
Shri Dilip K. Guha	Chairman	7 <sup>th</sup> August 2017	7
Smt A.T. Lyndem	SBI nominee	15 <sup>th</sup> November 2016	4
Shri M. Umar	SBI nominee	15 <sup>th</sup> September 2017	5
Shri M. Papriwal	SBI nominee	5 <sup>th</sup> February 2019	1
Shri P. Gangte	RBI nominee	9 <sup>th</sup> September 2017	6
Smt L. Leivang	NABARD nominee	18 <sup>th</sup> September 2017	-
Shri S.D. Rohilla	NABARD nominee	6 <sup>th</sup> June 2018	5
Shri E.Y. Chen	State Govt. nominee	15 <sup>th</sup> July 2016	3
Shri J.E. Massar	State Govt. nominee	28 <sup>th</sup> June 2016	5



The following policies were adopted by the Board in course of the year with a view to augmenting the Bank's procedural set-up and streamlining its operations:

i	Prevention of sexual harassment of women employees
ii	Customer protection
iii	Customer rights ( <i>Renewal of earlier policy</i> )
iv	MSME: restructuring of advances

A couple of agenda items were moved for approval of the Board by circulation of papers. Each of the agenda items was placed to and ratified by the Board at meetings that immediately followed from date of approval of the agenda.

### Acknowledgements

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

The Board takes immense pleasure in expressing their gratitude for the guidance and cooperation received from the Government of India, Government of Meghalaya, Reserve Bank of India, NABARD and State Bank of India and for the steady fast support extended by them to the Bank throughout FY 2018-19. In this connection, special acknowledgement is made to the Ministry of Finance, New Delhi; the Hon ble Chief Minister, Chief Secretary, Finance Department, and Deputy Commissioners of Meghalaya; Reserve Bank of India's Central Office, Mumbai and Regional Office, Shillong; NABARD Head Office, Mumbai and Regional Offices, Shillong and Guwahati; and SBI Corporate Centre, Mumbai/ Local Head Office, Guwahati/ Administrative Office, Shillong/ and its Shillong, Laitumkhrah, and G.S. Road branches.

We will be failing in our duty if we do not acknowledge the help extended by RBI, Shillong, NABARD, Shillong and State Bank of India, Local Head Office, Guwahati, State Bank of India, Shillong B&O in sparing their officers to be members of the Selection committees constituted for promotions.

The Board also expresses its gratitude to all Public Relations Officers, Print and Electronic media for their cooperation in giving wide publicity for the Bank. The Board also thanks the Officers Association, Employees Union and SC/ST Welfare Association for their constructive role played in over development of the Bank.



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

For and on behalf of the Board of Directors of  
Meghalaya Rural Bank

**(Dilip Kumar Guha)**  
**Chairman**

Shillong: 30<sup>th</sup> June 2019



**M.C. Bhandari & Co**  
CHARTERED ACCOUNTANTS

4, Synagogue Street  
(Behind Central Bank, Brabourne Road  
Kolkata - 700 001 (India)  
Phone : (O) 2242 6077 / 2231 6526  
Tele Fax : 033 2242 1053  
E : mcbncokol@gmail.com  
mail@mcb.net.in  
web : mcb.net.in

## STATUTORY CENTRAL AUDITOR'S REPORT

**To**  
**Members of Meghalaya Rural Bank**  
**Shillong**

### 1. Qualified Opinion

We have audited the accompanying financial statements of **MEGHALAYARURALBANK** (Bank) as at 31st March 2019, which comprise the Balance Sheet as at 31st March, 2019 and Statement of Profit and Loss Account for the year then ended, and a summary of significant account policies and other explanatory information. Incorporated in these financial statements are the returns of 22 branches audited by us and 50 branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the applicable guidelines issued to the Bank by the National Bank for Agricultural and Rural Development (NABARD) and Reserve Bank of India (RBI). Also incorporated in the Balance Sheet and the Statement of Profit and Loss Account are the returns from 22 branches which have not been subjected to audit. These unaudited branches account for 3.23% of advances, 13.46% of deposits, 2.37% of interest income and 11.79% of interest expenses.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Banking Regulation Act 1949 (Act) and the directions as issued by the RBI and NABARD, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31st, 2019 and its profit for the year ended on that date.

### 2. Basis for Qualified Opinion

Bank has not complied and made necessary disclosures as required under the following Accounting Standards issued by the Institute of Chartered Accountants of India

1. Accounting Standard 3 - Cash Flow Statement
2. Accounting Standard 15 - Employee Benefits



3. Accounting Standard 17 - Segment Reporting
4. Accounting Standard 19 - Leases.
5. Accounting Standard 22 - Accounting for Taxes on Income

The consequential impact of the above on the financial position, results and cash is not ascertainable.

We conducted our audit of the financial Statements in accordance with the Standards on Auditing (SAs) issued by the institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Banking Regulation Act 1949 and the Rules there under as well as per the directions of RBI and NABARD. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **3. Emphasis of Matter**

Reference is invited to the Note No. 13 and 14 of the financial statements, which describes the (i) effect of credit related fraud in some borrower account of the bank and consequent provision there against and (ii) reconciliation and confirmation of certain account balances and consequent accounting adjustment thereof. Our opinion is not modified in respect of these matters.

### **4. Other Information**

The Bank's management and board of Directors are responsible for other information. The other information comprises the information included Directors Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## 5. Responsibilities of Management and Those Charged with Government for the Financial Statements

The Bank's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Bank in accordance with the provisions of Banking Regulation Act 1949 and accounting principles generally accepted in India, including the Accounting Standards specified by the ICAI. This responsibility also includes maintenance of adequate accounting records, for safeguarding of the assets of the Bank, for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Bank financial reporting process.

## 6. Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit, we also :

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on



whether the bank has in place an adequate internal financial control system with reference to financial statements and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

We communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **7. Report on other Legal and Regulatory Requirements**

Subject to our qualifications in paragraph 1 & 2 above and responsibilities of Bank's Management and Auditor towards the financial statements as indicated in paragraph 5 & 6 above, we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Balance Sheet and the Statement of Profit and Loss Account have been drawn up in accordance with provisions of the Banking Regulation Act, 1949 and rules and regulations made there under.
- ii) The transactions of the bank which have come to our notice have been within the powers of the Bank.



- iii) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns received from the unaudited branches have been found adequate for the purposes of our audit.
- iv) The reports on the accounts of the branch offices of the Bank audited by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- v) The Balance Sheet and the Statement of Profit and Loss Account dealt with this report are in agreement with the books of accounts.
- vi) In our opinion, the Balance Sheet and the Statement of Profit and Loss Account comply with the applicable accounting standards issued by the ICAI.

