

ANDAMAN & NICOBAR STATE CO-OPERATIVE BANK LTD



1966 - 2010

44

ANNUAL REPORT



**ANDAMAN & NICOBAR
STATE CO-OPERATIVE BANK LTD.
PORT BLAIR**

1966 – 2010

44TH YEAR

ANNUAL REPORT



Shri. Saroop Lall, Chairman, A&N SCB and Vice-Chairman, NAFSCOB is attending the Board of Directors Meeting of NAFSCOB.



Shri. Saroop Lall, Chairman, A&N SCB inaugurating the ATM of Port Blair Branch.

**ANDAMAN & NICOBAR STATE CO-OPERATIVE BANK LTD.,
PORT BLAIR**

BOARD OF DIRECTORS

CHAIRMAN	1. Sri. Saroop Lall Representative of Central Coop. Welfare Society Ltd.
VICE CHAIRMAN	2. Sri. Bhagat Singh “C” Class Member
DIRECTORS	3. Sri. Hemraj Bahadur Representative of Consumers Coop. Stores Ltd.
	4. Sri. Harmohan Lall Representative of Gaon Vikas Ser. Coop. Society Ltd.
	5. Sri. Madan Lall Representative of Hobdipur Coop. Coconut Farming Soc. Ltd.
	6. Sri. Ranjit Kumar Banerjee Representative of Pallimangal Ser. Coop. Society Ltd.
	7. Sri. Aditya Baran Biswas Representative of Rehabilitation Ser. Coop. Society Ltd.
	8. Smti. Gouri Biswas Representative of Shibpur Ser. Coop. Society Ltd.
	9. Sri. Gour Paul Representative of Ram Nagar Service Coop. Society Ltd., Kalighat
	10. Sri. K Chamberlin Paul Representative of Big Lapathi Panam Hinengo, Car Nicobar
	11. Sri. G.R Chintala, GM, NABARD, Nominee w.e.f. 15.06.2009
MANAGING DIRECTOR	12. Sri. P Kunjumon

MISSION

To mobilise resources,
provide banking products
and other professionalised
services to the people,
strengthen the affiliates,
provide vibrant leadership
to the Co-operative banking
system, achieve sustained
growth and ultimately to
attain prime position in the
banking industry.

Under Certificate of Posting

Notice

Notice is hereby given to all the members that the Annual General Body meeting of the A&N State Coop. Bank Ltd., Port Blair will be held on **Sunday, the 25th April, 2010** at 10.00 a.m in the conference hall of Hotel Sun Sea Resort to transact the following business :-

1. To read and confirm the proceedings of the last general body meeting held on 29th March, 2009.
2. To present the Annual Report 2010.
3. To adopt the Audit Report and rectification report thereof for the year 2008-09.
4. To appropriate profit for the year 2008-09.
5. To pass the budget for the year 2010-11
6. Other items, if any

By order of the Board

**Sd/-
Managing Director**

Port Blair

Dated: 29/03/2010

-----Note:

- 1) Please note that the member societies who cleared the entire overdue (principal and interest) on 08/04/2010 are only eligible to attend the General Body meeting in terms of Rule 21 of the A & N Islands Co-operative Societies Rules 1974 /bye-law No:16(1) of the bank .
- 2) The member societies are requested to depute one representative from each society in the general body meeting. The representative should be sent duly authorized by the Managing Committee of the society concerned along with its resolution to participate in the General Body Meeting. The resolution duly attested by the Asst. Registrar of Coop. Societies / Inspector of Coop. Societies should reach to the A&N State Coop. Bank Ltd., Port Blair four (4) days in advance of the meeting .

To

President /Secretary

.....Society Ltd.

.....

ANNUAL REPORT 2010

To

Dear Share holders,

On behalf of the Board of Directors of the Bank, I have great pleasure in welcoming you all to the 44th Annual General Meeting of your Bank.

The Annual Report and the **Final Accounts (un-audited)** of your Bank for the period ended **28th February 2010** have already been provided to you. I also take this opportunity to thank you all for making it convenient to attend this meeting.

Today, with your kind permission, I take your liberty to present the **Annual Report 2010** of the Bank together with the Audited Balance Sheet and Profit and Loss Account for the year 2008-09 duly adopted by the Board of Directors.

At the outset, I humbly submit that it was a challenge to us to sustain the growth both in business and Profitability of the Bank, particularly, in the backdrop of Global slowdown and its impact on Indian economy. At the end of the day, I am sure, you will appreciate that your Bank has not only struck a good balance between both these important parameters during 2009-10 but also added values and strengthened the Balance Sheet of the Bank, conducive for pulling through rough weather, if any, in future.

ECONOMIC SCENARIO

Uncertainties, volatility and major bank failures dominated Global economic scenario, resulting in steep fall in Gross Domestic Products (GDP) and affecting sustained growth of market economies.

Despite economic slowdown, your Bank has registered good growth and the Bank's revenues and Profits have been impacted positively in relative terms with other market players. Your Bank believes in the strong fundamentals of its business practices and business acumen will help it outlast any tough times that may likely to be envisaged. We believe any tough or testing times will only leave us more toughened and industry savvy.

The Reserve Bank of India, on 25.03.2010 cautioned that the Economic Slowdown could have a tagged effect on the credit quality and Profitability of Banks. The RBI also said

that the economic slowdown had decelerated growth in Balance Sheet of the Banking System. Given the inflationary spiral and the large fiscal borrowing programmes of the Government, I feel there are likely to be pressures on yields, which in turn may have some impact on Bank's cost of funds, further, the Bank may need to make more provisions towards the depreciation in value of investments, depending on the duration of portfolio. Thus, it may have impact on Bank's Net Interest Margin (NIM) and the Profitability. The margins may also face pressure from the Regulatory requirement for calculating interest on Savings Bank deposits on a daily basis from April 01, 2010.

