

## SCHEDULE 18

### NOTES ON ACCOUNTS

#### 1 Balancing of Books and Reconciliation.

- 1.1 In certain Branches, the balancing / reconciliation of control accounts with subsidiary ledgers is in progress.
- 1.2 Initial matching of debit and credit outstanding entries in various heads of accounts included in Inter Office Adjustments(including old outstanding entries) has been done up to 28.02.2010 and reconciliation is in progress.
- 1.3 Reconciliation of accounts with banks, NOSTRO, Drafts / TT payable, Dividend Warrants paid / payable, Debit Note Receivable/ Payable, RTGS (Suspense) etc. is in progress.

In the opinion of the management, the impact of the above para 1.1 to 1.3, if any, on the Profit & Loss Account and Balance Sheet though not quantifiable, will not be material.

- 1.4 In terms of Reserve Bank of India guidelines, segregation of Debit and Credit entries in Inter Branch Accounts pertaining to the period up to 30.09.2009 and remaining outstanding as on 31.03.2010 has been done which has resulted in either net Debit in some heads or net credit in other heads. Provision is made in respect of Net Debit Entries outstanding for period exceeding 6 months.
- 1.5 Aggregate net credit position in respect of un-reconciled NOSTRO Accounts relating to the period up to 31<sup>st</sup> March 1996 amounting to Rs 3.20 crore (previous year Rs 3.36crore) has been transferred to Blocked NOSTRO Account Sundry Creditors out of which Rs 1.77 crore for period prior to 14.11.1989 is being carried at old book value. Un-reconciled credit entries for the period after 1<sup>st</sup> April 1996 remaining outstanding for more than 3 years amounting to Rs 2.63 crore (previous year Rs. 3.79 crore) have been segregated and kept in Unclaimed Deposit (NOSTRO) Account. An amount of Rs. 105,09,548.00 being sum of total credit entries for less than US\$ 2500 and equiv in NOSTRO Account pertaining to the period between 1.04.1996 and 31.03.2002 which was kept in Unclaimed Deposit (NOSTRO) Accounts for the period after 1.04.1996 has been transferred to "Miscellaneous Income Account" on 30.12.2009 at prevailing TT buying rates in terms of RBI guidelines contained in its Circular No. DBOD. BP. BC. No. 133 / 21.04.018 / 2008-09 dated 11.05.2009.

- 2 Legal formalities are yet to be completed in respect of 6 Bank's properties having original cost of Rs. 4.09 crore (Previous year 7 properties costing Rs.4.81 crore).

#### 3. Capital

(Rupees. in crore)

Items		2009-10	2008-09
(i)	CRAR (%) (Basel-I)	11.74%	11.88 %
(ii)	CRAR - Tier I capital (%) (Basel-I)	6.89%	6.99 %
(iii)	CRAR - Tier II capital (%) (Basel-I)	4.85%	4.89 %
(iv)	CRAR (%) (Basel-II)*	13.10%	14.35 %
(v)	CRAR - Tier I capital (%) (Basel-II)	7.68%	8.44 %
(vi)	CRAR - Tier II capital (%) (Basel-II)	5.42%	5.91 %
(vii)	Percentage of the shareholding of the Government of India	100%	100%

(viii)	Amount raised by issue of IPDI	160.00	160.00
(ix)	Amount raised by issue of Upper Tier II Instruments	Nil	NIL
(x)	Amount of subordinated debt raised as Tier II capital	1110.00	735.00
(xi)	Out of which eligible for Tier II	1066.00	708.00

#### 4. Investments

(Rupees in crore)

Items		2009-10	2008-09
<b>Value of Investments</b>			
(1)	(i) Gross Value of Investments		
	(a) In India	17986.66	12656.43
	(b) Outside India	Nil	Nil
	(ii) Provisions for Depreciation (including provision for NPA)		
	(a) In India	99.82	29.00
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investments		
	(a) In India	17886.84	12627.43
	(b) Outside India	Nil	Nil
(2)	<b>Movement of provision held towards depreciation on Investments (Including provision for NPAs)</b>		
	(i) Opening balance	29.00	51.29
	(ii) Add: Provisions made during the year	74.21	3.30
	(iii) Less: Write-off/ write-back of excess provisions during the year	3.39	25.59
	(iv) <b>Closing balance</b>	<b>99.82</b>	<b>29.00</b>