For M C Bhandari & Co.  
Chartered Accountants  
FRN : 303002E

(Neeraj Jain)  
Partner  
M. No : 064393



Date : 05. 05. 2019  
Place : Shillong



**MEGHALAYA RURAL BANK**  
**Head Office : Shillong**  
**Balance Sheet As at 31st March 2019**

(Rs. in 000)


Particulars	Schedule	Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	25,976.00	25,976.00
Reserve and Surplus	2	16,02,170.00	15,94,119.00
Deposits	3	2,13,62,597.00	1,85,86,485.00
Borrowings	4	3,23,945.00	2,59,370.00
Other liabilities and provisions	5	10,11,879.00	8,82,737.00
<b>TOTAL</b>		<b>2,43,26,567.00</b>	<b>2,13,48,687.00</b>
<b>ASSETS</b>			
Cash and Bank Balance with RBI	6	9,81,946.00	9,10,606.00
Balance with Bank & Money at Call and Short notice	7	1,05,52,669.00	69,61,878.00
Investments	8	51,50,960.00	62,85,900.00
Advances	9	65,78,385.00	64,10,821.00
Fixed Assets	10	62,541.00	58,477.00
Other Assets	11	10,00,066.00	7,21,005.00
<b>TOTAL</b>		<b>2,43,26,567.00</b>	<b>2,13,48,687.00</b>
Contingent Liabilities	12	46,607.00	47,608.00

Summary of Significant Accounting Policies

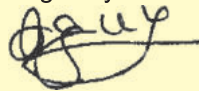
Notes to Accounts

Schedules as referred to above forms an integral part of the financial statements

As per our report of even date  
 For M.C. Bhandari & Co.  
 Chartered Accounts  
 Firm Registration No. : 303002E

  
 (Sanjeev Pohilla)  
 (Director)

For Meghalaya Rural Bank

  
 (Dilip Kumar Guha)  
 Chairman

Neeraj Jain  
 (Partner)  
 Membership No. 064393



Place : Shillong  
 Date : 05th May 2019

  
 (Mukesh Papriwal)  
 (Director)



# MEGHALAYA RURAL BANK

Head Office : Shillong

Statement of Profit & Loss for the year ended 31st March 2019 (Rs. in 000)

	Particulars	Schedule	Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
<b>1.</b>	<b>Interest Earned</b>	13	<b>17,01,949.00</b>	<b>14,84,555.00</b>
	a. Interest / Discount on Advances/Bills		6,77,385.00	6,20,524.00
	b. Interest on Investments		4,76,654.00	4,70,532.00
	c. Interest on Balances with RBI and other Inter Bank Funds		0.00	0.00
	d. Interest on Deposits with Bank		5,47,910.00	3,93,499.00
<b>2.</b>	<b>Other Income</b>	14	<b>1,10,608.00</b>	<b>77,808.00</b>
	i. Commission, Exchange and Brokerage		18,111.00	26,634.00
	ii. Miscellaneous Income		92,497.00	51,174.00
<b>3.</b>	<b>TOTAL (1+2)</b>		<b>18,12,557.00</b>	<b>15,62,363.00</b>
<b>4.</b>	<b>Interest Expended</b>	15	<b>8,73,698.00</b>	<b>8,68,470.00</b>
<b>5.</b>	<b>Operating Expenses</b>		<b>4,50,037.00</b>	<b>3,82,677.00</b>
	a. Employees Costs	16	3,11,111.00	2,67,671.00
	b. Other Operating Expense		1,38,926.00	1,15,006.00
<b>6.</b>	<b>Total Expenditure excluding Provisions and Contingencies (4+5)</b>		<b>13,23,735.00</b>	<b>12,51,147.00</b>
<b>7.</b>	<b>Operating Profit before Provisions and Contingencies (3 6)</b>		<b>4,88,822.00</b>	<b>3,11,216.00</b>
<b>8.</b>	<b>Provision (other than Tax) and Contingencies</b>		<b>4,70,996.00</b>	<b>85,390.00</b>
<b>9.</b>	<b>Exceptional Items</b>		0.00	0.00
<b>10.</b>	<b>Profit / Loss from Ordinary Activities before Tax (7 8 9 )</b>		17,826.00	2,25,826.00
<b>11.</b>	<b>Tax Expense</b>		9,775.00	1,02,427.00
	a. Provision for Taxation		9,775.00	1,02,427.00
	b. Deferred Tax Asset		0.00	0.00
	c. Earlier Years Adjustments (Excess)		0.00	0.00
<b>12.</b>	<b>Net Profit for the period for Ordinary Activities after Tax (10 1 1)</b>		8,051.00	<b>1,23,399.00</b>
<b>13.</b>	<b>Extra-ordinary items (net of tax expenses)</b>		0.00	0.00
<b>14.</b>	<b>Net Profit/Loss for the period (12 13)</b>		8,051.00	1,23,399.00
<b>15.</b>	<b>APPROPRIATION</b>			
	a. Net Profit/Loss for the period		8,051.00	1,23,399.00
	b. Brought forward Profit		10,59,665.00	9,67,116.00
	c. Transfer to Statutory Reserves		2,013.00	30,850.00
	<b>Profit / Loss carried over to Balance Sheet</b>		<b>10,65,703.00</b>	<b>10,59,665.00</b>
<b>16.</b>	<b>Basic and Diluted Earning Per Share (Face Value Rs. 10)</b>		3.10	47.58

Summary of Significant Accounting Policies 17

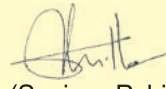
Note to Accounts 18

Schedules as referred to above forms an integral part of the financial statements

As per our report of even date  
For M.C. Bhandari & Co.  
Chartered Accountants  
Firm Registration No. 303002E

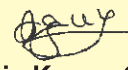
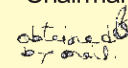
Neeraj Jain  
(Partner)  
Membership No. 064393



  
(Sanjeev Pohilla)  
(Director)



For Meghalaya Rural Bank

  
(Dilip Kumar Guha)  
Chairman  
  
(Mukesh Papiwal)  
(Director)



# MEGHALAYA RURAL BANK

Head Office : Shillong

Schedules forming part of Balance Sheet As at 31st March 2019

## SCHEDULE - I-A: CAPITAL

(Rs. in 000)

Particulars	Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
<b>Authorised Capital</b> (200,00,000,00 Equity Shares of Rs. 10/- each)	20000000	20000000
<b>Issued Capital</b> (25,97,600 Equity Shares of Rs. 10/- each)	25976	25976
<b>Subscribed Capital</b> (25,97,600 Equity Shares of Rs. 10/- each)	25976	25976
<b>Called up Capital</b> (25,97,600 Equity Shares of Rs. 10/- each)	25976	25976
Less : Call unpaid	-	-
Add : Forfeited Share	-	-
<b>TOTAL</b>	<b>25976</b>	<b>25976</b>