Despite the pressure of heightened competition and tighter monetary environment, the Bank earned an Operating Profit of Rs. 15.34 crores as on 28.02.2010 and registered a Net Interest Income (NII) of Rs. 21.40 crores. The Bank was also able to show noticeable improvements in its key efficiency and productivity ratios during 2009-10, which are as follows :-

Share Capital

1.1 The Share capital of the Bank as on 28.02.2010 stood at Rs 258.24 lakhs (un-audited). The share capital was contributed by 'A' class share holders of societies and by 'C' and 'D' class individual share holders. The Bank does not have any Govt. contribution.

(Rs. in lakhs)

Sr. No	Particulars	31.03.09	28.02.10
	<u>Share Capital</u>		
1	Coop. Societies (A)	140.70	151.65
2	Individuals (C)	0.01	0.01
3	Associate members (D)	102.72	106.58
	Total:-	243.43	258.24
	Growth registered 6.08%.		

Reserves & Surplus

1.2 The total reserves of the Bank amounted to Rs 7367.71 lakhs (un-audited) as on 28.02.2010. The breakup particulars are furnished below.

(Rs. in Lakhs)

Sr. No	Particulars	31.03.09	28.02.10
1	Statutory Reserves	2338.66	2513.54
2	Agri. Credit Stablisation fund	274.56	297.70
3	Building Fund	235.81	300.81
4	Bad & Doubtful Debts Reserves	606.72	605.47
5	Investment Diminution Reserves	1495.19	1495.19
6	Overdue Interest Reserves	389.22	389.22
7	Un realised Income Reserves	27.82	27.82
8	Staff Training Fund	39.33	46.68
9	GOI & ETF	50.00	50.00
10	Computerisation	333.01	333.01
11	Others	674.31	1308.27
	Total :-	6464.63	7367.71
	Growth registered 13.97%		

1.3 The

Free Reserves amounted to Rs.3153.72 lakhs as on 28.02.2010 as against Rs.3250.60 lakhs as on 31.03.2009.

Bank's

1.4 The Statutory Reserve has been built up by the Bank by appropriation of 25% of net profit of the Bank every year and also by crediting the left over surplus in the Profit and Loss Account after appropriation to various items .

Deposit

1.5 Deposit formed a major source of funds of the Bank. The deposit of Rs.35451.78 lakhs as on 28.02.2010 constituted 72.46% of working fund of the Bank. The Deposit of the bank, which stood at Rs.31863.54 lakhs as on 31.03.2009, increased to Rs.35451.78 lakhs as on 28.02.2010 with a growth rate of 11.26% . The market share of deposits of the Bank as compared to the total deposits mobilised by all Banks in the islands stood at 18.02% as on 31.12.2009, securing 2nd position followed by SBI .

1.6 The type-wise break-up of the deposits as on 31.03.09 and 28.02.10 are furnished below :-

(Rs. in lakhs)

Particulars	31.03.09	%to total deposits	28.02.10	%to total deposits
Current	1569.29	4.93	1723.95	4.87
Savings	16456.96	51.65	17702.01	49.93
Term Deposits	11414.80	35.82	12685.09	35.78
Others	2422.49	7.60	3340.73	9.42
Total	31863.54	100.00	35451.78	100.00

The source –wise break-up of deposits is detailed below :-

(Rs. in lakhs)

Particulars	31.03.09	%to total deposits	28.02.10	%to total deposits
Cooperatives	750.79	2.36	855.95	2.41
Individuals	31112.75	97.64	34595.83	97.59
Total	31863.54	100.00	35451.78	100.00

The **Current Account Savings Account (CASA)** deposit to total deposit formed about 55% as on 28.02.2010.

Borrowings

1.7 Borrowings constituted the second largest source of funds of the Bank. The borrowings of the Bank as on 28.02.2010 amounted to Rs.3053.91 lakhs as against

Rs.2488.63 lakhs as on 31.03.2009. The borrowings formed 6.24% of the working funds of the bank.

1.8 The details of borrowings of the bank according to the source and type of borrowings are furnished below :-

(Rs. in lakhs)

Borrowings(O/S)	As on 28.02.2010
From NABARD	
Long Term Loans	3053.91
Total :-	3053.91

1.9 During the year 2009-10, the bank borrowed a sum of Rs.12.29 crores from NABARD as against RS. 10.00 crores during 2008-09, registering a growth of 22.90%. The percentage of borrowings to loans and advances constituted 8.33%. The bank also repaid an amount of Rs.664.20 lakhs towards Principal and Rs.201.09 lakhs interest to NABARD, during 2009-10.

1.10 As against the Borrowing Target of Rs.1500.00 lakhs for 2009-10, the bank borrowed Rs.1229.48 lakhs from NABARD which recorded an achievement of 82%.

1.11 The Bank had not defaulted in the repayment of borrowings to the higher agencies.

DEPLOYMENT OF FUNDS

Investment

2.1 The investments of the bank in the Govt. and other securities including Term Deposits in commercial banks and Call Money amounted to Rs.26474.35 lakhs as on 28.02.2010. The Bank has made an investment of Rs.15861.74 lakhs in Govt. Securities which was reckoned for the purpose of Statutory Liquidity Ratio (SLR).

2.2 The comparative position of the composition of the investment portfolio of the bank is given below :-

(Rs. in Lakhs)		
Particulars	As on 31.3.09	As on 28.02.10
I. SLR Investments		
(a) Treasury Bills/ Govt. securities	6490.22	11387.17
(b) Other approved Securities	3168.39	4474.57
Total a + b	9658.61	15861.74
II. Non-SLR investment		
(a) Bank Bonds etc	6605.51	1844.31
(b) Deposits with banks / Institutions and Call	8706.78	8768.30
Total a + b	15312.29	10612.61
Total Investment	24970.90	26474.35

2.3 The investments of the Bank formed 54.11% of the total assets as on 28.02.2010.

2.4 The provision held by the Bank under Investment Diminution Reserve as per norms stood at Rs.1495.19 lakhs, as on 28.02.2010.