#### 4.2 Repo / Reverse Repo Transactions

##### 4.2.1 Repo / Reverse Repo Transactions (Government Securities)

(Rupees in crore)

Particulars	Minimum Outstanding	Maximum Outstanding	Daily Average Outstanding	Balance as on 31.03.2010
Securities sold under Repos	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repos	196.00	1800.00	566.27	Nil

##### 4.2.2 Repo / Reverse Repo Transactions (Corporate Debt Securities)

(Rupees in crore)

Particulars	Minimum Outstanding	Maximum Outstanding	Daily Average Outstanding	Balance as on 31.03.2010
Securities sold under Repos	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repos	Nil	Nil	Nil	Nil

#### 4.3 Non-SLR Investments Portfolio: Issuer Composition as on 31.03.2010

(Rupees in crore)

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Un-rated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	PSUs	339.41	311.52	Nil	25.00	25.00
ii.	FIs	669.61	582.55	Nil	25.59	50.59
iii.	Banks	1116.20	1114.55	Nil	Nil	Nil
iv.	Private Corporate	302.68	253.37	Nil	1.03	1.03
v.	Subsidiaries/ Joint Ventures	0.65	0.65	Nil	Nil	0.65
vi.	Others	32.79	2.16	Nil	Nil	Nil
vii.	Provision held towards depreciation (including NPA)	26.71	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>2434.63</b>	<b>2265.00</b>	<b>Nil</b>	<b>51.62</b>	<b>77.27</b>

#### 4.4 Movement of Non Performing Non SLR Investments

(Rupees in crore)

Particulars	2009-10	2008-09
Opening balance	25.03	26.49
Additions during the year	Nil	0.16
Reductions during the year	Nil	1.62
Closing balance	25.03	25.03
<b>Total Provisions held</b>	<b>25.03</b>	<b>25.03</b>

#### 4.5 Derivatives

Bank has not entered into any derivative transactions (Forward Rate Agreement/ Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during the year 2009-10. Accordingly, qualitative and quantitative disclosure under RBI guidelines with respect to derivative transactions is not required.

#### 4.6 Restructured / Rescheduled / Renegotiated - Investments during the year

(Rupees in crore)

Particulars	2009-10	2008-09
Standard assets subjected to restructuring etc.	Nil	Nil
Sub-standard assets subjected to restructuring etc.	Nil	Nil
Doubtful assets subjected to restructuring etc.	Nil	Nil
<b>Total amount of assets subjected to restructuring etc.</b>	<b>Nil</b>	<b>Nil</b>

4.7 During the year, the Bank shifted securities worth Rs. 650 crore (face value) from "Available for Sale" to "Held till Maturity" and Rs. 45 crore (face value) from "Held for Trading" to "Available for Sale" after providing depreciation of Rs. 39.05 crore and Rs. 0.93 crore respectively. The Bank has not shifted any investments from "Held till Maturity" to "Available for Sale" during the year.

#### 5. Asset Quality

##### 5.1. Non-Performing Assets

(Rupees.in crore)

Items	2009-10	2008-09
(i) Net NPAs to Net Advances (%)	0.36	0.32
(ii) Provisioning Coverage Ratio (PCR) (%)	89.62	92.80

(iii)	<b>Movement of Gross NPAs</b>			
	(a)	Opening Balance	161.04	135.53
	(b)	Additions during the year	208.05	141.87
	(c)	Reductions during the year	162.94	116.36
	(d)	<b>Closing balance</b>	<b>206.15</b>	<b>161.04</b>

(iv)	<b>Movement of Net NPAs</b>			
	(a)	Opening Balance	78.03	66.97
	(b)	Additions during the year	142.11	77.35
	(c)	Reductions during the year	103.51	66.29
	(d)	<b>Closing balance</b>	<b>116.63</b>	<b>78.03</b>

(v)	<b>Movement of provisions for NPAs</b> (excluding provisions on standard assets)			
	(a)	Opening Balance	78.95	65.71
	(b)	Add: provisions made during the year	116.15	85.72
	(c)	Less: write off, write back of excess provisions	108.90	72.48
	(d)	<b>Closing balance</b>	<b>86.20</b>	<b>78.95</b>

5.2 DICGC / ECGC claim eligible, lodged and re-lodged have been considered as security for provisioning on advances on the basis that such claims are valid / realizable.

