

SCHEDULE 17:

SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

The accompanying financial statements have been prepared by following the going concern concept, on a historical cost basis and conform to the statutory provisions and practices prevailing in the country, except as otherwise stated.

2) INVESTMENT:

Investment are classified under 'Held to Maturity', 'Held for Trading' and 'Available for Sale' categories as per Reserve Bank of India (RBI) guideline. In conformity with the requirements in Form A of the Third Schedule to the Banking Regulation Act, 1949, these are classified under six groups – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Other Investments.

In accordance with the Reserve Bank of India guidelines, all the investment of the Bank are classified into 'Held to maturity' category:

2.1 Basis of classification

Classification of an investment is done at the time of its acquisition:

Held to Maturity

These comprise of investments that the Bank intends to hold on to maturity.

Held for Trading

Investments acquired with the intention to trade within 90 days from the date of purchase are classified under this head.

Available for Sale

Investment which are not classified either as 'Held to Maturity' or as 'Held for Trading' are classified under this head.

2.2 Method of valuation

Investments are valued in accordance with RBI guidelines applicable to RRBs. As per RBI guidelines RRBs are exempt from marking to market SLR securities.

Held to Maturity

For investments falling under this category, Premium, if any, paid on acquisition is amortized over the remaining period to maturity.

Held for Trading

Bank has no investment under this category.

Available for sale

Investments under this category are valued scrip wise. Appreciation/depreciation is aggregated for each class of securities and net depreciation as per applicable norms is recognized in the profit and loss account, whereas net appreciation is ignored.

3) ADVANCES:

a) In terms of guidelines issued by the RBI/NABARD, advances to borrowers are classified into "Performing" or "Non-Performing" assets based on recovery of principal/interest. Non-Performing Assets (NPAs) are further classified as Sub-Standard, Doubtful and Loss Assets, and Provision thereon is made in accordance with the prudential norms prescribed by the RBI from time to time.

b) Specific provisions in respect of NPAs are made based on the management's assessment of the degree of impairment of the advances, taking into account the minimum provisioning norms prescribed by the RBI from time to time.

4) FIXED ASSETS:

- a) Bank does not hold any premises
- b) Other fixed assets are stated at historical cost.

5) DEPRECIATION ON FIXED ASSETS:

Depreciation on fixed assets is charged on the written down value at the rates determined by the bank (Same as of Sponsor Bank).

6) REVENUE RECOGNITION:

Income/Expenditure is generally accounted for on accrual basis, except in case of income on NPAs, which is recognized on realization, in terms of RBI guidelines issued from time to time.

In terms of RBI guidelines issued from time to time, recoveries made from NPA accounts are appropriated first towards interest and thereafter towards other dues.

7) RETIREMENT BENEFITS:

a) Contribution to the Provident Fund for the year is charged to Profit and Loss account.

b) Liabilities in respect of leave encashment benefits to staff are provided as per actuarial valuation. Bank has formed a Gratuity Trust and during this year Rs. 2.00 crore was transferred to the Trust as annual contribution along with part of the past service gratuity liability, which is to be provided in next five years w.e.f 01.03.2011 as per IT rule. Bank had provided Rs. 7.50 crores additionally for Gratuity liabilities and Rs. 1.00 crore addition for leave encashment liabilities for the year 2012-13.

8) CAPITAL TO RISK ASSET RATIO:

In terms of RBI guidelines, CRAR norms have been made applicable for the RRBs w.e.f. March'08. CRAR of the Bank as on March 13 comes to 14.61%.

For M/s V. ROHATGI & CO.

For JHARKHAND GRAMIN BANK

Chartered Accountants
FRN:000980C

CA Bipul Rastogi, Partner
Membership No. 072318

S. Vaidhinathan
Chairman

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SCHEDULE 18:

NOTES ON ACCOUNTS

1. Additional Disclosure in terms of NABARD circular:

i) Shareholding: Govt. of India: 50%, Sponsor Bank: 35% & State Govt. : 15%.

ii) Percentage of gross NPA to O/s advances for the year ended March '13 is 21.94%.

iii) Amount of provisions made towards Advances (Standard & NPA)-

Rs. In Lacs

Classification	Advances	Provisions
a) Standard	46721.21	143.53
b) Sub – Standard	4246.68	424.67
c) Doubtful	8267.81	2396.98
d) Loss	628.32	628.32
Additional Provision	-	11.39
Total	59864.02	3604.89

Prudential write off Rs. 148.75 lacs

iv) Prudential floating provision of Rs. 11.39 lacs is held in excess of provision required as on 31.03.2013, over and above the minimum provision prescribed by RBI in respect of gross Non performing Advances, in view of strengthening the financial health of the Bank.

v) Premium was paid on the purchase of securities during the year and the same was amortized as per norms.

vi) Dividend income Rs. 320.95 lacs (previous year Rs. 253.98 lacs) and income from short term capital gain of Rs. 78.72 lacs (previous year Rs. 64.96 lacs) & long term capital gain of Rs. 191.64 lacs (previous year 97.64 lacs) is shown in the income from investment in the Balance Sheet.

vii) Business per employee is Rs. 281 lacs (previous year 304.28 lacs).

viii) Gross profit per employee is Rs. 1.23 lacs (previous year 2.48 lacs).

ix) Movement in NPAs was as follows:

Particulars	As on 31.03.2013	As on 31.03.2012
Opening Balance	5176.44	3555.09
Addition during the year	12735.33	2061.63
Reduction	4772.88	440.28
Closing Balance	13138.89	5176.44

x) Movement in provision for Non-Performing Assets (excluding provision for standard Assets):Rs. In lacs

Particulars	As on 31.03.2013	As on 31.03.2012
Opening Balance	2988.87	3054.00

Addition during the year	725.00	433.20
Reduction	108.98	368.07
Closing Balance	3604.89	2988.87

viii) Bank has no exposure to sensitive sector.

ix) Maturity patterns

Rs. '000'

Maturity Buckets	Deposits	Advances	Borrowings	Investments
0 to 14 days	1589757	846014	0	786634
15 to 28 days	403584	0	0	0
29 days to 3 months	561143	157398	0	496967
3 to 6 months	1421463	196620	167732	597851
6 months to 1 year	2312237	361387	321812	3871491
1 to 3 years	12708166	2987467	324995	3373280
3 to 5 years	823672	520862	116245	1853113
Above 5 years	823672	916654	-	5308977
Total	20983824	5986402	900549	16288313

In compiling the above date, certain assumptions as per RBI guidelines and instructions have been followed.

1. Bank has provided Rs. 100.00 lacs for leave encashment on actuarial basis. Bank has formed a Gratuity Trust and transferred Rs. 200.00 lacs to the Trust.
2. Balancing of SLR securities account and reconciliation of bank accounts has been completed up to 31.03.2013.
3. Bank has contingent liability on account of Guarantees issued on behalf of its constituents amounting to Rs. 215.55 lacs and Income Tax demand of Rs.2713.76 lacs aggregating to Rs.2929.31 lacs. The guarantees are secured by liquid collateral securities.
4. No provision for the bonus for 2012-13 has been made.
5. Bank has opted out of DICGC scheme on advances and no Risk Fund has been created.
6. Total investment made in units of equity linked fund/income fund/debt fund aggregated to Rs. 3032.73 lacs and NAV of the above investment are Rs. 3136.78 lacs.
7. A demand for the assessment year 2007-08 to 2010-11 amounting Rs. 27,13,76,085/- has been raised by Income Tax authorities. Bank has filed appeal against said assessment orders before CIT(Appeals),Ranchi. Bank has deposited Rs. 40 lacs against these demands upto 31.3.2012 by debiting Suspense account and had filled a prayer before assessing officers for granting stay on demand in expectations of getting relief from CIT appeals. Assessing Officer(DCIT,circle-1,Ranchi) vide their letter no DCIT/Cir-1/Ran/Stay of outstanding demand/2012-13/1247 dated 31.3.2013 have allowed stay on demand till 30.09.2013 or disposal of ist appeals pending before CIT, Appeal ,Ranchi, whichever is earlier.

8. Non performing Non SLR Investments:

Particulars	As on 31.03.2013	As on 31.03.2012
Opening Balance	395.00	395.00
Addition during the year	0.00	0.00
Reduction	0.00	0.00
Closing Balance	395.00	395.00

9. Movement in Reserves:

Particulars	As on 31.03.2013	As on 31.03.2012
Opening Balance	1626.49	-471.88
Addition during the year	1185.95	2098.37
Reduction	0	0
Closing Balance	2812.44	1626.49

10. The total migration on CBS system has been achieved by the Bank during the year. The errors of migration are under process of rectification.

Figures relating to the previous year have been regrouped /rearranged, wherever necessary.

For M/s V. ROHATGI & CO.

For JHARKHAND GRAMIN BANK

Chartered Accountants
FRN:000980C

CA Bipul Rastogi, Partner
Membership No. 072318

S. Vaidhinathan
Chairman

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JHARKHAND GRAMIN BANK
Head Office

STATEMENT OF ADJUSTMENT- 31.03.2013
(IN RESPECT OF NON-UNIFORM ACCOUNTING POLICIES)

	Rupees in thousands
1) Net Profit as per Profit & Loss account For the year ended 31.03.13	118595
2)	
A. Less – Additional Depreciation on SLR/ Non-SLR Investments/ Approved Securities	69003
B. Less - Additional Depreciation if any on Fixed Assets:	-
C. Less - Additional Provision for NPA	:
D. Less- Additional Provision for employees benefit	:
Gratuity Liability	-
Leave Encashment	-
Other benefits if any	-
E. Less –Additional Provision for interest on overdue term Deposits	9029
F) Less – Additional Provision for Inter Branch Unreconciled Debit entries above 6 months:	-
G) Less - Bonus payable to staff, if any During the year	1500
H) Less - Any other item/s for which adjustment is/are necessary on account of non uniform accounting policies	-
Total of 2 (A+B+C+D+E+F+G+H)	79532
TOTAL (Net of Profit (1-2) adjusted	39063

(CA Bipul Rastogi)
Partner

Membership No.: **072318**

(S Vaidhinathan)
CHAIRMAN

Dated : 27-04-2013

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Vandana Dadel, IAS
Director

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Vinay Kr.Choubey , IAS
Director

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Tarlochan Singh
Director

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J. C. Kanwar
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Dr. K. C. Panigrahi,
Director

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Rajesh Kumar Shukla
Director

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Badri Ram
Director