Loans and Advances

2.5 The total loans and advances outstanding as on 28.02.2010 amounted to Rs.14758.40 lakhs as against Rs.11925.15 lakhs as on 31.03.2009. **The CD ratio of the bank as on 28.02.10 was 41.63%**, whereas, **the CD ratio of the UT on 31.12.2009 was 35.93%**. The sectoral deployment of advances as on 31.03.2009 & 28.02.2010 are furnished below :-

(Rs. in Lakhs)

S NO	Purpose	Outstanding as on	
		31.03.2009	28.02.2010
1	Short-term for Seasonal Agricultural Operation	139.29	255.41
2	Medium-term loans for		
	a) Agricultural purposes	77.28	37.61
	b) Housing purposes	184.27	173.65
	c) Other purposes	1354.76	1322.12
3	Long-term loans for		
	a) Agricultural purposes	204.38	171.10
	b) Housing purposes	1782.54	1952.53
	c) Other purposes	421.02	1125.48
4	Consortium	500.00	1000.00
5	Advances against Deposits	324.54	342.48
6	Gold Loans	1438.61	2148.98
7	Overdrafts	5498.46	6229.04
	Total:-	11925.15	14758.40
	Growth (%)		23.76 %

2.6 The bank had the market share of 21.43% in the Union Territory as on 31.12.2009 in respect of loans and advances.

2.7 Despite various constraints like hike in interest rates of credit delivery system, moving to variable interest rate structure, stiff competition from Nationalised Banks and the new generation Private Sector Banks, the bank has been giving priority for agriculture and allied activities.

2.8 The % of share in Agricultural advances to total agricultural advances (UT) is 57%, dominating in the UT. **The CD ratio of the Commercial Banks are 34.44% as on 31.12.2009**, whereas, **the A&N SCB was leading with 42.73% (31.12.2009)**. Although, the CD ratio of the bank is much higher than the Commercial Banks

throughout the period indicating better utilisation of funds in lending, leaves large surplus of funds, which are parked in SLR, Non-SLR and TD's .

Agricultural Advances

2.9 During 2009-10, the total advances to agricultural and allied activities was Rs. 272.23 lakhs. The total loans outstanding under Agriculture activities as on 28.02.2010 stood at Rs.464.12 lakhs, which formed about 3.14% of the total loans and advances outstanding.

Kisan Credit Card

2.10 The Bank had introduced Kisan Credit Cards in the year 1996 to provide finance to the farmer members of the PACS.

The KCC is ensuring instant credit as per the scale of finance multiplied with cultivated land of the farmers upto Rs.1,00,000/- by simple formalities. Farmers under KCC are covered by Personal Accident Insurance Scheme (PAIS) to the extent of Rs.50,000/-.

From its inception the bank has so far issued 3604 nos. of Kisan Credit Cards, whereas, the commercial banks in the islands issued only 991 nos. of Kisan Credit Cards.

During 2009-10, the bank issued 367 nos. of Kisan Credit cards to the farmer members, amounting to Rs.166.42 lakhs.

Other Agricultural Advances

2.11 The credit extended under Medium Term Loans for the purposes like land development or land reclamation, purchase of agricultural implements, bunding of lands, farm house construction , raising of plantation, Vanilla Crops etc was to the tune of Rs.29.38 lakhs during 2009-10, which include 19 power tillers to various

farmers of the islands. Besides this, the bank also extended credit facility to undertake composite agriculture and allied activities to the tune of Rs. 30.00 lakhs.

Formation and Linking of SHG's

2.12 During 2009-10 the Bank had linked 230 nos. SHGs and extended Credit facilities to the tune of Rs.210.47 lakhs, of which, Rs. 205.75 lakhs was extended to 219 women groups.

Since its inception, the Bank has linked 808 nos. of SHGs aggregating to an amount of Rs. 500.52 lakhs as compared to 156 nos. of SHGs by Commercial Banks amounting to Rs. 279.74 lakhs.

VARIOUS GOVT. SPONSORED SCHEMES

Swarnajayanti Gram Swarajgar Yojna (SGSY)

2.13 The bank also provided credit assistance under SGSY to SHGs and individual beneficiaries in the form of revolving fund and project loan to the tune of Rs.16.33 lakhs as on 28.02.2010. The A&N SCB disbursed loans under SGSY scheme for an amount of Rs. 8.55 lakhs, whereas the Commercial Banks has disbursed an amount of Rs. 1.00 lakhs upto 31.12.2009.

Prime Minister's Employment Generation Programme PMEGP)

2.14 The Bank has issued loans to the tune of Rs. 124.13 lakhs as on 28.02.2010. Upto 31.12.2009 A&N SCB has disbursed loans for an amount of Rs. 118.97 lakhs, whereas the commercial Banks have issued a sum of Rs. 110.87 lakhs during the same period under review.

Swarajgar Credit Card (SCC)

2.15 SCC scheme aims at providing adequate and timely credit i.e. working capital or block capital or both to small artisans, service sector, fishermen, self-employed persons, other micro-entrepreneurs, SHGs etc. from the banking system in a flexible, hassle free and cost effective manner. The normal limit under the scheme is Rs. 25,000/- per borrower. However, in deserving cases, bank may consider even higher

limits. The Bank also provided credit assistance under Swarojgar Credit Card (SCC) to the extent of Rs.5.05 lakhs during 2009-10.

General Purpose Credit Card (GCC)

- 2.16** The scheme covers general credit needs of bank constituents in the rural and semi-urban areas. The scheme is to provide hassle free credit to banks' customers based on the assessment of Cash Flow without insistence on security, purpose of end-use of the credit. This is in the nature of overdraft or cash credit with no end-use stipulations. The total credit facilities under GCC for an individual does not exceed Rs. 25,000/- . The Bank had issued loans under GCC to the tune of Rs. 1.35 lakhs. Since its inception, the Bank had disbursed loans to the tune of Rs. 2.35 lakhs.

No-Frill Accounts

- 2.17** The Bank has a long history of supporting rural development initiatives with an objective of creating a healthy rural economy. Consistent with this the Bank adopted the South Andaman District under 100 percent Financial Inclusion.

