



PUDUVAI BHARATHIAR GRAMA BANK
(sponsored by Indian Bank)

DIRECTORS' REPORT 2010-11

The Board of Directors with immense pleasure present the third Annual Report of the Bank with audited Balance sheet and Profit and Loss account for the year ended March 2011.

The third year operations of the Bank witnessed many important developments in functioning of the Bank. The Bank earned a net profit (before tax) of Rs.97.78 lakhs and wiped out the earlier accumulated losses. All the licenses/ authorizations given by RBI for opening of branches were fully utilized. The Bank entered into an agreement with Weizmann Forex Ltd., for money transfer business. The Bank has also launched issuing of ATM cards in collaboration with the sponsor Bank.

Govt. of India has approved the recommendations of the working committee chaired by Dr. K.C. Chakrabarty on recapitalization of RRBs and the release of the additional share capital of Rs. 12.50 crores in two stages i.e. Rs.9.50 crores during 2010-11 and Rs.3.00 crores during 2011-12 to the Bank. The Govt. of Puducherry and the sponsor Bank have already released their share of Rs.1.43 crores and Rs.3.325 crores respectively during the year 2010-11 and the GOI have released the amount to NABARD and we expect GOI share shortly.

2. Branch Expansion/ Network:

The Bank opened 6 branches during the year 2010-11, five branches viz., Uruvaiyaru, Manaveli, Alankuppam, Vazhudavur Main Road and Puducherry Town in Puducherry region and one branch Kottucherry in Karaikal region.

Branch Network:

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	7	2	8	17
Karaikal	-	1	5	6
Mahe	-	1	-	1
Yanam	-	1	-	1
Total	7	5	13	25

3. 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:

(Rs. in Lakhs)

Sl. No	Share holders	No. of shares	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

Share Capital Deposits:

As per recapitalization plan approved by Govt. of India the Bank has received the share of Government of Puducherry and the sponsor Bank which is kept in share capital deposit account. The details are as under:

(Rs. in lakhs)

Sl. No	Share holders	Amount received
1	Govt. of India	-
2	Govt. of Puducherry	143.00
3	Indian Bank (sponsor Bank)	332.50

4. Deposits:

(Rs in Lakhs)

Deposits	2010-11	2009-10
CA	265.00	234.34
SB	2569.93	1162.98
Low Cost Deposits	2834.92	1397.32
% of low cost Deposits	30.72	34.24
Term Deposits	6393.61	2684.02
Total deposits	9228.53	4081.34

5. Advances Outstanding:

(Rs in Lakhs)		
PRIORITY SECTOR	2010-11	2009-10
Short Term Loans	4757.59	2903.33
Of which Agri/JL Loans	4533.28	2851.50
Agri/Allied term loan	726.97	252.91
Total Agri	5484.56	3156.24
% of Agri Advances to total adv.	55.83	70.90
SME	808.09	266.96
Others	8.22	0.70
Total Other Priority sector	816.31	267.66
Total Priority	6300.87	3423.90
% of Priority adv to total adv	64.14	76.91
NON PRIORITY SECTOR		
LAD	127.71	57.39
Non Agri Jewel Loan	3324.78	885.27
Others	69.88	85.12
Total Non Priority	3522.37	1027.78
Total Advances	9823.24	4451.68
Secured Advances	8701.12	4055.31
Unsecured Advances	1122.12	396.37
Total Advances	9823.24	4451.68
SHGs	1095.06	379.68
Weaker Sections	4352.55	1855.55
SC/ST	673.20	372.50
Minority	907.22	408.10

Disbursements made:

(Rs in lakhs)		
Priority Sector	2010-11	2009-10
Short Term Loans	5854.19	3678.04
Of which Agri JL	5545.06	3631.04
Others	309.13	47.00
Agri/Allied Term Loans	1008.82	203.59
Total Agri	6863.01	3881.63
SME	932.15	414.37
Other priority	8.00	
Total priority	7803.16	4296.00
Non Priority	4921.84	1484.00
Of which LAD	195.93	50.50
Non Agri JL	4725.91	1433.50

Total	12725.00	5780.00
Disbursement made for weaker sections	3851.50	2010.75
SHGs	1556.44	342.96
SC/ST	455.20	372.50
Minority	585.75	432.00

6. BORROWINGS:

The Bank has availed certain loans/refinance facilities from the Sponsor Bank and NABARD, the details of which are as under:

Sponsor Bank:

(Rs. in lakhs)				
Sl. No	Nature of facility	Purpose	2010-11	2009-10
1	Clean OD	On lending for short term seasonal Agricultural Operations	992.97	1511.92
2	Additional clean OD		46.88	0.00
2	Term loan	On lending for other Agricultural purposes	294.77	45.23
4	Term Loan	To meet capital Expenditure	160.41	147.48
TOTAL			1495.03	1704.63

NABARD:

(Rs. in lakhs)		
Purpose	2010-11	2009-10
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	1500.00	300.00
Refinance for schematic lending	300.00	200.00
Total	1800.00*	500.00

* Exclusive of Interest provided upto March 2011 to the tune of Rs.6.55 lakhs

7. Cash and Bank balance:

(Rs in lakhs)				
Cash and Bank balance	As of 31.03.2011	Average	As of 31.03.10	Average
Cash held by the Bank	103.11	56.65	53.23	30.24
Balance in CA with Banks	406.84	24.49	644.32	66.98
Balance with RBI	478.00	356.75	184.75	96.82