## SCHEDULE - 2 : RESERVES AND SURPLUS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
<b>I</b>	<b>Statutory Reserve</b>		
	i) Opening Balance	534454	503604
	ii) Addition during the year	2013	30850
	iii) Deduction during the year	-	-
<b>Total</b>		<b>536467</b>	<b>534454</b>
<b>II</b>	<b>Capital Reserve</b>		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>III</b>	<b>Share Premium</b>		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>IV</b>	<b>Revenue and other reserves</b>		
	i) Opening Balance	-	-
	ii) Addition during the year	-	-
	iii) Deduction during the year	-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>V</b>	<b>Balance in Profit and Loss Account</b>		
	i) Opening Balance	1059665	967116
	ii) Addition during the year	6038	92549
	iii) Deduction during the year	-	-
<b>Total</b>		<b>1065703</b>	<b>1059665</b>
<b>GRAND TOTAL (I+II+III+IV+V)</b>		<b>1602170</b>	<b>1594119</b>





### SCHEDULE - 3 : DEPOSITS

(Rs. in 000)

Particulars			Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
A	I	<b>Demand Deposits</b>		
		i From Bank	-	-
		ii From Others	1558037	1107148
	II	Savings Bank Deposits	13259306	11310608
	III	Term Deposits		
		a. From Banks	--	--
		b. From Others	6545254	6168729
<b>Total</b>			<b>21362597</b>	<b>18586485</b>
B	i	Deposits of Branches in India	21362597	18586485
	ii	Deposits of Branches out side India	--	--
	<b>Total</b>			<b>21362597</b>

### SCHEDULE - 4 : BORROWINGS

(Rs. in 000)

Particulars			Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)	
I	<b>Borrowings in India</b>				
	i	Reserve Bank of India	-	-	
	ii	Other Banks			
		a	State Bank of India	22250	22250
		b	Others	0	76
	<b>Total</b>			<b>22250</b>	<b>22326</b>
	iii	Other Institutions and Agencies :			
		a	NABARD	282863	217214
		b	NSTFDC	18832	19830
	<b>Total</b>			<b>301695</b>	<b>237044</b>
II	<b>Borrowings outside India</b>		-	-	
<b>Grand Total (I+II)</b>			<b>323945</b>	<b>259370</b>	



## SCHEDULE - 5 : OTHER LIABILITIES AND PROVISIONS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
I	Bills Payable		-- --
II	Inter Office Adjustments (Net)	1424	914
III	Interest Accrued on :		
	a] Deposits	331949	359612
	b] Borrowings	967	549
	<b>Total Interest Accrued</b> <b>332916</b>	<b>361075</b>	
IV	Provisions for		
	a] Audit Fees	878	705
	b] Gratuity	7804	4746
	c] Leave Encashment	6060	3897
	d] Standard Assets	20155	18686
	e] Inter Branch Item in Transit	1034	1034
	f] Tax Deducted at Source (TDS)	--	3173
	g] Income Tax	357588	347812
	h] Employee Deposit Link Insurance	--	112
	i] Migration Suspense Account	--	246
	j] Fixed Assets	1182	--
	k] Stationary Stock	3472	--
	l] Wage Revision Arrears	17562	13362
	m] Bonus	566	--
	n] Investment Fluctuation Reserve	3514	1150
	o] RBI DEAF Notional Interest	37	--
	p] National Pension Scheme	287	--
	q] Pension	160300	--
	<b>Total Provisions</b>	<b>580439</b>	<b>394923</b>
V	Other Liabilities		
	i] Subsidy Reserve Fund	25930	28132
	ii] Deposits received on account of SBI		
	Cheques Issued	2480	3494
	iii] ATM Settlement	15421	--
	iv] NEFT/RTGS/UIPI/IMPS Settlement Account	32926	12365
	v] Credit Balance in Advances Accounts	4212	3529
	vi] Subsidy received for RSETI	625	625
	vii] RSETI Construction Fund	3900	3900
	viii] NABARD FLC Fund	571	65
	ix] TDS Payable	2516	--
	x] Pradhan Mantri Social Security Scheme	12	12
	xi] Goods & Service Tax	3948	7267
	xii] Liability for unreconciled/suspense balances	4401	67350
	xiii] Sundry Expenses Payable	158	--
	<b>Total Other Liabilities</b>	<b>97100</b>	<b>126739</b>
	<b>GRABDTOTAL(I+II+III+IV+V)</b>	<b>10101879</b>	<b>882737</b>



**SCHEDULE - 6 : CASH AND BALANCE WITH RESERVE  
BANK OF INDIA**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
I	Cash in hand (including Foreign Currency Notes)	100262	105146
II	Balance with Reserve Bank of India		
	i. In Current Account	881684	805460
	ii. In Other Accounts	--	--
	<b>Total</b>	<b>881684</b>	<b>805460</b>
	<b>GRAND TOTAL (I+II)</b>	<b>981946</b>	<b>910606</b>

**SCHEDULE - 7 : BALANCES WITH BANKS AND MONEY AT CALL AND SHORT  
NOTICE**

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
A	<b>In India</b>		
	I Balances with Banks		
	a In Current Account	880297	500177
	b In Other Deposits Accounts	9672372	6464701
	<b>Total</b>	<b>10552669</b>	<b>6961878</b>
	II Money at call and short notice:		
	a With Banks	--	--
	b With other Institutions	--	--
	<b>Total (I+II)</b>	<b>10552669</b>	<b>6961878</b>
B	<b>Outside India</b>		
	i In Current Account	--	--
	ii In Other Deposit Accounts	--	--
	iii Money at call and short notice	--	--
	<b>Total</b>	<b>--</b>	<b>--</b>
	<b>GRAND TOTAL (A + B)</b>	<b>10552669</b>	<b>6961878</b>



## SCHEDULE - 8 : INVESTMENTS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
<b>I</b>	Investment in India		
	i Government Securities	4761160	4886100
	ii Other Approved Securities	--	--
	iii Shares	--	--
	iv Debentures and Bonds	--	--
	v Subsidiaries and/or Joint Ventures	--	--
	vi Others - Mutual Fund	389800	1399800
	<b>Total</b>	<b>5150960</b>	<b>6285900</b>
<b>II</b>	<b>Investment outside of India</b>		
	a Government Securities (Including Local Authorities)	--	--
	b Subsidiaries and /or Joint Ventures	--	--
	c Other Investments	--	--
	<b>Total</b>	--	--
<b>GRAND TOTAL (I + II)</b>		<b>5150960</b>	<b>6285900</b>





### SCHEDULE - 9 : ADVANCES

(Rs. in 000)