### 5.3 Details of Accounts Restructured

(Rs. in crore)

Item			Under CDR		SME		Others	
			2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
(i)	Standard advances restructured, rescheduled, renegotiated	No. of Borrowers	2	1	513	595	1582	2845
		Amount Outstanding	28.44	5.68	61.52	83.99	542.53	434.62
		Sacrifice (diminution in the fair value)	3.42	0.31	1.39	0.59	8.12	2.25
(ii)	Sub-standard advances restructured, rescheduled, renegotiated	No. of Borrowers	0	0	56	109	96	129
		Amount Outstanding	0.00	0	1.91	5.54	1.19	2.93
		Sacrifice (diminution in the fair value)	0.00	0	0.03	0.07	0.02	0.02
(iii)	Doubtful advances restructured, rescheduled, renegotiated	No. of Borrowers	0	0	45	2	23	1
		Amount Outstanding	0.00	0	0.26	0.12	0.28	0.01
		Sacrifice (diminution in the fair value)	0.00	0	0.01	0.00	0.01	0.00
(iv)	<b>Total Advances restructured, rescheduled, renegotiated (i) + (ii) + (iii)</b>	<b>No. of Borrowers</b>	<b>2</b>	<b>1</b>	<b>614</b>	<b>706</b>	<b>1701</b>	<b>2975</b>
		<b>Amount Outstanding</b>	<b>28.44</b>	<b>5.68</b>	<b>63.69</b>	<b>89.65</b>	<b>544</b>	<b>437.56</b>
		<b>Sacrifice (diminution in the fair value)</b>	<b>3.42</b>	<b>0.31</b>	<b>1.43</b>	<b>0.66</b>	<b>8.15</b>	<b>2.27</b>

5.4 **Details of Financial Assets sold to Securitization / Reconstruction Companies for Asset Reconstruction**

(Rupees in crore)

Item		2009-10	2008-09
(i)	Number of Accounts	3	1
(ii)	Aggregate Value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii)	Aggregate consideration	22.00	1.38
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	0.95	Nil
(v)	Aggregate gain/ loss over net book value	22.00	1.38

(\*) Aggregate consideration includes cash Rs.22.00 crore and Security Receipts Rs. Nil .

5.5 **Details of non-performing financial assets purchased / sold:**

**A. Details of non-performing financial assets purchased:**

(Rupees in crore)

Particulars			2009-10	2008-09
1.	(a)	No. of accounts purchased during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil
2.	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil

**B. Details of non-performing financial assets sold:**

(Rupees in crore)

Particulars		2009-10	2008-09
1.	No. of accounts sold	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil

5.6 **Provisions on Standard Assets**

(Rupees in crore)

Item	2009-10	2008-09
Provisions towards Standard Assets	127.43	121.69

5.7 In terms of the Agriculture Debt Waiver and Debt Relief Scheme 2008 framed by the Government of India, an amount of Rs.47.72 crore has been waived under the Debt Waiver Scheme and final claim has been lodged with RBI after verification by the Statutory Central Auditors, against which Bank has received Rs.31.23 crore. The Debt Relief Claim amounting to Rs.14.73 crore in respect of Agriculture Debt Relief has been settled till 31.03.2010. The said claims are subject to certification by Statutory Central Auditors.

5.8 In respect of Debt Relief Scheme, Bank has made a provision of Rs. 0.44 crore against loss in Present Value Terms on amount receivable from eligible farmers from the existing provisions held amounting to Rs. 0.68 crore and balance provision has been written back. Outstanding in these accounts has been considered as standard category as under the said scheme the last date for payment of 75% of the overdue portion by the other farmers are allowed to repay the amount in one or more installments upto 30.06.10 as per RBI guidelines.

