



PUDUVAI BHARATHIAR GRAMA BANK
(Sponsored by Indian Bank)

DIRECTORS' REPORT 2014-15

The Board of Directors have immense pleasure in presenting the Seventh Annual Report of the Bank with audited Balance sheet and Profit and Loss account for the year ended March 2015.

1. BRIEF INTRODUCTION:

Puduvai Bharathiar Grama Bank (Sponsored by Indian Bank) was established by the Govt. of India vide their notification dated 26.03.2008 with Puducherry as its Head quarters and operating area as Union Territory of Puducherry comprising two districts of the UTP viz. Puducherry and Karaikal. The RRB was inaugurated on 1st June 2008 and this youngest RRB commenced its operation on 02.06.2008. This Bank, in fact is the first Gramin Bank to be opened 21 years after the last Gramin Bank was opened in 1987.

2. BRANCH EXPANSION/ NETWORK:

During 2014-15 under branch expansion plan, the Bank has opened 3 more branches viz. Sivaranthagam (Rural), Kurumbapet (Rural) and Karaikal Town (Semi-Urban). With this the total number of Branches has increased to 35.

Our T.R.Pattinam and Kottucherry Branches were shifted to spacious new premises in the same area on the Main Road with strong room and safe deposit locker facilities.

Branch Network:

Region	Classification of branches			No. of branches
	Urban	Semi-Urban	Rural	
Puducherry	9	2	14	25
Karaikal	-	3	5	8
Mahe	-	1	-	1
Yanam	-	1	-	1
Total	9	7	19	35

Classification of branches based on population:

Tier I	: 9
Tier II	: 2
Tier III	: 3
Tier IV	: 2
Tier V	: 8
Tier VI	: 11

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:

(in 000's)

Sl. No	Share holders	No. of shares	Amount	% of share holding
1	Govt. of India	50000	5000	50
2	Govt. of Puducherry	15000	1500	15
3	Indian Bank (sponsor Bank)	35000	3500	35
	Total	100000	10000	100

Recapitalisation/Share Capital Deposits:

As per the recommendations of the working committee headed by Dr. K.C. Chakrabarty, former 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:

(in 000's)

Sl. No	Share holders	Amount received
1	Govt. of India	62500
2	Govt. of Puducherry	18750
3	Indian Bank (sponsor Bank)	43750
	Total	125000

4. DEPOSITS:

The deposit of the Bank reached the level of Rs. 363.02 crores as against March 2014 level of Rs.283.88 crores registering a growth of 27.88% during the year. The break up details are given below:

(in 000's)

Deposits		2014-15	2013 - 14	YoY Growth%
CA	<i>No. of Accounts</i>	1383	1243	11.26
	Amount	228829	59692	283.35
SB	<i>No. of Accounts</i>	168035	137602	22.12
	Amount	867363	606823	42.94
Low Cost Deposits		1096192	666515	64.47
% of low cost Deposits		30.20	23.48	
Term Deposits	<i>No. of Accounts</i>	14027	11337	23.73
	Amount	2534040	2172258	16.65
Total deposits		3630232	2838773	27.88
Average cost of Deposit		7.95	7.97	
Per Branch Deposit		103721	88712	16.92
Per Employee Deposit		38619	30856	25.16

5. 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:

(in 000's)

Sl. No	Nature of facility	Purpose	2014-15	2013-14
1	Clean OD	On lending for short term seasonal	66348	95593
2	Additional clean OD	Agricultural Operations	0.00	0.00
2	Term loan	On lending for other Agricultural purposes		
4	Term Loan	To meet capital Expenditure	13382	16163
TOTAL			79730	111756

NABARD:

(in 000's)

Purpose	2014-15	2013-14
Refinance for lending to Seasonal Agricultural Operations (ST-SAO)	1150000	776559
Refinance for lending to Short Term Loan (OSAO)	10000	-
Refinance for schematic lending	69234	84155
Total	1229234	860714

Cost of the borrowing is **6.19%**

6. OTHER LIABILITIES - DICGC

There is no claim lodged with the corporation and there is no pending settlement for the past three years.