Particulars			Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)	
A	i	Bills purchased and discounted	--	--	
	ii	Cash Credit, Overdraft, and Loans Repayable on Demand	3715666	2990878	
	iii	Term Loans	2862719	3419943	
<b>Total</b>			<b>6578385</b>	<b>6410821</b>	
B	a	Secured by Tangible Assets	5097500	4925112	
	b	Covered by Bank/Govt. Guarantee	--	--	
	c	Unsecured	1480885	1485709	
<b>Total</b>			<b>6578385</b>	<b>6410821</b>	
C	I	<b>Advances in India</b>			
		i	Priority Sector	4185693	3966744
		ii	Public Sector	--	--
		iii	Banks	--	--
		iv	Others	2392692	2444077
<b>Total</b>			<b>6578385</b>	<b>6410821</b>	
	II	<b>Advance outside India</b>			
		a	Due from Banks	--	--
		b	Due from others	--	--
		c	Bills purchased and discounted	--	--
		d	Syndicated loan	--	--
		e	Others	--	--
<b>Total</b>			<b>--</b>	<b>--</b>	
<b>Grand Total</b>			<b>6578385</b>	<b>6410821</b>	





## SCHEDULE - 10 : FIXED ASSETS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
<b>I</b>	<b>Land</b>		
	i At cost as on 31st March of preceding year	15840	15840
	ii During during the year	--	--
	iii Deductions during the year	--	--
	<b>Total</b>	<b>15840</b>	<b>15840</b>
<b>II</b>	<b>Building</b>		
	a At cost as on 31st March of preceding year	--	--
	b During during the year	--	--
	c Deduction during the year	--	--
	<b>Total</b>	--	--
<b>III</b>	<b>Other Fixed Assets</b>		
	i At cost as on 31st March of the preceding year	151325	145656
	ii Addition During the year	14959	5669
	iii Deductions During the year	592	--
	iv Depreciation to date	118991	108688
	<b>Total</b>	<b>46701</b>	<b>42637</b>
<b>Grand Total (I+II+III)</b>		<b>62541</b>	<b>58477</b>





## SCHEDULE - 11 : OTHERASSETS

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
i	Inter Office Adjustment (Net)	--	--
ii	Interest Accrude on		
	i Investments	445389	246071
	ii Loans & Advances	3368	--
	<b>Total</b>	<b>448757</b>	<b>246071</b>
iii	TDS Receivable	--	3212
iv	Receivable from Income Tax	--	1098
v	Advance Income Tax	485657	354516
vi	Stationery	4608	5051
vii	Stamps	78	110
viii	Branch Clearing Account	12668	17657
ix	Advance for capital asstes and expenses	5658	554
x	Unamortorised Premium on Investment	20598	24650
xi	Agl. Interest Subvention Account	200	435
xii	Others		
	a Interbank Settlement Account	2599	62511
	b RBI DEAF Notional Interest	58	57
	c GST Credit Input	3557	--
	d Demand Draft Received Realisation	15628	5083
	<b>Total</b>	<b>21842</b>	<b>67651</b>
	<b>Grand Total</b>	<b>1000066</b>	<b>721005</b>





## SCHEDULE - 12 : CONTINGENT LIABILITIES

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
i	Claims against the Bank not acknowledged as debt	--	--
ii	Liability for partly paid investments	--	--
iii	Liability on account of outstanding forward exchange contracts	--	--
iv	Guarantees given on behalf of Constituents - In India	44057	45104
v	Acceptance, Endorsements and Other Obligations	--	--
vi	Other items for which the Bank is contingently liable (DEAF)	2550	2504
<b>Total</b>		<b>46607</b>	<b>47608</b>

## SCHEDULE - 13 : INTEREST EARNED

(Rs. in 000)

Particulars	Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
Interest / Discount on Advances / Bills	677385	620524
Interest on Investments	476654	470532
Interest on Balance with RBI and other Bank Funds	--	--
Others		
- Interest on TDR/STDR with Banks	547910	393499
<b>Total</b>	<b>1701949</b>	<b>1484555</b>





### SCHEDULE - 14 : OTHER INCOME

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
i	Commission, Exchange and Brokerage and Others	18111	26634
ii	Recovery in written-off loan accounts	13566	7419
iii	Profit on Sale of Investments	217	--
iv	Commission on Bank assurance Business	2097	839
v	Miscellaneous		
a	Inspection Charge on Loans and Advances	21993	30086
b	Leave Encashment Reimbursement from SBI Life	3897	2820
c	ATM Alert Charge	2899	1810
d	ATM Charges	3586	7920
e	Subsidy received from NABARD	--	280
f	Provision no longer required, written-back	44242	--
	<b>Total</b>	<b>76617</b>	<b>42916</b>
	<b>Grand Total</b>	<b>110608</b>	<b>77808</b>

### SCHEDULE - 15 : INTEREST EXPENDED

(Rs. in 000)

Particulars	Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
Interest on deposits	859711	857158
Interest on RBI/Inter Bank Borrowings	13987	11312
Others	--	--
<b>Total</b>	<b>873698</b>	<b>868470</b>





## SCHEDULE - 16 : OPERATING EXPENSES

(Rs. in 000)

Particulars		Current Year (As on 31.03.2019)	Previous Year (As on 31.03.2018)
a	Salary Payments and Provisions to Employees	311111	267671
b	Rent, Taxes and Lighting	19613	16950
c	Printing and Stationery	2614	3313
d	Advertisement and Publicity	421	135
e	Directors' Fee, Allowances and Expenses	--	70
f	Depreciation on Bank's Property	10833	10265
g	Auditor's Fee and Expenses	1318	666
h	Legal Charges	34	47
i	Postage & Telephone Charges	1419	793
j	Repairs and Maintenance	2969	349
k	Insurance	21265	20781
l	Travelling and Conveyance Expenses	9702	6567
m	Medical Expenses	4294	3342
n	CBS Expenses	24772	23358
o	AMC for Hardware	1197	1405
p	Newspaper, Books and Periodicals	851	818
q	Computer Expenses	301	969
r	Fuels & Lubricants for Vehicle	72	108
s	Business Development	379	354
t	Hiring Charge of Generator	5414	4866
u	Hiring Charge of Vehicles	1544	813
v	Trainings, Seminars and Recruitment	459	442
w	Administrative Charge on EPF Account	462	458
x	ATM Charges	3333	3044
y	SMS Alert Charge	753	482
z	Tax Consultancy Service	236	236
aa	Board Meetings	55	57
ab	Wages to temporary messenger/sweeper	--	--
ac	Exchange/Clearing Charges/Bank Charges	1223	468
ad	Remittance and Security Services	833	819
ae	EDLI Premia	812	122
af	Miscellaneous Expenses	21748	12919
<b>Total</b>		<b>450037</b>	<b>382677</b>



### DETAILS OF ITEM No. (af) OF SCHEDULE - 16

(Rs. in 000)