For declaring A&N Islands as financially Included Territory by the RBI, the bank is trying all out efforts to ensure that all the people in the Islands in their allotted area are having their Bank A/c's. Since its inception, the A&N SCB, has opened 23097 nos of A/c's under No-Frill Accounts, whereas, the Commercial Banks have opened 13581 nos. of A/c's.

Retail Banking

- 2.18** Within retail, the housing loans, car loans, medical, education, consumption/personal loans have shown considerable growth trajectory. The details of few retail banking items are shown in the below table :- (Loans issued from 01.04.09 – 28.02.2010).

(Rs. in lakhs)

Sl. No.	Particulars	2009-10
1	House construction & repairs	461.23
2	Education	16.67
3	Vehicle	83.10

4	Medical	15.40
5	Consumption /Personal	120.47
	Total :-	696.87

Gold Loan

2.19 The Bank has been providing gold loans to its customers through 12 nos. branches. An amount of Rs. 2008.63 lakhs was advanced during 2009-2010.

Housing Activities

2.20 The Bank continued its finances for shopping complex and commercial buildings and residential buildings. During the year 2009-10, the bank had advanced Rs.461.23 lakhs towards the construction of commercial complexes.

Overdrafts

2.21 During the period under review the bank had sanctioned overdraft limits aggregating to Rs.717.58 lakhs to individuals and firms etc.

Catamaran

2.22 The Bank during the year 2009-10 extended credit facility to the extent of Rs. 7.85 Crores for the purchase of a Catamaran to a leading shipping Company having past experience of the shipping business, a highly motivated, qualified and experienced management team. The Catamaran is a type of multi-hulled boat or ship for leisure and sports sailing. The Catamaran can carry 280 passengers and can travel at a speed of 23 knots per hour. It is providing a premium service to the tourists of the A&N Islands.



RECOVERY MANAGEMENT

3.1 Bank is giving considerable importance to the quality appraisal of loans in order to avoid slippage of fresh NPA's (Non Performing Assets). The % of Recovery to Demand is registered at 75.47% as on 31.12.2009.

The % of **Net NPA** of the bank as on 31.03.2009 was **4.63%**.

3.2 The Demand Collection and Balance is furnished below:-

(Rs. in lakhs)	
31.12.2009	
1. Demand	2696.73
2. Collection	2035.22
3. Balance	661.51
4. % of collection to Demand	75.47

The progress of the bank under legal action under arbitration cases during 2009-2010 is as below:-

(Rs. in lakh)					
Sl. No.	Particulars	Arbitration Cases		E.P. Cases	
		No. of cases	Amount	No. of cases	Amount
1	Cases pending at the beginning of the year 01.04.09	123	485.99	93	230.10
2	Cases filed during the year(Apr-09 to Feb-10)	63	274.33	-	-
3	Cases disposed off during the year(Apr-09 to Feb-10)	6	10.23	1	4.36
4	Cases pending at the end of the Feb 2010.	180	750.09	92	225.74
Grand Total		180	750.09	92	225.74
					<u>Amount</u>
5	Cases pending with Hon'ble High Court			1	42.38

The expeditious disposal of these pending cases will further bring down the overdue level of the bank. In order to improve recovery position, the bank has so far filed 12 nos. of cases under Debt Recovery Tribunal (DRT). Against these, the Hon'ble Court passed judgments for 07 nos. of cases. As against the total claim of Rs.3.75 crore, the bank recovered a sum of Rs.85.79 lakhs as normal recovery and Rs.69.74 lakh towards GOI relief package aggregating to Rs.155.53 lakhs.

3.3 The bank also made full and sufficient provision for NPA and BDR (Bad & Doubtful Debts Reserves) for Rs.1002.84 lakhs, which was in excess by Rs.706.72 lakhs than the requirement. The required provision was Rs.296.12 lakhs as on 31.03.2009.

PROFITABILITY

4.1 The bank had earned a net Profit of Rs.2.02 crore during 2008-09 as against the net profit of Rs.1.54 crore during 2007-08, registering a growth of 31.17%.

The bank made an operating profit of Rs. 15.34 crores as on 28.02.2010 during 2009-10 as against operating profit of Rs. 14.94 crores for 2008-09.

The various profitability ratios are as under:

Particulars	2008-09	2009-10 (Un-Audited)
Interest income as a percentage of gross income	88.16	94.45
Commission, exchange etc. as a percentage of gross income	3.45	2.38
Other income as a percentage of gross income	8.39	3.17
Interest paid on deposits/ borrowings to gross income	38.54	26.70
Interest paid on deposits/ borrowings to total expenditure	40.82	51.91
Weighted average cost of funds	3.44	2.69
Weighted average yield on funds	7.86	7.36
Financial Margin	4.43	4.68
Net Financial Margin	5.42	5.05
Net Margin	3.62	3.78
% of cost of management to working fund	1.80	1.27
Cost of management to total business	1.67	1.56
Business per staff (Rs. in lakhs)	222.24	227.19
Business per branch (Rs. in lakhs)	1509.70	1731.38

GENERAL

Management and Meetings

5.1 During the year under report 04 Nos. Managing Committee meetings and 12 nos. Executive Committee meetings were held.

Audit Classification

5.2 The bank was classified in the 'A' category for the year 2008-09 by the Registrar of Coop. Societies.

Internal Control System

5.3 The management of the bank is fully aware of its responsibilities to Bank's customers and depositors. A key factor in the fulfillment of these responsibilities is the strength of the Bank's operating procedure and associated Internal Control System. These are designed to address several critical issues including the completeness, accuracy and reliability of the financial information that is used to monitor and manage the business.

In order to strengthen the Audit Cell, auditors are promoted and an AGM is posted to watch and monitor the functions of audit and inspection.

Audit and Inspection

5.4 An Audit and Inspection Cell has been created to look after the internal audit of the bank, which is headed by Asst. General Manager (Audit and Inspection) and assisted by Sr. Auditors and auditors. The audit and inspection of all the branches of the bank for the year 2009-10 were completed.

5.5 The Accounts of the bank and its branches for the year 2008-09 were audited by M/s Roy & Bagchi, Chartered Accountants.