7. CASH AND BALANCE WITH BANKS:

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

(in 000's)

Cash and Bank balance	2014-15	2013-14	2012-13
Cash held by the Bank	19330	21043	22134
Balance in CA with Banks	207884	70210	4738
Balance with RBI	146000	103200	80300
Average Cash	19253	18900	12136
Average Deposits	3071077	2208899	1660441
% of Average Cash to Average Deposit	0.62	0.86	0.73

8. INVESTMENTS:

The investment portfolio of the Bank has increased to Rs. 7657.55 lakhs during the year by purchasing Rs.20.62 crores during the year registering a growth of 33.16%. The details regarding investments of the bank are as under:

Particulars	(in 000's)	
	2014-15	2013-14
SLR	765755	575048
Non SLR investmmts		0
Term deposits with Indian Bank	163646	139943
Term Deposit with other Bank	0	0
Total	929401	714991
Interest yield on SLR investment	56035	48205
Interest yield on Non-SLR investment	30808	11608

The Yield on Investments is 7.57%.

9. LOANS AND ADVANCES (OUTSTANDING):

PRIORITY SECTOR	(in 000's)	
	2014-15	2013-14
Short Term Loans	2554503	1896744
Of which Agri JL Loans	2482195	1837317
Agri/Allied term loan	93891	102297
Total Agri	2648394	1999041
% of Agri Advances to total adv.	70.46	64.02
SME	204687	177555
Others	2006	2624
Total Other Priority sector	206693	180179
Total Priority	2855087	2179220
% of Priority adv to total adv	75.96	69.80
NON PRIORITY SECTOR		
LAD	102421	83972
Non Agri Jewel Loan	290792	540501
Others	510356	318551
Total Non Priority	903569	943024
Total Advances	3758656	3122244
Secured Advances	3526635	2979246
Unsecured Advances	232021	142998
Total Advances	3758656	3122244

SHGs	145062	142067
Weaker Sections	1583226	1235958
SC/ST	193274	175239
Minority	472429	411326
CD Ratio	103.54	109.99

The Bank achieved the advance level of Rs.375.86 crores against March 2014 level of Rs.312.22 crores. The advances have grown by 20.39% on YoY basis. The priority sector advances stand at 75.96% as against the mandatory target of 60%. The level of loans to weaker section is 42.12% against the mandatory target of 15%.

The Average rates charged on lending is 9.56%

10. IRAC NORMS

(a) INCOME RECOGNITION AND ASSET CLASSIFICATION:

The Bank Classified 380 accounts involving a total balance of Rs.119.20 lakhs as Sub Standard assets as per prudential norms stipulated by RBI. Cash recovery in NPA during the year is 31.37 lakhs with a reduction of 26.89 lakhs. With this, the total NPA as on 31.03.2015 moved to Rs. 179.17 lakhs and gross NPA level works out to 0.48% 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 15 is NIL.

The details of Asset Classification and provisioning are furnished below:

(in 000's)

Details	31.03.2015			31.03.2014		
	Outstanding	% to total advances	Provision	Outstanding	% to total advances	Provision
Standard	3740739	99.52	10103	3113528	99.72	9458
Substandard	11920	0.31	11920	6062	0.19	6062
Doubtful	5997	0.16	5997	2654	0.09	2654
Loss	0.00	0.00	0.00	0.00	0.00	0.00
Total	3758656		28020	3122244		18174

b) Interest De-recognised

Details	2014-15	2013-14	2012-13
Derecognised income at the beginning of the year	1672	822	172
Recovery during the year	199	209	63
Additions during the year	2081	1059	713
Derecognised income at the end of the year	3554	1672	822

c) Provisions

(in 000's)

S.No	Particulars	2014-15	2013-14	2012-13
1	Provision on NPA	17917	8716	4675
2	Provision on Standard Assets(Cumulative)	10103	9458	7422
3	Total Provision	28020	18174	12097

(d) NPA Management

(in 000's)

Details	2014-15	2013-14
NPA at the beginning	8716	4675
Addition during the year	11890	5601
Recovery in NPA during the year	2689	1560
NPA at the end of the year	17917	8716

11. DISBURSEMENT:

(in 000's)