Particulars		Current Year (As on 31.03.2018)	Previous Year (As on 31.03.2017)
a	Financial Literacy Campaign	238	89
b	Water Supply and Washing Expenses	122	89
c	Pension	10707	--
d	Carriage Charge	236	310
e	Expenses for Business Correspondents	974	775
f	Expenses for Recovery Agent	2846	3046
g	Consultancy Fee for Bank's Doctor	150	120
h	Staff Welfare	20	20
i	Payment to Contractual Auditor/s Contractual Retire Staff	720	147
j	Reimbursement Expenses	176	65
k	Incentives	246	0
l	Membership/Certification Fees	275	4687
m	Other Sundry Expenses	5038	3571
<b>Total</b>		<b>21748</b>	<b>12919</b>





## SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation :

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

### 2. 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 materially from these estimates.

### 3. Revenue recognition :

- a) Income and expenditure are accounted on accrual basis, except otherwise stated.
- b) Interest income is recognised in the Profit and Loss Account as it accrues except : (i) income from Non-Performing Assets (NPAs), comprising of advances and investments which is recognised upon realisation, as per the prudential norms prescribed by the RBI/NABARD or other regulatory authorities.
- c) Profit or Loss on sale of investments is recognised in the Profit and Loss Account.
- d) Income (other than interest) on interest bearing investments in 'Held to Maturity (MTM) category acquired at a discount to the face value is recognised in the Profit and Loss Account.
- e) Commission, Exchange have been recognised on realisation basis.
- f) Interest on overdue term deposits are accounted for on renewal
- g) In case of suit filed accounts, legal and other expenses incurred are charged to Profit and Loss Account and at the time of recovery of such expenses same is accounted as income.

### 4. Investments :

The transactions in Government Securities are recorded on 'Settlement Date' Investments other than Government Securities are recorded on 'Trade Date'



- i) In investments are classified into three categories, viz. Held to Maturity (HTM) Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.
  - a) Investment that the Bank intends to hold till maturity are classified as Held to Maturity (HTM)
  - b) Investments that are held principally for resale with 90 days from the date of purchase are classified as Held for Trading (HFT)
  - c) Investments, which are not classified in the above to categories, are classified as Available for Sale (AFS)
  - d) An Investment is classified as HTM/HFT/AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines. However, for disclosure in Balance Sheet these are classified as under - Government Securities, Other Approved Securities and Others.
- ii) The Securities in each classification are valued in accordance with RBI guidelines as detailed hereunder :
 

In determining the acquisition cost of an investment

Broken period interest paid / received on debt instruments is treated as interest expense / income and is excluded from cost of sale consideration.
- iii) 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.
- iv) 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 Investment.
- v) Investment under AFS and HFT category are individually revalue at market price of 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) is provided for and net appreciation is ignored. On provision for depreciation, the book value of individual security remains unchanged after marking to market.
- vi) Investments are classified as performing and Non-Performing based on the guidelines issued by the RBI. Investments of domestic office become non-performing where interest or instalment (including maturity proceeds) is due and remains unpaid for more than 90days.



## 5. Loans /Advances and Provisions thereon :

Loans and Advances are classified as performing and non-performing, based on the guidelines/directive 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 agriculture 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.
- iv) NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by NABARD/RBI:
  - a) Sub-standard : A loan asset that has remained non-performing for a period less than or equal to 12 months.
  - b) Doubtful : A loan asset that has remained in the sub-standard category for a period of 12 months
  - c) Loss : A loan asset where loss has been identified but the amount has not been fully written off
- v) Provision are made on all outstanding net of interest not realised on non-performing assets as per prudential norms prescribed by RBI as under :

Classification of Assets		Secured	Unsecured
1	Standard Assets		
	i General Accounts	0.40%	0.40%
	ii Direct Agri & SME	0.25%	0.25%
	iii Commercial Estate	1.00%	1.00%
2	Sub-Standard	15.00% of	25.00% of



		outstanding Balance	Outstanding (unsecured abintio)
3.	Doubtful -I	25.00%	100.00%
4.	Doubtful - II	40.00%	100.00%
5.	Doubtful - III	100.00%	100.00%
6.	Loss	-	100.00%

- vi) In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provision are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions" and are not considered for arriving at the Net NPAs.
- vii) Unrealized interest on advances which have become non-performing during the year has been provided for.
- viii) Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority.
- a) Charges
  - b) Unrealized Interest/Interest
  - c) Principal
- ix) Interest realized on NPAs are taken in to income account provided the credit in accounts towards interest are not out of fresh / additional credit facilities sanctioned to the borrowed concerned.
- x) In the case of loan accounts classified as NPAs, an account may be reclassified as performing asset, of it confirms to the guidelines prescribe by the regulators.
- xi) Amount recovered against debts written off in earlier years are recognized as revenue in the year of recovery.
- xii) Advances as per the Balance Sheet are net of NPA provisions and unrealized interest.

## 6. Fixed Assets and Depreciation :

- a) Fixed Assets are carried at cost less accumulated depreciation.
- b) Cost includes cost of purchase and all expenditure directly attributable to or incur in connection with acquiring the fixed assets before it is put to use.
- c) Depreciation is provided on straight line method as per the rates stated below :



Nature of assets	Rate of depreciation on SLM basis	
	Useful life	Rate
Vehicles (Motor Cars)	5 years	20.00%
Safe, Safe Deposit Lockers, Strong Room Doors Strong Room	20 years	5.00%
Plant & Machinery, Furniture and fixtures & VC Equipment	10 years	10.00%
Electrical fittings and fixtures & Refrigerator	5 years	20.00%
Server	4 years	25.00%
Computer Hardware & software forming an integral part of hardware	3 years	33.33%
Air-Condition System & CCTV	8 years	12.50%
Automatic Voltage Stabilizer	5 years	20.00%

#### 7. Provisions, Contingent Liabilities and Contingent Assets :

In conformity with AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India, the Bank recognizes 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.

#### 8. No provision is recognized for :

- i) any possible obligation that arises from past event and the existence of which will be confirmed only 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.



Contingent Assets are not recognised in the financial statements

## 9. Taxes on Income :

Income tax expense is the aggregate amount of current tax, deferred tax 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. 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 realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

## 10. Earning Per Share :

The Bank reports basic and diluted earnings per share in accordance with AS 20 - 'Earnings per Share' issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders (other than minority) by the weighted average number of equity shares outstanding for the year.

Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.