5.6 The NABARD had also conducted its XVth statutory inspection of the bank from 19.01.2009 to 06.02.2009 with reference to its financial position as on 31st March, 2008.

Compliance Review

5.7 The NABARD inspection team in its Inspection Report for 2007-08 mentioned that the A & N SCB complied with the provisions of section 22(3)(a) & 22(3)(b) of the B.R.Act 1949 (AACS):-

- i) **that the affairs of the bank are not conducted in a manner detrimental to the interests of its present or future depositors.**
- ii) **the bank had not violated any of the important provisions of Andaman & Nicobar Islands Coop. Societies Regulation 1973/Rules 1974.**
- iii) the realizable value of assets as on 31 March 2008 which stood at Rs. 37102.37 lakh was more than the total outside liabilities at Rs. 32543.58 lakh. The Bank, therefore, complied the provisions of Section 22 (3)(a) of the B R Act, 1949(AACS) as on 31 March 2008.
- iv) the bank had maintained the stipulated Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) during the period covered by the present inspection and thus, complied with the provisions of Section 18 and 24 of the B R Act, 1949 (AACS).
- v) the percentage of Gross NPA to total loans and advances had exceeded 10% and was at 13% as on 31 March 2008. [The bank has, however, in December 2008, prepared a Time Bound Action Plan to reduce NPAs, in which role and action at various levels were defined. As per Action Plan NPAs are likely to be reduced to below 5% within three years time.]
- vi) The bank had earned profits continuously for the last five years and there was no accumulated loss as on 31 March 2008.
- vii) There was no new fraud reported during the period under review.

AWARDS

5.8 The Bank is pleased to inform that the National Federation of State Co-Operative Bank Ltd (NAFSCOB), Mumbai has announced the Andaman & Nicobar State Co-Operative Bank Ltd. as the winner of the following prizes under II Tier structure:

Year	Prize	Category
2006-07	Second	Overall Performance
2007-08	Second	Overall Performance

The Awards shall be presented at the “National Consultation and Review Meet on Implementation of Revised Revival Package of Short Term Co-Operative Credit Structure” organized by NAFSCOB and scheduled to be held on April 28-29, 2010 at New Delhi.

BANK'S KEY STRATEGIC INITIATIVES

6.1 For improving the quality of customer service, streamlining of MIS and financial accounting system, the bank computerization has assumed priority.

6.2 The Bank completed the TBA (Total Bank Automation) in 29 branches in the UT. The Head Office automation shall be completed shortly.

The Bank introduced the Anywhere Bank Business (ABB) for the 21 branches during 2009-10 and the remaining 8 branches shall be completed during 2010-11.

Bank's Own ATMs (Automated Teller Machine)

6.3 The Bank during 2009-10 installed its own 5 nos. ATMs at various places viz. Diglipur, Mayabunder, Rangat, Garacharma – I and at Port Blair main Branch, subsequently the ATM cards to the prospective customers were also issued.

The NABARD under Financial Inclusion Technology Fund (FITF) sanctioned grant of Rs. 24.40 lakhs, for installation of additional 4 nos. ATMs in A&N Islands. The A&N SCB shall install the ATMs, as per terms and conditions of the grant, in such areas where the services of the Bank has not penetrated thereby easing the pressure on local populace to travel quite a long distance to avail cash transactions.

The bank is also in the process to join National Financial Switch (NFS) for Bank Network Connectivity, which will enable the customers to use other bank ATMs in National level.

Palmtec

6.4 It is a hand held micro computer with LCD keypad and in-built Printer that runs on a rechargeable battery. It is being used by daily deposit collection agents of the bank, for collecting day deposits from customers. The agents go door-to-door for collection from shopkeepers, etc. on a daily basis and can generate receipts for each collection. The collection data can be uploaded to the back-end software for further processing

of the MIS updation. The bank during 2009-10 distributed 31 nos. Palmtec machines at a cost of 3.08 lakhs to 31 nos. day deposit agents.

BANCASSURANCE (An alliance between A&N State Co-operative Bank Ltd and MetLife India Insurance Co. Ltd.)

6.5 The Bank has approved the proposal of Bancassurance submitted by the MetLife India Insurance Co Ltd. on a referral basis. The Bancassurance is a win-win model for the Bank and the Insurance Company. The Bank without investing additional resources or infrastructure are able to earn considerable fee based income to supplement to their core lending activities. This simply means selling of insurance products by the bank. The Reserve Bank of India allowed all State Co-Operative Banks to undertake insurance business on referral basis, without any risk participation through their network of branches. Under the referral arrangement Bank's provide physical infrastructure within their select branch premises to insurance companies for selling their products to the Bank's customers' with adequate disclosure and transparency and in turn earn referral fees on the basis of premia collected. The Bank has decided to introduce the scheme on a trial basis for a period of one year initially.

Opening of Bank Branches

6.6 The Bank is receiving requests from various organisations, eminent people and local leaders of different areas of A&N Islands for opening of branches of A&N State Co-Operative Bank Ltd. The bank has therefore, decided to open branches at Kishori Nagar (Diglipur), Mahatma Gandhi Govt. College (Mayabunder), Kamorta (Nancowry) and at Junglighat, Port Blair and forwarded the proposal to NABARD, Port Blair. The Registrar of Co-Operative Societies has also recommended for granting of permission to NABARD, Port Blair.

Target and Achievement (DAP/MoU)**(Rs. in Crores)**

2008-09					2009-10		
S N o	Item	Target	Achieve- ment	% of achieve ment	Target	Achieve- ment *	% of achieve ment
1	Deposits (O/S)	332.05	318.64	95.96	381.86	354.52	92.84
2	Borrowings (O/S)	27.39	24.89	90.87	35.00	30.54	87.26
3	Loan(O/S)	154.63	119.25	77.12	223.38	147.58	66.07
4	Loans Issued	50.00	33.32	66.64	68.75	46.00	66.91

* Upto 28.02.2010

FUTURE PROGRAMME

- i) 20% Deposit Growth.
- ii) 36% growth in loans and advances.
- iii) Gross NPA at below 5%.
- iv) Installation of more ATMs' in the islands.
- v) To be RTGS enabled Bank.