8. Investments:

The details regarding investment of the bank are as under:

(Rs in lakhs)		
	2010-11	2009-10
SLR	1901.65	743.97
Term deposits with Indian Bank	103.17	55.67
Total	2004.82	799.64

9. Income earned :

(Rs in lakhs)		
Particulars	2010-11	2009-10
Int on loans and advances	767.04	219.19
Int on investments	106.18	28.24
Int on FDs with the Sponsor Bank	3.84	2.52
Non int. income	105.54	38.87
Total	982.60	288.82

10. Expenditure incurred:

(Rs in lakhs)		
Type of Expenditure	2010-11	2009-10
Interest paid on deposits	337.12	108.31
Interest paid on borrowings	254.44	68.85
Operating expenses	276.29	122.56
Of which: Salary/Staff expenses	137.73	66.00
Non int. non Salary expenditure	138.56	56.56
Provisions and Contingencies	16.97	11.18
Total	884.82	310.90

11. 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 has become a corporate agent of M/S Life Insurance Corporation of India for marketing their policies. The Bank have started issuing Bank guarantees and also entered into an agreement with Weizmann Forex Ltd., for money transfer business.

12. IRAC (Income Recognition and Asset Classification) norms:

No loan account was allowed to slip into NPA category and the Bank has no NPA in loans inspite of credit expansion by about Rs. 53.72 crores. Recovery level as of Mar 11 was 98.03%.

13. Image Building Activities:

During the year 2010-11, 7 farmers clubs were formed and one has been registered with NABARD and registration of remaining six clubs is under process by NABARD.

An awareness programme on Solar appliances was arranged at Bahour on 28.01.2011 jointly with the Renewal Energy Agency Project (REAP), Pondicherry.

The Bank was one among the sponsors of "Conference on Microfinance " conducted by the Pondicherry Central University from 27.01.2011 and 29.01.2011.

The Bank took up Vigorous door to door campaign and opened 5536 No Frill accounts in rural areas.

Financial Inclusion:

During the year, the Bank opened 2 branches at Manaveli and Uruvaiyaru, which were identified as Unbanked centre with the population of above 2000. During 2009-10 also two branches were opened in such areas viz., Thondamanatham and Sethur.

14. Staff:

The Bank has commenced the process of recruitment of additional staff. One day training programmes were arranged by the Bank for the staff on 05.09.2010 and 10.10.2010 for documentation, KYC norms and Priority sector lending and the latter with the support of the sponsor Bank, Staff Training centre, T. Nagar. The Bank deputed Officers to the one day Training programme conducted by NABARD on "Animal Husbandry and Project Financing" on 13.02.2011.

We have taken a policy under Group Gratuity Assurance Scheme of Life Insurance Corporation of India to meet the gratuity cost for the staff (with additional benefit of gratuity for the future period also for the deceased employees)

15. 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 31-03-2011

16. Capital to Risk weighted Assets Ratio(CRAR):

With rapid expansion of branches and advances, the assets of the Bank have increased considerably. The GOI accepted the recommendations of the working committee on Recapitalization of RRBs for improving CRAR under the chairmanship of Dr. K.C. Chakrabarty, Deputy Governor, RBI and approved release of additional capital to the Bank amounting to Rs. 9.50 crores during 2010-11 and Rs.3.00 crores during 2011-12. The Bank has received the share of Govt. Of Puducherry (Rs.1.43 crores) and the sponsor Bank (Rs.3.325 crores) and release of GOI share is awaited. With the additional capital infused, the Bank's CRAR has improved to 9.11% from the level 2.42% (2009-10)

17. Policies

The Bank has formulated various policies in compliance with the directions of various authorities such as GOI, NABARD, RBI etc. The new policies evolved during the year are

1. Revised KYC/AML policy
2. Purchase policy
3. Whistle Blower policy
4. Policy on collection of Cheques /instruments
5. Training policy
6. Operational Risk Management policy
7. Credit Risk Management policy
8. Credit Risk Management policy
9. Fraud risk Management policy
10. Recruitment policy

18. Board Meeting:

Six Board meetings were conducted during 2010-11 and the Bank complied with mandatory requirement. Two meetings of Audit Committee of the Board were also held during the financial year.

19. Board of Directors:

During the year 2010-11 Sri. Selvam Veeraraghavan, General Manager (Priority Sector) was nominated in the place of Sri. G. Rangarajan, DGM, Indian Bank and Sri. K. Jeyabal, Zonal Manager, Indian Bank, Puducherry in the place of Sri. A.T. Maria Philip Joseph, General

Manager, Indian Bank by the sponsor Bank. Sri. M.A. Nasser, AGM, RBI was nominated by RBI as their nominee to the Board in the place of Sri. S. Selvaraj , DGM.

ACKNOWLEDGEMENTS

The Board places on record its heart felt gratitude to the retired Directors of the Bank for their 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. The Board also wishes to expresses its gratitude to the sponsor Bank for the continued financial support including infusion of additional capital.

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

The Board also expresses its sincere thanks to the Govt. of Puducherry for releasing their share in additional capital infusion. The Board extends sincere thanks to various Govt. Agencies and undertakings for their continued support and patronage.

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

The Board records its thanks to M/S Suri and Siva, Chartered Accountants for their valuable suggestions and timely completion of finalizing the accounts.

The Board also extend thanks and appreciation for the sincere and dedicated services rendered by the staff of the Bank at all levels.