## NOTES ON ACCOUNTS

- Schedules 1 to 16 form an integral part of the Balance Sheet and Statement of Profit and Loss Account.
- In view of RRB (Amendment) Act, 2015 and as per NABARD's instruction vide letter No. NB.IDD.RRCBD/1637/316 (Gen) / 2016-16 dated 30.03.2016, Share Capital Deposit of Rs. 1,59,76,000/- converted to Share Capital in the ration of 50% (Government of India), 15% (Government of Meghalaya) and 35% (State Bank of India) during the financial year 2015-16
- Sub-section (1) of section 17 of the Banking Regulation Act, 1949 requires creation of a reserve fund equivalent to not less than 20% of the balance of profit of each year. This requirement is complied with 25% of this year's profit being set aside for the purpose.
- The Bank invested in Central and State Government securities amounting to Rs. 48861.00 lakh through the Securities Services Branch, State Bank of India. The premium amount paid at the time of acquisition has been amortised equally over the remaining life of the securities. For the year ended 31-03-2019, an amount of Rs. 58.03 lakh is amortised by netting from interest received on investments.
- Inter office accounts between branches and head office are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year
- During the year ended 31st March, 2019, a total provision of Rs. 4,709,396 lakh has been made for :

Standard Asset	₹. 14.68 lakh
Bad & Doubtful Asset	₹ 2832.55 lakh
Leave Encashment	₹ 60.60 lakh
Gratuity	₹ 78.04 lakh
Investment Fluctuation Reserve	₹ 23.64 lakh
Wage Revision Arrears	₹ 42.00 lakh
National Pension Scheme (NPA)	₹ 2.87 lakh
Pension	₹ 1603.00 lakh
Fixed Assets	₹ 11.82 lakh
Stationery Stock	₹ 34.72 lakh
Bonus	₹ 5.67 lakh
RBI DEAF Notional Interest	₹ 0.37 lakh
<b>Total Provisions</b>	<b>₹ 4709.96 lakh</b>



7. During the year provision of ₹ 97.75 lakh has been made for income tax liability. Advance tax amounting to ₹ 1248.27 lakh was paid during the year.
8. Income has been recognized in terms of RBI guidelines vide paragraph 3 of the significant accounting policies.
9. Provision has been made for advances in terms of RBI guidelines vide paragraphs 5 (v) of the significant accounting policies.
10. Contingent liabilities include and amount of ₹ 440.57 lakh are for financial bank guarantee given to constituents and ₹ 25.50 lakh for Depositors' Education Awareness Funds (DEAF) with RBI.
11. In terms of RBI guidelines vide letter No. RBI/2013-14-DBOD. No. DEAF. Cell BC. 114/30.01.002/2013-14 dated 27th May 2014, the Bank are liable to remit amount lying in inoperative accounts of more than 10 years old w.e.f. 23rd May 2014. Therefore, the Bank has remitted an amount of Rs. 0.46 lakh (exclusive of notional interest) till 31st March 2019. Details as under :

Rupees in lakh

Particulars	Current Year	Previous Year
Opening Balance of amount transfer to DEAF Account	25.41	25.30
Add: Amount transferred to DEAF Account during the Year	0.46	0.11
Less : Amount reimburses by DEAF towards claim	--	--
Closing Balance transferred to DEAF Account	25.87	25.41

12. The Bank has made an ad-hoc provision Rs. 42.00 lakh towards arrears of wages due for revision with effect from 1st November 2017

### 13. Fraud Reported and Provision made during the year

During the financial year following cases of credit related fraud has been identified :

Name of the Branch	No of Borrower Account Involved	Aggregate Outstanding Balance (Rs. in Lakh)	Nature of credit facilities
IEWDUH	114	1433.00	SME-CC

Full provision against such fraud cases has been made in the accounts and recovery measure has been initiated by the bank. No other case of fraud on the bank has been reported or identified during the year.



#### 14. Balancing of various Accounting-Head

Balances of inter-bank settlement, inter-branch sundry-suspense, system migration, inter office suspense, interest accrued on deposit balance etc. are subject to reconciliation and confirmation. Necessary accounting adjustment, if any required will be made on completion of such reconciliation exercise.

#### 15. Disclosures :

##### I. Concentration of Deposits, Advances, Exposures and NPAs

<b>Concentration of Deposits</b>		
<i>(Amount in Rupees Crores)</i>		
<b>Particulars</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
Total Deposits of twenty largest depositors	317.89	297.74
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	14.88	16.00

<b>Concentration of Advances</b>		
<i>(Amount in Rupees Crores)</i>		
<b>Particulars</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
Total Advances of twenty largest borrowers	41.70	53.48
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank.	6.34	8.05

<b>Concentration of Exposures</b>		
<i>(Amount in Rupees Crores)</i>		
<b>Particulars</b>	<b>31-03-2019</b>	<b>31-03-2018</b>
Total Exposures of twenty largest borrowers/ customers	320.83	315.23
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the Bank on borrowers/customers.	11.30	13.92%



Concentration of NPA		
(Amount in Rupees Crores)		
	31-03-2019	31-03-2018
Total Exposures of top four NPA accounts	6.25	7.23

## II. Sector-wise NPSa

Sl. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advance	Gross NPAs	Percentage of Grodd NPAs to Total Advances in that sector	Outstanding Total Advance	Gross NPAs	Percentage of Grodd NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	130.17	7.41	5.69	120.26	9.24	7.68
2	Advances to industries sector eligible as priority sector lending	25.62	8.15	31.81	28.34	6.50	22.94
3	Services	223.90	55.96	24.99	183.13	26.59	14.52
4	Personal Loans	79.22	3.76	4.75	64.94	8.15	12.55
	<b>Sub-total</b>	<b>458.91</b>	<b>75.28</b>	<b>16.40</b>	<b>396.67</b>	<b>50.48</b>	<b>12.73</b>
<b>B</b>	<b>Non-Priority Sector</b>						
1	Agriculture and allied activities	--	--	--	--	--	--
2	Industry	--	--	--	--	--	--
3	Services	29.82	0.52	1.74	43.29	8.27	19.10
4	Personal loans	214.11	7.61	3.55	224.52	8.75	3.90
	<b>Sub-total (B)</b>	<b>243.93</b>	<b>8.13</b>	<b>3.33</b>	<b>267.81</b>	<b>17.02</b>	<b>6.35</b>
	<b>Total (A+B)</b>	<b>702.84</b>	<b>83.41</b>	<b>11.87</b>	<b>664.48</b>	<b>67.50</b>	<b>10.16</b>





### III. Capital

Particulars		Current Year	Previous Year
i	CRAR (%)	16.78	16.11
ii	CRAR - Tier I Capital (%)	16.36	15.71
iii	CRAR - Tier II Capital (%)	0.42	0.40
iv	Percentage of sharehold of the		
a	Government of India	50	50
b	State Government	15	15
c	Sponsored Bank	35	35

### IV. Investments

Rs. in lakh

Particulars		Current Year	Previous Year
1	Value of Investments	51509.60	62859.00
i	Gross value of Investments	51509.60	62859.00
ii	Provision of Depreciation	35.14	11.50
iii	Net value of Investments	51474.46	62847.50
2.	Movement of provisions held towards depreciation on investments		
i	Opening Balance	11.50	0.00
ii	Add : Provisions made during the year	23.64	11.50
iii	Less : Write off / write back of excess provisions during the year	0.00	0.00
iv	Closing Balance	35.14	11.50