Acknowledgement

The Bank's new initiatives could not have come about without the active involvement and support of its staff members. Our staff is aware of the challenges and has fully embraced the Bank's core principle about banking. The customers have been extending their patronage and we are confident of their support for the coming years also. The Board of Directors places on record its appreciation for continued support and guidance received from the A & N Administration, Govt. Of India, Reserve Bank of India, National Bank for Agriculture & Rural Development (NABARD), Registrar of Coop. Societies, National Federation of State Coop. Banks Ltd.(NAFSCOB), SBIDFHI, SBI, HDFC Bank, ICICI Bank, Other commercial Banks serving in the Union Territory and other organizations and departments .

For and on behalf of the Board of Directors

Sd/-

**(P Kunjumon)
Managing Director**

APPROPRIATION OF PROFIT FOR THE YEAR 2008-09

The Statutory Audit of the Accounts of the bank for the year 2008-09 was audited by M/s Roy & Bagchi, Chartered Accountants. The bank has been placed under 'A' class Audit Classification for **2008-09**. The Registrar of Co-operative Societies has certified the profit at Rs.201.91 lakhs for the year 2008-09. The Allocation of Profit has been made as under as per byelaws provisions for the year **2008-09**.

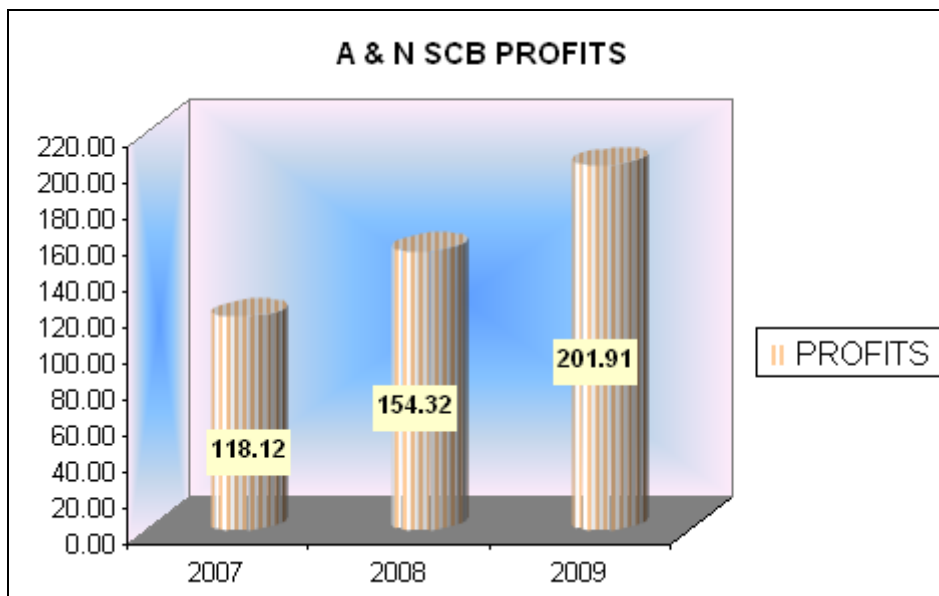
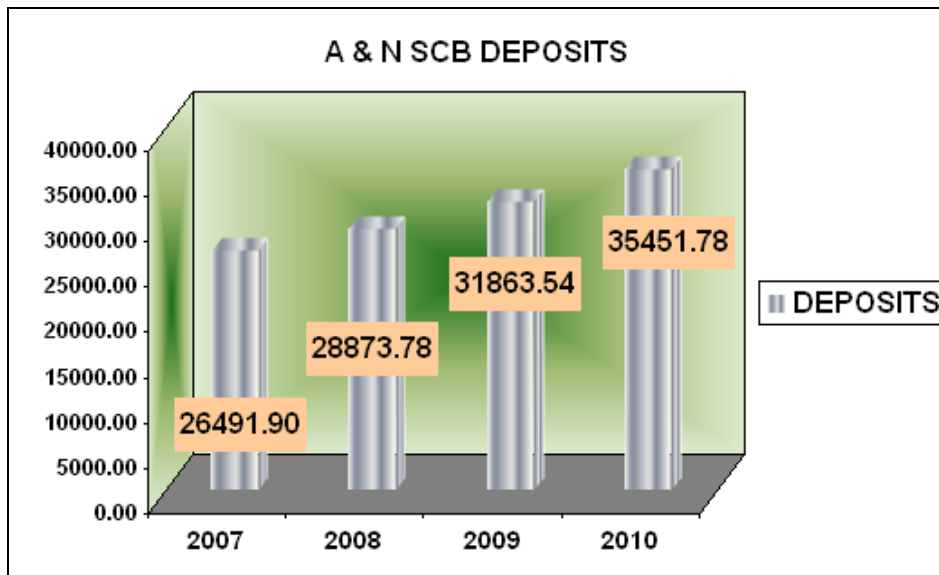
Sl.No.	Particulars	2008-09
1	Statutory Reserve Fund (25%)	50,47,855.22
2	Coop. Education Fund (3%)	6,05,742.63
3	Agri. Credit Stabilisation Fund (15%)	30,28,713.13
4	Dividend "A" Class (10% of share)	14,06,970.00
5	Dividend "C" Class (10% of share)	140.00
6	Staff Training Fund (5 ½ %)	11,10,528.15
7	Staff Welfare Fund (1 ½ %)	3,02,871.31
8	Supervisory Fund (1/2 %)	1,00,957.10
9	Building	75,00,000.00
10	Computerisation	10,00,000.00
11	Balance transferred to Statutory Reserve fund	87,643.35
	Total :-	<u>20191420.89</u>

