

V.ROHATGI & CO.
Chartered Accountants



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The Shareholders
Jharkhand Gramin Bank

Report on the Financial Statements

1. We have audited the accompanying financial statements of the JHARKHAND GRAMIN BANK, RANCHI, as at 31st March, 2013, which comprise the Balance Sheet as at 31st March 2013, and the statement of Profit and Loss Account for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are returns of 12 branches audited by us and 199 branches audited by branch auditors. The branches audited by us and those audited by other branch auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by NABARD. Also incorporated in the Balance Sheet and statement of Profit and Loss are the returns from 28 Branches which have not been subject to audit. These unaudited branches account for 1.74% of advances, 2.68% of deposits, 2.37% of interest income and 2.71% of Interest expenses.

Management's Responsibility for the Financial Statements.

2. Management is responsible for the preparation of these financial statements in accordance with the banking Regulation Act 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonable of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
6. We report the following observations on the account:
 - i. The rectification of errors during migration is under process of rectification. The effect on accounts of the errors on rectification could not be ascertained.
 - ii. Some of the balances have been drawn up after netting.
 - iii. Pending reconciliation of Inter branch account and effect thereof on accounts.
 - iv. General observations in LFAR on maintenance of advances.
 - v. Pending confirmations of investment from investees.
 - vi. There are errors in system in capturing date of NPA, reversal on interest on NPA account, income recognition for the payment received in NPA accounts and upgradation of NPA account. The effect on accounts of the errors could not be ascertained.

Opinion

7. In our opinion, as shown by books of bank, subject to observations as stated in para 6 above, and to the best of our information and according to the explanation given to us,
 - (a) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars is drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March 2013 in conformity with the accounting principles generally accepted in India; and
 - (b) the Profit and Loss Account, read with the notes thereon shows a true balance of Profit, in conformity with accounting principles generally accepted in India, for the year covered by the account.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" & "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 6 above, and as required by the provisions of Banking Regulation Act 1949, read with related provisions of Regional Rural Bank Act, 1976, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and have found them to be satisfactory.
 - b. The transactions of the branch which have come to our notice have been within the power of the Bank.
 - c. The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

10. In our opinion, the Balance Sheet and Profit and Loss Account comply with the applicable accounting standards.

11. We further report that :

- (i) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and the returns.
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Bank, so far as appears from our examination of those books.
- (iii) the report on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered by us.

For V.Rohatgi & Co.
Chartered Accountants
FRN: 000980C

(Bipul Rastogi)
Partner
MN 072318

Place: RANCHI
Date: 27th April 2013

JHARKHAND GRAMIN BANK

HEAD OFFICE: 5, RAJENDRA PALACE, MAIN ROAD, RANCHI

BALANCE SHEET AS ON 31.03.2013

FORM A

(Amount in ' 000'.)

Capital & Liabilities	Schedule	As on 31.03.2013	As on 31.03.2012
Share Capital	1	40000	40000
Share Capital Deposit	1(A)	1086716	1021716
Reserves & Surplus	2	281244	162649
Deposits	3	20983824	19655186
Borrowings	4	900549	842073
Other Liabilities & Provisions including Amortization	5	1524628	1692450
Total		24816961	23414074
Assets			
Cash & Balances with RBI.	6	959656	1072383
Balance with Banks & Money at			
Call & Short notice	7	6760893	6418892
Investments	8	9987267	8440688
Advances	9	5986402	6117134
Fixed Assets	10	34223	36641
Other Assets	11	1088520	1328336
Total		24816961	23414074
Contingent Liabilities	12	292931	16515
Bills for collection		74742	96049
Notes forming part of the Account	17		
Accounting Policies	18		

Schedules 1 to 18 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

Schedules 1 to 18 annexed here to form part of the Balance Sheet and Profit and Loss Account.

For M/s V ROHATGI & CO.

For Jharkhand Gramin Bank

Chartered Accountants

FRN:000980C

(CA Bipul Rastogi)

Partner (Membership No.: 072318)

Date:27.04.2013

(S Vaidhinathan)

Chairman

JHARKHAND GRAMIN BANK

HEAD OFFICE: 5, RAJENDRA PALACE, MAIN ROAD, RANCHI

PROFIT & LOSS ACCOUNT AS ON 31.03.2013

FORM B

(Amount in '000.)