### V. Repo Transaction

Rs. in lakh

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31st March 2019
Securities sold under Repos	--	--	--	--
Securities purchased under Repos	--	--	--	--





## VI. Non-SLR Investments

### i. Issuer Non-performing Non-SLR Investments

Particulars	Amount	Extent of Private placement	Extent of below Investment	Extent of unrated Securities	Extent of unlisted Securities
a PSUs	--	--	--	--	--
b Fis	--	--	--	--	--
c Banks	--	--	--	--	--
d Private Corporates	--	--	--	--	--
e Others	--	--	--	--	--
f Provisions held towards depreciation	--	--	--	--	--
<b>Total</b>	--	--	--	--	--

### ii. Non-performing Non-SLR Investments

Particulars	Amount (Rs. in lakh)
Opening Balance	--
Additions during the year since 1st April 2018	--
Reductions during the above period	--
Closing Balance	--





## VII. Assest Quality

## VII (A) Non-Performing Assets

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
i	Net NPAs to Net Advances (s)	5.83	6.88
ii	Movement of NPAs (Gross)		
	a Opening Balance	6750	6652
	b Additions during the year	2779	2743
	c Reducations during the year	1188	2645
	d Closing Balance	8341	6750
iii	Movement of Net NPAs		
	a Opening Balance	4410	4102
	b Additions during the year	84	426
	c Reducations during the year	653	118
	d Closing Balance	3841	4410
iv	Movement of provisions for NPAs (excluding provisions) on standard assets		
	a Opening Balance	2340	2250
	b Additions during the year	2832	714
	c Reducations during the year	672	624
	d Closing Balance	4500	2340

## VII (B) Movement of NPA

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
Movement of NPAs (Gross)			
a	Opening Balance	6750	6652
b	Additions during the year	2779	2743
c	Reducations during the year	1188	2645
d	Closing Balance	8341	6750



### VII (C) Details of Loan Assets subject to Restructuring

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
i	Total amount of loan assets subject restructuring, rescheduling, renegotiation	--	--
ii	The amount of standard assets subject to restructuring, rescheduling, renegotiation	--	--
iii	The amount of sub-standard assets subject to restructuring, rescheduling, renegotiation	--	--
iv	The amount of doubtful assets subject to restructuring, rescheduling, renegotiation	--	--

### VII (D) Details of Financial Assets sold to Securitisation (Sc/ Reconstruction Company (RC) for Assets Reconstruction

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
i	No. of accounts	--	--
ii	Aggregate value (net of provisions of accounts sold to Sc/Rc)	--	--
iii	Aggregate consideration	--	--
iv	Additional consideration realised in respect of accounts transferred in earlier years	--	--
v	Aggregate gain / loss over net book value	--	--

### VII (E) Details of non-performing financial assets purchased

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
1	a	No. of accounts/purchased during the year	--
	b	Aggregate outstanding	--
2	a	Of these, number of account restructured during the year	--
	b	Aggregate outstanding	--




**VII (F) Details of non-performing financial assets sold**

Rs. in lakh

Particulars			Current Year (2018-19)	Previous Year 2017-18)
1	a	No. of accounts/purchased during the year	--	--
	b	Aggregate outstanding	--	--
2	a	Of these, number of account restructured during the year	--	--
	b	Aggregate outstanding	--	--

**VII (G) Provision of Standard Assets**

Rs. in lakh

Particulars	Current Year (2018-19)	Previous Year 2017-18)
Provisions towards Standard Assets	201.55	186.86

**VIII. Business Ratios**

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
i	Interest income as a percentage to Working Fnds	7.83	7.82
ii	Non-Interest income as a percentage to Working Funds	0.51	0.38
iii	Operating profit as a percentage to Working Funds	2.25	1.53
iv	Returns on Assets	0.04	0.64
v	Business (Deposits plus advances) per employee	7.15	6.18
vi	Profit per employee	0.20	2.93




**IX. Asset Liability Management-Maturity Pattern of certain items of assets and liabilities**

Rs. in lakh

Particulars	1 to 14 days	15 to 28 days	28 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	18847.80	4398.29	13779.22	19688.72	22494.87	132339.92	1432.29	644.86	213625.97
Advances	3013.20	1744.34	1883.35	2002.07	2916.12	27547.27	15789.73	15388.22	70284.30
Investments	448.00	–	–	1600.00	3088.00	8445.00	6419.20	31509.40	51509.60
Borrowings	–	–	25.40	167.05	1967.05	547.79	309.66	222.50	3239.45
Foreign currency assets	–	–	–	–	–	–	–	–	–
Foreign currency Liabilities	–	–	–	–	–	–	–	–	–

**X. Exposures - Exposures to Real Estate Sector**

Rs. in lakh

Particulars		Current Year (2018-19)	Previous Year 2017-18)
A	<b>Director Exposure</b>		
i	a) Residential Mortgages above Rs. 20.00 lakh lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	6057.37	5264.62
	b) Up to Rs. 20.00 Lakh	4467.32	3819.04
ii	Commercial Real Estate Lending secured by mortgage on commercial premises, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc. Exposure would also include non-fund based (NFB) limit	--	--
iii	Investments in mortgage backed securities (MBS) and other securitised exposures		
	(a) Residential	--	--
	(b) Commercial Real Estate	--	--
B	Indirect Exposure Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	--	--



#### XI. Details of Single Borrower (SLG) and Group Borrower Limit (GBL)

During the year, The Bank had not exceeded the single borrower limit and group borrowe limit fixed by the Board.

#### XII. Miscellaneous - Amount of provision made for Income Tax during the year

Rs. in lakh

Particulars	Current Year (2018-19)	Previous Year 2017-18)
Provision for Income Tax	97.75	1024.27

#### XIII. Disclosure of penalties imposed by RBI

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

#### XIV. Draw Down from Reserve

No draw down of reserve has so far been made by the Bank.

#### XV. Disclosure of complaints

##### A. Customer Complaints

Rs. in lakh

Particulars	Current Year (2018-19)	Previous Year 2017-18)
i No. of complaints pending at the beginning of the year	--	--
ii No. of complaints received during the year	8	6
iii No. of complaints redereesed during the year	6	6
iv No. of complaints pending at the end of the year	2	--

(As compiled & certified by the Management)

##### B Awards passed by the Banking Ombudsman

Rs. in lakh

Particulars	Current Year (2018-19)	Previous Year 2017-18)
a No. of complaints pending at the the beginning of the year	--	--
b No. of complaints received during the year	--	--
c Total Complaints	--	--
d No. of complaints redressed during the year	--	--
e. No of complaints pending at the end of the year	--	--
f. No of awards passed by Banking Ombudsman	--	--
g. No of awards implemented	--	--
h. No of awards pending for implementation	--	--



## XVI. Floating Provisions

Bank does not have any policy of creating floating provision and consequently no such provisions have been made during the year.