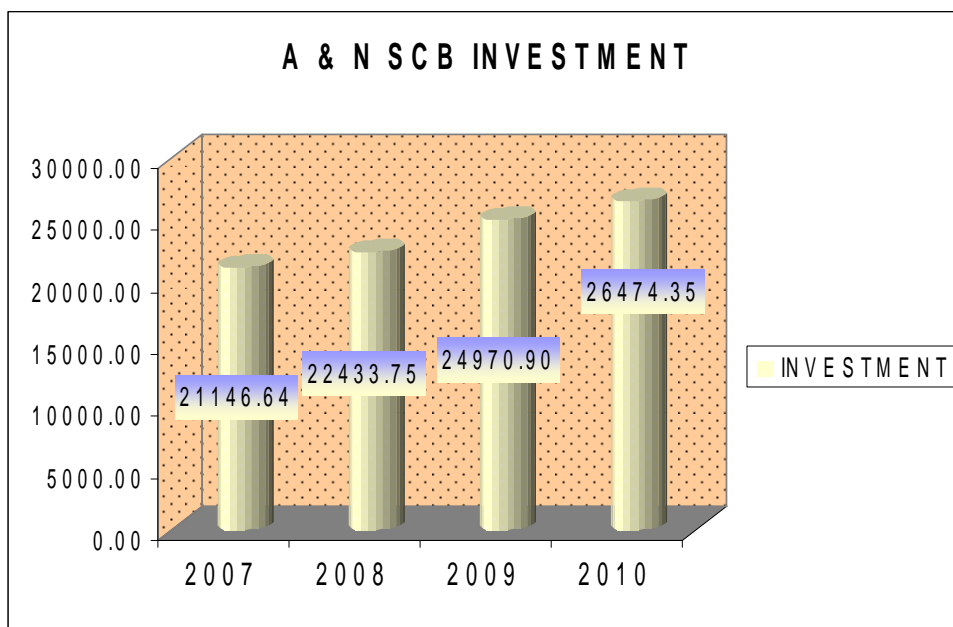
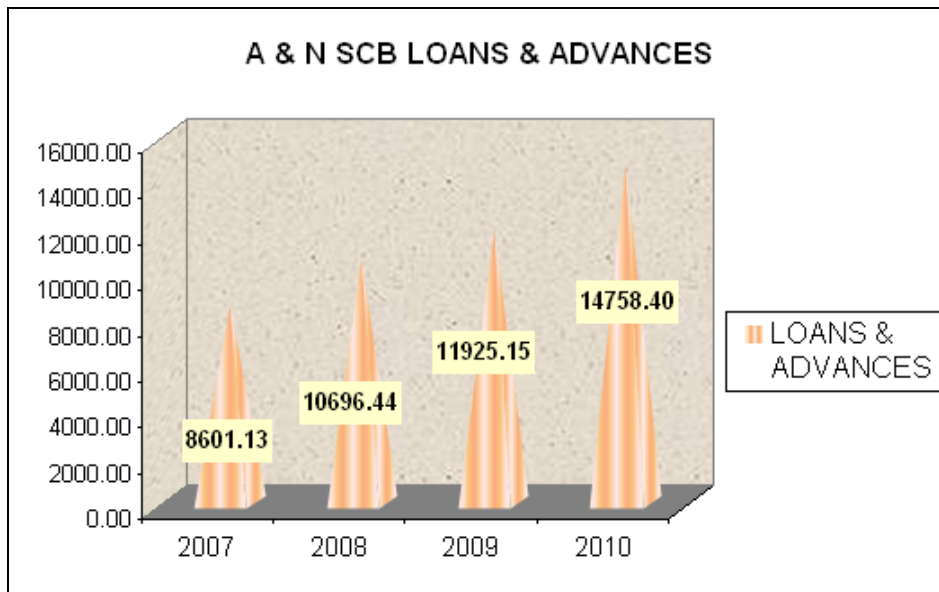
BUDGET FOR THE YEAR 2010-11

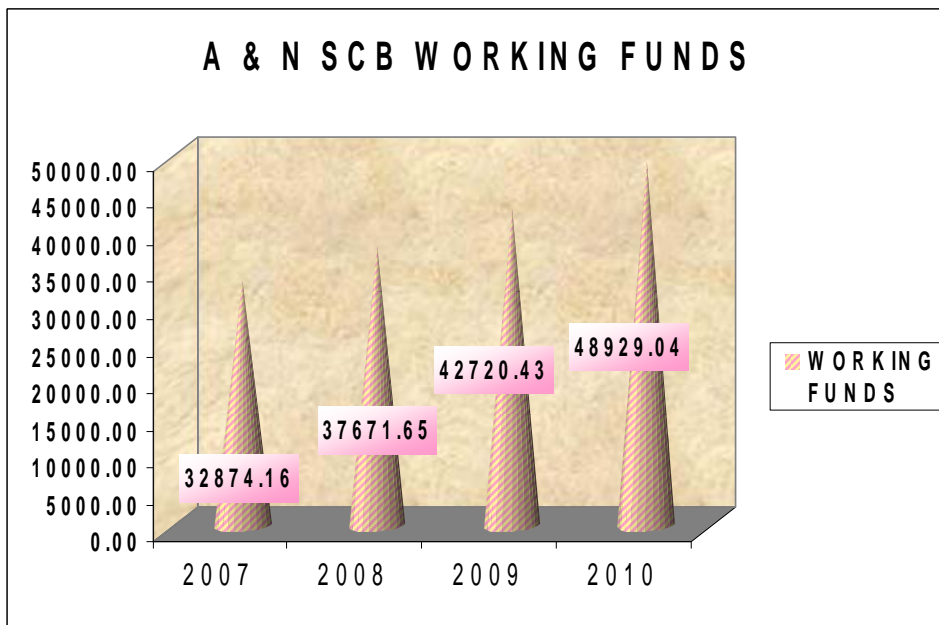
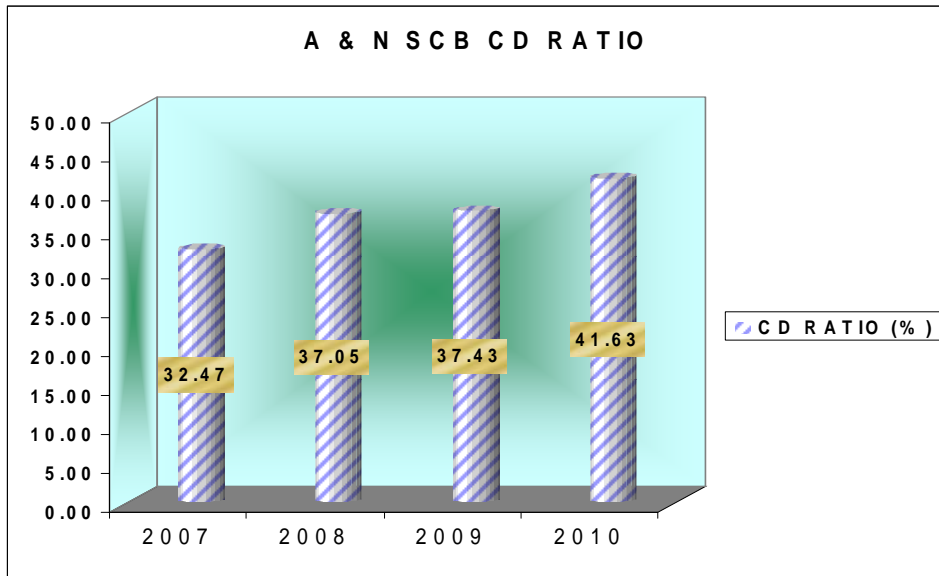
(Rs. in lakhs)