	Schedule	As on 31.03.2013	As on 31.03.2012
1. Income			
Interest Earned	13	1884947	1763032
Other Income	14	123549	111220
Total		2008496	1874252
2. Expenditure			
Interest Expended	15	1159609	1031317
Operating Expenses	16	544815	495163
Provisions & Contingencies	16(A)	185477	137935
Total		1889901	1664415
3. Profit and Loss			
Net Profit for the Year		118595	209837
Less/Add : Previous Year Losses/Previous year Profits B/F		162649	-47188
Total		281244	162649
Less : Provision for Tax		-	-
Total			
4. Appropriations			
Transfer to Statutory Reserves		56249	32530
Transfer to Other Reserves		224995	130119
Transfer to Govt/Proposed Dividend			
Profit Brought forward from last year			
Total		281244	162649
Notes forming part of the Account	17		
Accounting Policies	18		

Schedules 1 to 18 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

For M/s V ROHATGI & CO.

For Jharkhand Gramin Bank

Chartered Accountants

FRN:000980C

(CA Bipul Rastogi)
Partner(Membership No.: 072318)

Date:27.04.2013

(S Vaidhinathan)
Chairman

SCHEDULES TO THE BALANCE SHEET

Schedule-1

Capital

(Amount in ' 000'.)

	As on 31.03.2013	As on 31.03.2012
A.1 Nationalised Banks Capital		
(Fully owned by Central Government)	Nil	Nil
2. For Bank Incorporated outside India capital		
(I) The amount brought in by banks by way of start-up capital as prescribed by R.B.I. Should be shown under this head	Nil	Nil
(ii) Amount of deposit kept with the RBI under section 11(2) of the Banking Regulation Act-1949	Nil	Nil
3. For other Banks		
(A) Authorised Capital		
500000 shares of Rs.100/- each	50000	50000
(B) Issued capital		
400000 shares of Rs.100/- each	40000	40000
(P.Y.400000 shares of Rs. 100/- each)		
(C) Subscribed & Paid up capital		
400000 shares of Rs.100/- each	40000	40000
(P.Y.400000 shares of Rs. 100/- each)		
Total	40000	40000
Schedule 1A		
Share Capital Deposit money		
Received From		
Central Government	543358	478358
Sponsor Bank	380351	380351
Jharkhand State Government	163007	163007
Total	1086716	1021716

(Amount in ' 000'.)

Schedule-2	As on 31.03.2013	As on 31.03.2012
Reserve & Surplus		
1. Reserve & Surplus:		
(A) Statutory Reserves	56249	32530
B/F from last year	32530	0
Addition during the year	23719	32530
(B) Revenue and other reserves	224995	130119
B/F from last year	130119	-47188
Addition during the year	94876	177307
Total	281244	162649
Schedule-3		
Deposits	(Amount in ' 000'.)	
(A) 1. Demand Deposits		
(I) From Banks		
(ii) From Others	561565	789294
2. Savings Bank Deposits	12043216	11613752
3. Term Deposits		
(I) From Banks		
(ii) From Others	8379043	7252140
Total (1+2+3)	20983824	19655186
(B) Deposits of Branches in India	20983824	19655186
Deposits of Branches out side India		
Total (B)	20983824	19655186
Schedule-4	(Amount in ' 000'.)	
Borrowings	As on 31.03.2013	As on 31.03.2012
1. Borrowings in India		
1. Reserve Bank Of India		
2. Other Banks		
3. Other Inst. & Agencies		
(a) NABARD	900549	842073
(b) SIDBI		
Total (1)	900549	842073
2. Borrowings out side India		
Total (1+2)	900549	842073
Secured Borrowings in 1&2 above		

Schedule-5			
Other Liabilities & Provisions		As on 31.03.2013	As on 31.03.2012
1. Bills Payable		53238	61940
2. Inter Office Adjustment(Net)		8704	30478
3. Interest accrued			
4. Others(Including Provisions& Amortization)		1462686	1600032
Total		1524628	1692450
Note: Prudential writeoff of Rs14875			
Schedule-6			
Cash and Bank Balances		(Amount in' 000'.)	
1. Cash in Hand		106829	125556
(including foreign currency notes)			
2. Demand Draft in Hand			
3. Balance with RBI			
(In Current account)		852827	946827
(In Other accounts)			
Total		959656	1072383
Schedule-7			
Balance with Banks & Money at call & short notice			
1. In India			
(I) Balance with Banks			
a. In current Account		459847	805623
b. In other Deposit Accounts			
c. In BOI-DBD-Share capital deposit A/C			
(ii) Money at call and short notice			
a. With Banks		6051046	5513269
b. With other institutions		250000	100000
Total(I+II)		6760893	6418892
2.Out side India			
(I)In current account			
(ii) In other deposit account			
(iii) Money at call & short notice			
Total			
Grand Total (1+2)		6760893	805623

