



PUDUVAI BHARATHIAR GRAMA BANK
(Sponsored by Indian Bank)

DIRECTORS' REPORT 2013-14

The Board of Directors have immense pleasure in presenting the Sixth Annual Report of the Bank with audited Balance sheet and Profit and Loss account for the year ended March 2014.

1. PROFITABILITY:

In the Sixth year of operations, Bank earned a net profit (before tax) of Rs. 800.25 lakhs as against Rs 603.38 lakhs earned during the previous year registering a growth of 33%. The Profit after tax increased from Rs. 410.82 lakhs to Rs. 528.48 lakhs during the year thus showing a year to year (yoy) growth rate of 35%.

2. BRANCH EXPANSION/ NETWORK:

The Bank is operating in 2 Districts namely Puducherry and Karaikal. During 2013- 14 under branch expansion the bank has opened 2 more branches viz. Arumbarthapuram (urban) and Thiruvandarkoil (Rural) as per GOI directions. With this the total number of branches has become 32.

On 13.03.2014 Our Murungampakkam and Thavalakuppam branches were shifted to spacious new premises in the same area on main road.

The bank has launched the RuPay KCC card in the august presence of Shri. B. Rajkumar, Executive Director , Indian Bank , Shri. M. Balakrishnan, General Manager, Indian Bank, Sri.S.Raja, General Manager, RBI, Shri. S. Arunachala Ramanan, General Manager, RBI and Mrs V. Shantha, Zonal Manager, Indian Bank Puducherry Zone

Branch Network:

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	9	2	12	23
Karaikal	-	2	5	7
Mahe	-	1	-	1
Yanam	-	1	-	1
Total	9	6	17	32

Classification of branches based on population:

Tier I	: 9
Tier II	: 1
Tier III	: 3
Tier IV	: 2
Tier V	: 8
Tier VI	: 9

2. SHARE CAPITAL

The issued and subscribed share capital of Rs. 1.00 crore consists of one lakh shares of Rs.100/- each. The share holding pattern is as under:

Sl. No	Share holders	No. of shares	(Rs. in Lakhs)	
			Amount	% of share holding
1	Govt. of India	50000	50.00	50
2	Govt. of Puducherry	15000	15.00	15
3	Indian Bank (sponsor Bank)	35000	35.00	35
	Total	100000	100.00	100

Recapitalisation/Share Capital Deposits:

As per the recommendations of the working committee headed by Dr. K.C. Chakrabarty, Deputy Governor ,of RBI on recapitalization of RRBs which have been approved by GOI, all the stake holders have released their share and the amount of Rs.12.50 crores has been credited in Share Capital Deposit account as per details furnished hereunder:

(Rs. in lakhs)

Sl. No	Share holders	Amount received
1	Govt. of India	625.00
2	Govt. of Puducherry	187.50
3	Indian Bank (sponsor Bank)	437.50
	Total	1250.00

4. DEPOSITS:

The deposit of the Bank reached the level of Rs. 283.88 crores as against the target of Rs.280.00 crores registering a growth of 33% during the year. The break up details are given below:

(Rs in Lakhs)

Deposits	2013 - 14	2012-13
CA	596.92	808.26
SB	6068.23	5281.60
Low Cost Deposits	6665.15	6089.86
% of low cost Deposits	23.48	28.57
Term Deposits	21722.58	15223.99
Total deposits	28387.73	21313.85

5. LOANS AND ADVANCES (OUTSTANDING):

(Rs in Lakhs)		
PRIORITY SECTOR	2013-14	2012-13
Short Term Loans	18967.44	12889.22
Of which Agri JL Loans	18373.17	12392.19
Agri/Allied term loan	1022.97	913.70
Total Agri	19990.41	13802.92
% of Agri Advances to total adv.	64.02	58.05
SME	1775.55	1530.06
Others	26.24	11.59
Total Other Priority sector	1801.79	1541.65
Total Priority	21792.20	15344.57
% of Priority adv to total adv	69.80	64.53
NON PRIORITY SECTOR		
LAD	839.72	753.50
Non Agri Jewel Loan	5405.01	7507.66
Others	3185.51	170.59
Total Non Priority	9430.24	8431.75
Total Advances	31222.44	23776.32
Secured Advances	29792.46	22358.46
Unsecured Advances	1429.98	1417.86
Total Advances	31222.44	23776.32
SHGs	1420.67	1328.62
Weaker Sections	12359.58	8169.22
SC/ST	1752.39	1286.24
Minority	4113.26	2236.52

The Bank achieved the advance level of Rs.312.22 crores against the target of Rs.310.00 crores. The advances have grown by 31.32% on YoY basis. The priority sector advances stand at 69.80% as against the mandatory target of 60%. The level of loans to Weaker section is 39.58% against the mandatory target of 15%.