S.No	Particulars	Target for 2009-10	Achieved upto <u>28.02.2010</u>	Total as on <u>28.02.2010</u>	% of target achieved	Target for 2010-11
I.	Deposits	4980.00	3588.24	35451.78	72.05	7000.00
II.	Borrowings	1500.00	1229.48	3053.91	81.96	1500.00
III.	Lending (disbursed)	6875.00	4600.00	-	67.00	7000.00
IV.	I n c o m e					
a)	Interest on lending	1900.00	1383.64	-	72.82	2200.00
b)	Interest on investment	2100.00	1599.41	-	76.16	2100.00
c)	Commission & brokerage & other receipts	500.00	175.29	-	35.06	200.00
	Total :-	4500.00	3158.34	-	70.19	4500.00
V	E x p e n d i t u r e					
a)	Interest on deposits & borrowings	1400.00	843.30	-	60.24	1350.00
b)	Salary & Allowances	550.00	571.66	-	103.94	400.00
c)	Others /expenditure	350.00	209.58	-	59.88	950.00
d)	Provision for Reserves etc	1950.00	-	-	-	1500.00
e)	Profit	250.00	1533.80 #	-	-	300.00
	Total :-	4500.00	3158.34	-	-	4500.00

Operating Profit.







A & N STATE COOPERATIVE BANK LTD. PORT BLAIR

COMPARATIVE FINANCIAL POSITION

(Rs. in lakhs)

Sl No	Items	31-Mar-08	31-Mar-09	28-Feb-10
		(Audited)	(Audited)	un-Audited
A.	Liabilities			
i	Paid up capital	207.35	243.43	258.24
ii	Free Reserves	1183.42	3250.60	3153.72
iii	Provisions	3783.71	2824.81	3619.18
iv	Deposits	28873.78	31863.54	35451.78
v	Borrowings	1938.57	2488.63	3053.91
vi	Overdue Interest Provision	300.93	389.22	389.22
vii	Interest payable	196.41	244.73	244.73
viii	Other liabilities	906.76	1055.57	2552.67
ix	Un-disbursed Profit	280.72	359.90	205.59
	TOTAL	37671.65	42720.43	48929.04
B.	Assets			
i	Cash in hand/bank balances	2678.05	3400.02	4922.06
ii	Investments and money at call and short notice	22433.75	24970.90	26474.35
iii	Loans & advances	10696.44	11925.15	14758.40
iv	Interest receivable	1007.76	1175.92	1175.90
v	Land and Buildings	121.12	118.23	127.28
vi	Furniture ,fixtures and Motor Vehicles	57.08	77.27	117.23
vii	Other assets	677.45	1052.94	1353.82
	TOTAL	37671.65	42720.43	48929.04
	Growth (%)	14.59	13.40	14.53

A & N State Cooperative Bank Ltd., Port Blair.

PROFIT AND LOSS ACCOUNT FOR THREE FINANCIAL YEARS

Sl.No.	ITEMS	31.03.2008	31.03.2009	28.02.2010
		AUDITED	AUDITED	Un-Audited
1	2	3	4	5
A	Income			
i)	Interest on advances and discount	1181.41	1417.93	1383.64
ii)	Interest and dividend on investments	2175.29	1769.98	1599.41
iii)	Commission, exchange and brokerage	107.09	124.85	75.30
iv)	Profit on trading	106.40	271.96	97.95
v)	Other receipts	28.31	31.47	2.04
B	Gross income (i+ii+iii+iv+v)	3674.49	3616.19	3158.34
C	Expenditure			
i)	Interest on deposits	1049.98	1214.11	642.21
ii)	Interest on borrowings	91.12	179.71	201.09
iii)	Salaries, allowances, provident fund and gratuity	355.03	505.41	571.66
iv)	Directors and local committee members fee and allowances	0.98	0.86	0.89
v)	Rent, taxes, insurance, lighting etc.	40.91	66.93	71.10
vi)	Law charges	4.33	10.88	8.71
vii)	Postage, telegrams and telephone charges	4.40	2.39	0.00
viii)	Auditor's fee	0.89	1.12	1.05
ix)	Depreciation Repairs & maintenance	27.11	46.68	1.24
x)	Stationery, printing and advertisement	13.07	19.77	16.04
xi)	Relief Package GOI	26.25	0.00	0.00
xii)	Other Expenditure	76.00	73.99	110.55
xiii)	Provision for reserves	1830.10	1292.42	0.00
D	Total Expenditure (i+ii+iii+iv+v+vi+vii+viii+ix+x+xi+xii+xiii)	3520.17	3414.27	1624.54
E	Operating Profit (B-D)	1984.42	1494.34	1533.80
G	Net Profit	154.32	201.91	-
	Net Profit Growth (%)	30.64	30.84	-



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