Schedule-8

Investment	(Amount in' 000'.)	
	As on 31.03.2013	As on 31.03.2012
1. Investment in India		
1.Govt. Securities	4828373	4535718
2.Other approved Securities	0	0
3.Shares		
4.Debentures and Bonds	5158894	3904970
(I) NPA Investment	39500	39500
(II) Others	5119394	3865470
Total	9987267	8440688
5. Subsidiaries and/or Joint ventures		
6. Other S/D & F/D		
Total (1to6)	9987267	8440688
2. Investment out side India		
(I) Govt. Securities		
(ii) Subsidiaries and/or Joint ventures abroad		
(iii) Other Investments		
Total 2 (I to III)		
Grand Total (1+2)	9987267	8440688

Schedule 9			
Advances	(Amount in' 000')		
A.1.		As on31.03.2013	As on 31.03.2012
I)Bill purchased and discounted			
ii)Cash credit,Over draft & loans			
repayable on demand		2673051	2358792
iii)Term Loans		3313351	3758342
Total		5986402	6117134
B.			
I)Secured by tangible assets		5585567	5841895
ii)Covered by Bank/Govt Guarantees			
iii) Unsecured		400835	275239
Total		5986402	6117134
C)1. Advances in India			
I) Priority Sectors		4220748	4880481
ii)Public Sector			
iii)Bank			
iv)Others		1765654	1236653
Total		5986402	6117134
2. Advances out side India			
I. Due from Banks			
ii. Due from others			
a. Bills purchased & Discounted			
b. Syndicated Loans			
c. Others			
Total		-	-
Grand Total (c.1&2)		5986402	6117134
D) Classification of Advances			
I) Performing Assets		4672121	5599490
ii)Non performing Assets		1314281	517644
(a) Sub standerd		424668	229209
(b) Doubtful		826781	270663
(c) Loss		62832	17772
Total		5986402	6117134
Note: Prudential writeoff of Rs14875			

Schedule-10**Fixed Assets**

(Amount in' 000'.)

		<u>As on 31.03.2013</u>	<u>As on 31.03.2012</u>
1. Premises			
At cost as on 31st March of the p.year			
Additions during the year			
Deduction during the year			
Depreciation to date			
2. Other Fixed Assets			
(Including furniture & Fixture)			
At cost as on 31st March of the preceding year		96923	92215
Addition during the year		8191	5071
Reduction during the year		81	363
Gross Block		105033	96923
Depreciation to date		70810	60282
Total		34223	36641

Schedule-11**Other Assets**

(Amount in' 000'.)

1. Inter-Office adjustments(Net)			
2. Interest accrued		591095	881970
3. Tax paid in advance/deducted at source		100018	54253
4. Stationery and Stamps		33	36
5. Others		397374	392077
Total		1088520	1328336

Schedule-12

(Amount in' 000'.)

Contigent Liabilities

Contingent Liabilities			
1. Claims against the bank not acknowledged as debts			
2. Liability for partly paid investments			
3. Liability on account of outstanding forward exchange contracts			
4. Guarantees given on behalf of constituents			
(I) In India		21555	16515
(ii) Out side India			
5. Acceptances, endorsement & other obligations			
6. Other Items for which the Bank is			
Contingently liable		271376	-
Total		292931	16515

Schedule-15	(Amount in' 000'.)	
	As on 31.03.2013	As on 31.03.2012
Interest Expended		
1. Interest on Deposits	1096581	976537
2. Interest on RBI & Inter Bank Borrowings(Net)	63028	54780
3. Others		
Total	1159609	1031317
Schedule-16	(Amount in' 000'.)	
	As on 31.03.2013	As on 31.03.2012
Operating Expenses		
1. Payment to and provision for employees	443322	389822
2. Rent, Tax & Lighting	28589	23929
3. Printing & Stationery	3613	3132
4. Advertisement & Publicity	240	614
5. Depreciation on Banks Property	10540	12293
6. Consultant fee & allowances /directors	143	262
7. Auditors fees & Expenses	3439	1719
8. Law Charges	390	323
9. Postage, Telegram & Telephones etc.	2755	2357
10. Repairs & Maintenance	1697	748
11. Insurance	1662	989
12. DICGC Fees	17610	16220
13. Travelling Expenses	11717	13801
14. Other Expenses	19098	28954
Total	544815	495163
Schedule- 16A	(Amount in' 000'.)	
Provision & Contingencies		
1. Provision for NPA and Standard Advances	66000	36807
2. Provision for leave encashment	11539	15306
3. Provision for Gratuity	82406	40000
4. Provision for Fraud & Robberies	0	150
5. Provision for Ammortisation on Investment	25532	38172
6. Provision for unreconciled debit entries	0	7500
Total	185477	137935