## XVII. Additional Disclosures as per Accounting Standards applicable to Bank

### 1. Net Profit or Loss for the period, prior period items, and changes in accounting policies (AS-5) :

There is no material 'prior period item' included in Profit and Loss account required to be disclosed as per As-5 issued by OCAI read with RBI guidelines.

### 2. Revenue Recognition (AS-9):

Revenue is recognize as per Accounting Standard (AS-9) and Accounting policy No. 3 of Schedule - 17

### 3. Government Grants

During the period under audit, bank has not received any grants from any Central of State Governments or authorities owned/controlled by them.

### 4. Related Party Disclosures

#### a) Key Management Personnel

- i) Mr. D. K. Guhs, Chairman
- ii) Ms. C. Marbaniang, General Manager
- iii) Mr. P. Gangte, Director Nominated by Reserve Bank of India
- iv) Mr. S. D. Rohilla, Director Nominated by National Bank for Agricultural & Rural Development
- v) Ms. A. T. Lyndem, Director Nominated by State Bank of India
- vi) Mr. M. Papriwal, Director Nominated by State Bank of India
- vii) Mr. E. Y. Chen, Director Nominated by Govt. of Meghalaya
- viii) J. E. Massar, Director Nominated by Govt. of Meghalaya

#### b) Entities having significant control or influence

- i) State Bank of India - Sponsor Promoter bank.
- ii) SBI Life Insurance - Follow Group Company
- iii) SBI Mutual Fund - Follow Group Entity





c) Details of Transactions made during the year and outstanding balances as at year end :

Rs. in lakh

Sl. No.	Particulars	Name of Related Party	Current Year (2018-19)	Previous Year 2017-18)
1.	Managerial Remuneration and Perquisites	Mr. D. K. Guha	17	16
2.	Investment in Mutual Fund	SBI-Mutual Fund	3210	4000
3.	Income from Mutual Fund	SBI-Mutual Fund	620	1088
4.	Interest received from Bank	SBI-Mutual Fund	1804	2225
5.	Interest paid to the Bank	State Bank of India	10	nil
6.	Balance outstanding of Deposit with Bank	State Bank of India	70224	61687
7.	Balance outstanding of Cash & Bank balances with Bank	State Bank of India	8803	5002
8.	Balance of Investment in Mutual Funds	State Bank of India	3898	13998
9.	Balance of Investment in Perpetual Bonds	State Bank of India	22250	22250
10.	Commission Income From SBI Life	SBI Life Insurance Company	21	8

## 5. Earning Per Share

Sl.	Particulars	As on 31-03-2019	As on 31-03-2018
1.	Net Profit after Tax Available for Equity Shareholders	81	1234
2.	No of Equity Shares	2597600	2597600
3.	Weighted Number of Equity Shares	2597600	2597600
4.	Nominal value per share	10.00	10.00
5.	Basic & Diluted Earnings per Share	3.10	47.50

## 6. Accounting for Taxes on Income (As-22)

In absence of the demonstrable reasonable certainty of reversals of the deferred tax balance in forthcoming year, no deferred tax assets/liabilities has been recognized on conservative basis.

## 7. Applicability of AS-21, 23, 24 and 27

As the Bank does not have Subsidiaries or controlling interest in Associates/Joint Ventures, As 21- Consolidated Financial Statements, AS 23 - Accounting for Investments in Associates in



Consolidated Financial Statements, As - 24 - Discontinuing Operations, AS - 25 - Interim Financial Reporting and AS 27 - Financial Reporting of Interest in Joint Ventures issued by the ICAI are not applicable to the Bank.

#### 8. Intangible Assests :

Fixed Assets of the bank includes computer software, which has been considered as Intangibles as per AS-26, issued by the ICAI. The movement in the balances of such intangible assets is placed herein below :

Sl.	Particulars	As on 31-03-2019	As on 31-03-2018
1.	Gross Block at the beginning of the year	Nil	Nil
2.	Less : Amortization during the year	Nil	Nil
3.	Net Block at the end of the year	Nil	Nil

#### 9. Impairment of Assets

In view of the absence of the indication of material impairment within the meaning of clause 5 to clause 13 of Accounting Standard - 28 "Impairment of Assets", no impairment of fixed assets is required in respect of current financial year.

#### XVIII. Derivatives

During the FY 2018-19, Bank is not having any exposure in Derivatives.

#### XIX. Contingent Liabilities, Provisions and Contingent Assets

Rs. in lakh

Sl	Particulars	Opening Balance as at 01-04 2018	Additions during the year	Deductions/ Reversals during the	Closing Balance as at 31-3-2019
1	Provision for Standard Assets	186.86	14.69	--	201.55
2.	Provision for Non Performing Assets	2339.97	2832.55	672.06	4500.46
3.	Provision for Taxation	3478.12	97.76	--	3575.88
4.	Provision for Gratuity	47.46	78.04	4746	78.04
5.	Provision for Leave Encashment	39.87	60.60	39.87	60.60
6.	Provision for Pension	--	1603.00	--	1603.00
7.	Provision for NPS	--	2.87	--	2.87
8.	Provision for Bonus	--	5.67	--	5.67



## XX. Description of Contingent Liabilities (AS-29)

Sl	Particula	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is party to various proceedings in the normal course of business. It does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. The bank is a party to various taxation matters in respect of which appeals are Pending.
2.	Liability on partly paid-up investments/ venture Funds.	This item represents amounts remaining unpaid towards liability for partly paid investments.
3.	Liability on account of Outstanding forward exchange contracts	The Bank does not having any foreign exchange business, as such no contingent liability on account of forward exchange contracts are envisage.
4.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfill its Financial or performance obligations.
5.	Other items for which the Group is contingently liable	These comprises of Bank's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

### Previous Year Figures

Previous year figures have been regrouped / reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

As per our report of even date  
For M.C. Bhandari & Co.  
Chartered Accounts  
Firm Registration No. : 303002E

Neeraj Jain  
(Partner)  
Membership No. 064393

Place : Shillong  
Date : 05th May 2019



*[Signature]*  
P. Gangte  
(Director)

*[Signature]*  
S.D. Rohilla  
(Director)

(Sanjeev Pohilla)  
(Director)

*[Signature]*  
E.Y. Chen  
(Director)

For Meghalaya Rural Bank

*[Signature]*  
(Dilip Kumar Guha)  
Chairman



(Mukesh Papiwal)  
(Director)

*[Signature]*  
M. Papiwal  
(Director)



মেঘালয় গ্রামীণ বেঁক  
**MEGHALAYA RURAL BANK**

Meghalaya Rural Bank Head Office,

MTC Building: 2<sup>nd</sup> Floor

Police Bazar, Shillong 793 001, Meghalaya