6. DISBURSEMENT:

(Rs in lakhs)		
Priority Sector	2013-14	2012-13
Short Term Loans including Agri JLS	21547.59	15533.56
Agri/Allied Term Loans	986.67	987.65
Total Agri	22534.26	16521.21
SME	1798.23	1070.69
Other priority	466.36	359.69
Total priority	24798.85	17951.59
Non Priority	7481.23	10940.99
Of which LAD and other Non Priority Loans	1464.76	1442.44
Non Agri JL	6016.47	9498.55
Total	32280.08	28892.58
Disbursement made for weaker sections	10222.39	6896.22
SHGs	1247.27	1547.54
SC/ST	1053.99	541.22
Minority	1865.33	1022.51

Performance under Annual Credit Plan:

Sl. No	Indicators	Target Mar 2014	Achievement Mar 2014	% of achievement
1	Agriculture	17853.24	22534.26	126.22
2	Other Priority Sector	5855.45	2264.59	38.67
3	Non Priority Sector	8081.29	7481.23	92.57
	Total advances	31789.98	32280.08	101.54

The Bank achieved the disbursement target set under Development Action Plan (DAP/Memorandum of Undertaking (MOU)) in Agriculture Sector and Total Advances vis-à-vis agriculture, total priority sector and the total advances.

7. BORROWINGS:

The Bank has availed certain loans/refinance facilities from the Sponsor Bank and NABARD. The refinance sanctioned by NABARD was fully utilized and the details of which are as under:

SPONSOR BANK:

(Rs. in lakhs)

Sl. No	Nature of facility	Purpose	2013-14	2012-13
1	Clean OD	On lending for short term seasonal Agricultural Operations	955.93	318.21
2	Additional clean OD		0.00	0.00
2	Term loan	On lending for other Agricultural purposes		0.00
4	Term Loan	To meet capital Expenditure	161.64	186.10
TOTAL			1117.57	504.31

NABARD:

(Rs. in lakhs)

Purpose	2013-14	2012-13
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	7765.59	9138.03
Refinance for lending to Short Term Loan (OSAO)	-	
Refinance for schematic lending	841.55	1519.38
Total	8607.14	10657.41

Cost of the borrowing is **5.99%**

8. CASH AND BALANCE WITH BANKS:

Details of cash held by the Bank during the year and comparison of last year is

(Rs in lakhs)

Cash and Bank balance	Balance As on 31.03.2014	Average During 2013-14	Balance As on 31.03.2013	Average During 2012-13
Cash held by the Bank	210.43	189.00	221.34	121.36
Balance in CA with Banks	702.10	160.98	47.38	51.86
Balance with RBI	1032.00	891.85	803.00	762.92

9. INVESTMENTS:

The investment portfolio of the Bank has increased to Rs. 5750.48 lakhs during the year by purchasing Rs.15.10 crores during the year registering a growth of 35.57%. The details regarding investments of the bank are as under:

(Rs in lakhs)		
Particulars	2013-14	2012-13
SLR	5750.48	4241.77
Non SLR investmemts	0	0
Term deposits with Indian Bank	1399.43	1972.17
Term Deposit with IDBI Bank	0	2401.23
Total	7149.90	8615.17

The Yield on Investments is 8.27% .

10. INCOME EARNED :

(Rs in lakhs)		
Particulars	2013-14	2012-13
Int. on loans and advances	2830.02	2231.54
Int. on investments	482.05	308.31
Int. on FDs with the Sponsor Bank	116.08	66.27
Non int. income	324.66	276.49
Total	3752.81	2882.61

11. EXPENDITURE INCURRED:

(Rs in lakhs)		
Type of Expenditure	2013-14	2012-13
Interest paid on deposits	1759.60	1268.84
Interest paid on borrowings	584.92	494.91
Operating expenses	547.26	467.43
Of which: Salary/Staff expenses	326.03	264.92
Non int. non Salary expenditure	221.23	202.51
Provisions and Contingencies	60.78	48.05
Total	2952.56	2279.23

12. INCOME RECOGNITION AND ASSET CLASSIFICATION:

The Bank Classified 166 accounts involving a total balance of Rs.56.01 lakhs as Sub Standard assets as per prudential norms stipulated by RBI. Recovery in NPA during the year is Rs.15.60 lakhs which is 104 % of the NPA recovery target. With this, the total NPA as on 31.03.2014 moved to Rs. 87.16 lakhs and gross NPA level works out to 0.28% of total advances. The Bank has made 100% provision for all the NPA accounts. The percentage of net NPA of the bank as on 31 3 14 is NIL.