Priority Sector	2014-15	2013-14
Short Term Loans including Agri Jls	3179643	2154759
Agri/Allied Term Loans	76477	98667
Total Agri	3256120	2253426
SME	185682	179823
Other priority	64284	46636
Total priority	3506086	2479885
Non Priority	455242	748123
Of which LAD and other Non Priority Loans	141918	146476
Non Agri JL	313324	601647
Total	3961328	3228008

Disbursement made for weaker sections	1384131	1022239
SHGs	110259	124727
SC/ST	158938	105399
Minority	240937	186533

Performance under Annual Credit Plan:

(in 000's)

Sl. No	Indicators	Target Mar 2015	Achievement Mar 2015	% of achievement
1	Agriculture	1930000	3256120	168.71
2	Other Priority Sector	474800	249966	52.64
3	Non Priority Sector	200000	455242	227.62
	Total advances	2604800	3961328	152.07

The Bank achieved the disbursement target set under ACP.

12. RECOVERY OF LOANS:

(in 000's)

RECOVERY PERFORMANCE	2014-15	2013-14
TOTAL		
Demand	1916881	1783413
Recovery	1833045	1701524
Overdues	83836	81889
Recovery %	95.63	95.41
FARM SECTOR		
Demand	1186138	1021115
Recovery	1109838	942173
Overdues	76300	78942
Recovery %	93.57	92.27
NON-FARM SECTOR		
Demand	667.82	629.02
Recovery	634.21	618.64
Overdues	33.61	10.38
Recovery %	94.97	98.35

13. RISK FUND:

We have not created any such fund during this year. The Bank is maintaining 100% provision regarding NPAs.

14. COMPREHENSIVE CROP INSURANCE:

No claims were lodged for settlements under the scheme.

15. WRITE-OFF OF LOANS

S.No	Particulars	31.03.2015	31.03.2014
1	Loans Written Off	NIL	NIL
2	Recovery in Written off accounts	NIL	NIL

16. INCOME EARNED

(in 000's)

Particulars	2014-15	2013-14
Int. on loans and advances	331367	283002
Int. on investments	56035	48205
Int. on FDs with the Sponsor Bank	9356	11608
Non int. income	51012	32466
Others	21453	0.00
Total	469223	375281

17. EXPENDITURE INCURRED

(in 000's)

Type of Expenditure	2014-15	2013-14
Interest paid on deposits	244146	175960
Interest paid on borrowings	62948	58492
Operating expenses	66907	54726
Of which: Salary/Staff expenses	36283	32603
Non int. non Salary expenditure	30624	22123
Provisions and Contingencies	9846	6078
Total	383847	295256

18. FINANCIAL RATIOS

	2014-15	2013-14
Average Working funds	4501563	3428692
(i) Financial Return	9.29	10.00
(ii) Financial cost	6.82	6.24
(iii) Financial Margin (i-ii)	2.47	3.76
(iv) Operating Margin	1.90	2.33
(v) Miscellaneous Income	1.13	0.95
(vi) Operating Profit ((iii+ v)-iv)	1.70	2.38
(vii) Risk cost	0.22	0.25
(viii) Net Margin (vi-vii)	1.48	2.13

19. TRANSFER PRICE MECHANISM:

The Bank is arriving Net Profit by the way of Transfer Price mechanism considering the average weekly business, SFVM, interest subvention , Cost of Deposit, Yield on advances, Return, etc., which tallies with our Net Profit of the Bank.

20. ACHIEVEMENTS UNDER DAP/MOU:

(In 000's)

S.No	PARAMETERS	Actuals Mar 14	Target March 15	Actuals March 15	% Achievement (Target)
1	Deposit	2838773	3700000	3630232	98.11
2	Low cost Deposit	666515	1110000	1096192	98.76
3	% Of Low Cost Deposit	23.48	30.00	30.20	100.66
4	Total Advances	3122244	3975000	3758656	94.56
5	Credit Disbursement	3228008	4380000	3961328	90.44
6	Total Borrowings	972471	1040000	1308963	125.86
7	Total Investments (SLR + Non SLR)	714991	900000	1069450	118.83
8	CD Ratio	109.99	107.43	103.54	96.38
9	Branch Productivity	186282	219286	211111	96.27
10	Staff Productivity	64794	66739	78605	117.78
11	Gross NPA % to Total advances	0.28%	0.80%	0.48%	166.67
12	ID Ratio	25.18%	24.32%	25.60%	105.26
13	Net Interest Margin	2.58%	3.83%	2.58%	67.36
14	Operating/Net Profit	52848	63710	54417	85.41
15	CRAR %	12.65	12.85	11.10	-

21. TME CELLS:

We have not created any TME cells as on date. Instead we have opened two Financial Literacy Centers one at Puducherry and another at Karaikal with NABARD support. FLCs are undertaking activities in Rural areas to create awareness among the public about Financial Inclusion.