The details of Asset Classification and provisioning are furnished below:

(Rs. in lakhs)

Details	31.03.2014			31.03.2013		
	Outstanding	% to total advances	Provision	Outstanding	% to total advances	Provision
Standard	31135.28	99.72	94.58	23729.57	99.80	74.22
Substandard	60.62	0.19	60.62	27.75	0.11	27.75
Doubtful	26.54	0.09	26.54	19.00	0.09	19.00
Loss	0.00	0.00	0.00	0.00	0.00	0.00
Total	31222.44		181.74	23776.32		120.97

Movement of NPA (Gross):

(Rs. in lakhs)

Details	2013-14	2012-13
NPA at the beginning	46.75	35.02
Addition during the year	56.01	24.87
Recovery in NPA during the year	15.60	13.14
NPA at the end of the year	87.16	46.75

13. FEE BASED INCOME

To augment the fee based income, the Bank has DD drawing arrangement with the Sponsor Bank and by this arrangement all the branches of the Bank can draw/ issue DDs on sponsor Bank, payable at 180 select centres all over India. The Bank continues to be a corporate agent of M/S Life Insurance Corporation of India for marketing their policies. The arrangement with M/s Weizmann Forex Ltd. for payment of Western Union Money Transfer remittances has gained momentum and the number of such remittances handled by almost all branches of the bank has increased substantially improving non-interest income from the activity.

During the year 2013 -14 the bank has canvassed about 2293 life policies of Bajaj Allianz for a total premium of Rs. 25.14 lakhs and the income earned is Rs. 4.95 lakh.

Yet another avenue to increase non interest income was established by signing an agreement with M/s Stock Holding Corporation of India to act as their authorized centre for e-Stamping. By issue of e-stamp the bank earns a commission of 0.15 % of the stamp duty collected. During 2012-13 e-stamping was launched in Karakkal Mahe and Yanam, The facility is extended to Pondicherry district from 06.11.2013 in Puducherry Town, Moolakulam, Villianoor, Bahour and Mannadipet branches. The business from this activity is very much encouraging besides penetration of our business presence among the public and improved our CASA clientele base. We have issued 20071 e-stamping papers during 2013-14. The e-stamp papers issued for a value of Rs..965.00 lakhs and the non interest income earned through this business is Rs.1.22 lakhs.

Customers of the Bank transacted Rs. 845.00 lakhs through RTGS and Rs.915.00 lakhs through NEFT resulting in increase of income to the Bank during current year. With this the Bank is not complacent any more in funds transfer in electronic mode and we are edging the competition in alluring the business customers with our courteous and speedy services . The competition is being felt by the member banks and is being deliberated in the SLBC too.

14. IMAGE BUILDING ACTIVITIES:

- The conventional Kisan Credit Card (KCC) has emerged as an innovative credit delivery system to meet the STPL credit requirements of the farmers. As per the revised KCC guidelines for KCC it should be a debit card which should put in use in the ATMs as well as POS machine to ease out the operations in the account by the farmers.
- After the introduction of the RuPay card by the National Payments Corporation of India (NPCI), we, our Pudukai Bharathiar Grama Bank, Pudukerry has taken initiative in fulfilling RBI's vision and in guidance / co-ordination / support with our sponsor bank Indian Bank we have launched our RuPay KCC card offering with the double benefits of both KCC and RuPay on 13th March 2014 at our New Branch Arumbarthapuram , Pudukerry by Shri. B. Rajkumar, Executive Director , Indian Bank , Shri. M. Balakrishnan, General Manager, Indian Bank, Sri.S.Raja, General Manager, RBI, Shri..S.Arunachala Ramanan, General Manager, RBI and Mrs V. Shantha, Zonal Manager, Indian Bank Pudukerry Zone.
- We are having almost -1016- KCC accounts with an outstanding amount of Rs.593.85 lakhs as of 31.03.2014 against the March 2014 target of Rs.498.50 lakhs in Credit limits.
- With the launching of RuPay KCC , we would be able to cover all the accounts with the cards within -6- months time with the assistance and guidance from our Sponsor Bank.
- Officers have been nominated for various training programme conducted by IMAGE (sponsor Bank training college) and other external agencies, RBI, NABARD, CERSAI, BIRD, etc.
- Our Bank has actively participated in various campaigns conducted by NABARD on Animal Husbandry, Organic Farming and Financial Inclusion and offered support and guidance to the farmers.

15. FINANCIAL INCLUSION

Opening of Financial Literacy Centre on 30.03.2014

- Financial Literacy Centre of the Bank was with the support of NABARD was established on 30.03.2014 at our Bahour branch by Sri. Sreepathy Kalkura , AGM, NABARD and Director in Board. The importance and the role of FLC at rural pocket is explained to the customers in his inaugural address.
- our Bank branches are located in the rural villages and in FI villages. Besides Banking, our team of staff in the branches headed by the Branch Manager is holding the literacy campaigns in the villages under their operation to augment the business potential in that area. We are successfully implementing financial literacy in our Bank.

16. MAN POWER:

Staff Strength as on 31.03.2014

Category	Total Strength	General	SC/ST	Ladies
Assistant Manager Scale I	44	38	6	9
Office Assistant (MP)	44	30	14	

17. RECRUITMENT

The Recruitment process was completed with the support of Sponsor Bank and NABARD. 7 Officers and 12 Office Assistants (Multipurpose) have joined during the second week of February 2014

18. STAFF WELFARE MEASURE:

During the year, Bank has introduced two staff loans like Vehicle Loan and Consumer loan. Women's day was celebrated at HO on 08.03.2014. Mrs. Shantha, DGM and Zonal Manager, Indian Bank participated as Chief guest and motivated our women staff in self empowerment.

19. SECURITY ARRANGEMENTS:

Security alarm has been provided to all our branches. As per RBI guidelines, CC TV camera was also installed in all our branch premises.

20. TRAINING

One day training programme was conducted for HR development, Motivation and Soft skills, Documentation, Investment Credit twice during the year. The Bank nominates our Officers to external training agencies like BIRD, CAB etc.,

21. RECONCILIATION

Inter Bank Reconciliation:

The Bank has reconciled all the entries upto date and there is no unreconciled entry.

Inter Branch Reconciliation

All the entries have been reconciled till 31-03-2014

22. CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR):

With the expansion of business by the branches, the assets of the Bank have increased considerably. As per the recommendations of the committee headed by Dr K C Chakrabarty, Deputy Governor of RBI, approved by the GOI, RRBs have been infused with additional capital. Our bank has so far received Rs. 12.50 crores as additional capital. With the improved capital base, our CRAR as on 31 03 14 works out to 12.65%.

23. BOARD MEETING:

Six Board meetings were conducted during 2013-14 and the Bank complied with mandatory requirement. Three meetings of Audit Committee of the Board were also held during the financial year.

24. Board of Directors:

During the year 2013-14, the following directors have retired from our Board :

- 1 Shri B Gnanavel, AGM, RBI on his transfer.
- 2 Shri K Jeyabal, GM (HRM), Indian Bank Chennai, -on his superannuation from our sponsor bank.
- 3 Shri. V Balaji, Government nominee
- 4 Shri D Balachandar, Government nominee.
5. Smt. Vijayalakshmi, Director (Planning), UT of Puducherry- on her retirement from Service.

The following directors have joined the Board during the year :

- 1 Shri M. Balakrishnan, GM (RBD), Indian Bank, Chennai
- 2 Smt Suman Nath, DGM, Dept., of Non Banking Supervision, RBI, Chennai
- 3 Shri M S Ramesh Kummar, Puthoor
- 4 Shri Sherif Marakkar, Cochin.

ACKNOWLEDGEMENTS

The Board places on record its heart felt gratitude to the retired Directors of the Bank for the valuable guidance rendered by them for the efficient functioning of the bank.

The Board also expresses its sincere thanks to the Indian Bank (sponsor Bank) for the valuable support in administrative and technological matters.

Our sincere thanks are also due to the Dept of Financial Services, Ministry of Finance, GOI, and Reserve Bank of India, National Bank for Agriculture and Rural Development for the valuable support and guidance.

The Board extends sincere thanks to various Govt. Agencies and undertakings for their continued support and patronage.

The Board of Directors further expresses its gratitude to the clientele of the Bank for their support, co-operation and patronage.

The Board records its thanks to M/S Mahalingam & Srivatsan, Chartered Accountants Chennai and M/s S Sadasivam & Associates, Chartered Accountants, Srirangam for their valuable suggestions and timely completion of audit and finalisation of accounts.

The Board also records its appreciation to the staff of the Bank for their sincere and dedicated services.

For and on behalf of Board of Directors

Chairman

Date : 21.04.2014

Place : Puducherry