22. SELF HELP GROUPS

The Bank has advanced to Self Help Groups and JLGs substantially contributing to the development of the poor especially women entrepreneurs.

I. Progress in Savings Linkage of SHGs

In 000's

Particulars	No. of SHGs	Savings Amount
Savings Accounts linked during the year	237	17,92
Balance outstanding for SHG as on 31.03.2015	3717	4,39,75

ii. Progress in Credit linkage of SHGs

in 000's

Particulars	No. of SHGs	Credit Amount
Loan disbursed during the year	442	11,02,59
Balance outstanding as on 31.03.2015	1407	15,18,77

iii. Progress in lending to JLGs.

Particulars	No. of JLGs	Credit Amount
SB accounts opened during the year	28	28
Balance outstanding as on 31.03.2015	28	3925

23. INTEREST RATES

Considering the Bank's ALM level and Market trends Bank is reviewing the interest rates in its regular Board meetings. During the year the interest rates were revised two times. A special deposit products "BHARATHI PREMIUM" was introduced with 99 days at 9%. The interest rate on term deposit are as follows:

Period	Rate
15- 29 days	6.50%
30- 45 days	6.50%
46- 60 days	7.50%
61- 90 days	7.50%
91- 120 days	7.75%
121- 180 days	8.00%
181- 270 days	8.250%
271- 364 days	8.250%
1 yr to less than 2 yrs	9.00%
2 yr to less than 3 yrs	9.00%
3 yr to less than 5 yrs	9.00%
Above 5 years	9.00%

The Bank is offering additional interest rate of 0.50% for senior citizens. As prescribed by RBI for the deposits upto Rs.1.00 lakhs are covered under DICGC.

Interest Rate on Loans and Advances w.e.f. 04.08.2011.

Bench Mark Prime Lending Rate 15.00%

Tenor Premium 0.50%

Particulars	Revised Rate	
Crop Loan (including jewel loan for crop production) Up to Rs.50,000 From Rs.50,001 to 2 Lakhs Above Rs2.00 lakhs	BPLR -2 * BPLR-1* BPLR+1*	13.00 % 14.00 % 16.00 %
All Government sponsored programmes (Subsidy linked) Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50 %
Agri and Allied Term Loans Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50 %
Farm Mechanisation Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50%
Non Farm Sector/Services/Business/SME Upto 2 lakhs Above 2 lakhs	BPLR-0.50 BPLR+TP	14.50 % 15.50 %
OCC/Secured OD Upto 2 Lakhs Above 2 Lakhs	BPLR-0.50 BPLR	14.50 % 15.00 %
Loan Against Deposit	Deposit Rates+2%	
Non Agri JL Upto Rs.2.00 Lakhs Above Rs.2.00 Lakhs	BPLR-0.75 BPLR-0.50	14.25 % 14.50 %
SHG Upto 2 Lakhs Upto 36 Months Above 36 Months Above 2 Lakhs Upto 36 Months Above 36 Months	BPLR-0.50% BPLR-0.50%+TP BPLR BPLR+TP	14.50 % 15.00 % 15.00 % 15.50 %
Educational Loan	BPLR+TP	15.50 %
Loan against NSC,KVP,LIC,UTI and other government securities/assigned or pledged to the bank Up to 36 months Above 36 months	BPLR+1 BPLR+1+TP	16.00 % 16.50 %
Other Non Priority Loans Up to 36 months Above 36 Months	BPLR+2% BPLR+2%+TP	17.00 % 17.50%
PBGB KISAN BIKE PBGB VEHICLE LOAN	BPLR+TP-2% BPLR+TP-1.50%	13.50% 14.00%

- Under GOI subvention scheme all advances up to Rs.3.00 lakhs under KCC/AJL will be sanctioned at a concessional rate of interest at 7% p.a.

24. NON-FUND BASED BUSINESS

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 and United India Insurance Co. Ltd. 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 this financial year we have earned a commission of Rs. 2.97 lakhs by selling LIC and UIIC policies, issuing e-stamping papers and Western Union processing.

Customers of the Bank transacted Rs 3209.05 lakhs through RTGS and Rs. 6468.82 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.

25. OTHER PARTICULARS

IMAGE BUILDING ACTIVITIES:

* Farmers club formed at Kuruvinatham with the assistance of NABARD.

* We have installed three Coin Vending Machines at our Puducherry Main branch on 05.08.2014, Karaikal Main Branch on 30.09.2014 and Arumbarthapuram Branch on 31.03.2015 with the support of RBI and ensured uninterrupted supply of Coins to the public.

This initiative of ours in installing Coin Vending Machines is well received by the common public resulting in the clientele base increase.

* Sensitisation Programme on Joint Liability Group (JLG) and Investment Credit sponsored by NABARD was conducted on 03.08.2014 for the Branch Managers and Officers. On the same day "Sensitisation on Self Employment and Motivation Programme" was conducted by INDSETI, Puducherry.

* We have conducted Joint Customer Service meeting at all our Branches and reduced the customer grievances on the spot itself.

* We have conducted two Prime Minister Jan dhan yojana campaigns for opening Basic Savings Bank Deposit Accounts. We have mobilized a total number of 16025 BSBD accounts and a total amount of RS.175.00 lakhs

* We have conducted 8 FLC field camps including three on Pradhan Mantri Jhan dhan Yojana through our Bahour FLC. The camps were well attended by the Villages. 10 Women beneficiaries availed General Credit Card facility for entrepreneurial activities. Our Karaikal FLC has conducted one field camp on the day of inauguration itself.

*Shri R. Manimaran, General Manager, Indian Bank distributed Rupay Cards to the PMJDY account holders on 23.12.2014 at our Puducherry Main Branch.

MAN POWER:

Staff Strength as on 31.03.2015

Category	Total Strength	Of which Women
Assistant Manager Scale I	48	11
Office Assistant (MP)	42	26

RECRUITMENT

The Recruitment process was completed with the support of Sponsor Bank and NABARD. 8 Officers and 2 Office Assistants (Multi Purpose) have joined during the month of April 2015.

SECURITY ARRANGEMENTS:

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

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 31-03-2015

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 15 works out to 11.10%.

BOARD MEETING:

Six Board meetings were conducted during the calendar year 2014 and the Bank complied with mandatory requirement. Five meetings of Audit Committee of the Board were also held during the financial year 2014-15.

Board of Directors:

During the year 2014-15, the following directors have retired from our Board :

- 1 Shri M. Balakrishnan, GM (RBD), Indian Bank, Chennai - on superannuation
2. Smt. V.Shantha, DGM/ZM, Indian Bank-Z.O, Puducherry- on superannuation
3. Shri Sreepathy Kalkura, AGM, NABARD, Puducherry- on transfer
4. Smt. Suman Nath, DGM, Dept. of Non Banking Supervision, RBI, Chennai-on transfer
5. Shri A S Pillai, DGM, DBS, RBI, Chennai- on change of department
6. Shri A S P S Ravi Prakash, Project Director, DRDA, Puducherry- on transfer
7. Shri Y L N Reddy, Director, Planning and Research, Puducherry- on change of portfolio

The following directors have joined the Board during the year:

- 1 Shri E. Selvasekaran, DGM (RBD/FI), Indian Bank, Chennai
- 2 Shri S Parthasarathy, DGM/ZM, Indian Bank, Puducherry
- 3 Shri P Veerashankar, DGM, NABARD, Chennai
- 4 Shri R Seetharaman, AGM, RPCD, RBI, Chennai.
5. Shri P Parthiban I A S, Project Director, DRDA, Puducherry
6. Ms. Sumathi N, Director, Planning and Research, Puducherry

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 S KALYANASUNDARAM & CO, Chartered Accountants, Puducherry 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 : 08.05.2015

Place : Puducherry