6 **Business Ratios**

Items		2009-10	2008-09
(i)	Interest Income as a percentage to average working funds	8.10%	9.35 %
(ii)	Non-Interest Income as a percentage to average working funds	0.85%	1.17 %
(iii)	Operating Profit as a percentage to average working funds	1.81%	2.08 %
(iv)	Return on Assets	1.05%	1.24 %
(v)	Business [Deposits plus Advances] per employee (Rs. in crore)	9.63	6.56
(vi)	Profit per employee (Rs. in crore)	0.06	0.05

7. **Asset Liability Management**

**Maturity Pattern of Assets and Liabilities as on 31.03.2010:**

(Rupees in crore)

Maturity Pattern (Time Buckets)	Deposits	Loans & Advances	Investments	Borrowings	Foreign Currency	
					Liabilities	Assets
1 day	421.15	200.31	Nil	Nil	45.83	122.18
2 – 7 days	798.15	489.48	249.40	1598.92	2.68	118.35
8 – 14 days	1347.46	1508.39	440.74	Nil	5.73	14.14
15 - 28 days	3875.01	1827.33	424.72	Nil	33.78	60.31
29 days to 3 months	7571.19	7023.82	1085.58	522.45	24.47	125.49
Over 3 months & up to 6 months	8355.47	4309.31	192.12	34.60	63.19	177.71
Over 6 months & up to 1 year	13247.48	2269.71	53.16	0.08	118.27	Nil
Over 1 year & up to 3 years	5290.26	6218.54	826.25	120.00	47.57	Nil
Over 3 years & up to 5 years	1972.35	3627.61	2152.84	40.00	6.83	Nil
Over 5 years	6276.56	5178.05	12462.03	1385.00	Nil	Nil
<b>Total</b>	<b>49155.08</b>	<b>32652.55</b>	<b>17886.84</b>	<b>3701.05</b>	<b>348.35</b>	<b>618.18</b>

8. **Exposures:**

8.1 **Exposure to Real Estate Sector**

(Rupees in crore)

Category		31.03.2010	31.03.2009
1)	Direct Exposure		
(a)	Residential Mortgages		
i.	Lending fully secured by mortgages of residential property that is or will be occupied by the borrower or that is rented	1319.39	1180.84
ii.	Individual housing loans eligible for inclusion in priority sector advances	1059.97	931.22
(b)	Commercial Real Estate		

		Lending secured by mortgages of commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc) Exposure would also include non fund based (NFB) limits;	1978.93	1640.74
	(c)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures	Nil	Nil
	a.	Residential	Nil	Nil
	b.	Commercial Real Estate	Nil	Nil
2)	Indirect Exposure [Fund based and Non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)]		2372.33	1308.23
<b>Total Exposure to Real Estate Sector</b>			<b>6730.62</b>	<b>5061.03</b>

## 8.2 Exposure to Capital Market

(Rupees in crore)

Items		2009-10	2008-09
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	113.63	53.82
2.	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	0.08
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.01	0.18
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	Nil	0.01
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	9.27	3.49
6.	Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil.	Nil
7.	Bridge loans to companies against expected equity flows/ issues;	Nil	Nil
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil.
9.	Financing to stockbrokers for margin trading;	Nil	Nil
10.	All exposures to Venture Capital Funds (both registered and unregistered)	0.88	1.22
<b>Total Exposure to Capital Market</b>		<b>123.79</b>	<b>58.80</b>

### 8.3 Risk Category wise Country Exposure

The net country-wise funded exposure of the Bank in respect of Foreign Exchange Transactions in respect of each country is within 1% of the total assets of the Bank. Hence no provision is required as per RBI guidelines.

### 8.4 Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank

During the year 2009-10, the Bank has not exceeded the prudential exposure limits set by RBI to single borrower/ group borrower, except in the following case, which has been approved by the Board:

(Rupees in crore)

S. No.	Name of the Borrower	Maximum Limit during the year	Exposure (%) as on	Limit / Liability as on 31.03.10	Exposure (%)
1.	FCI	685.00	22.01.2010	687.95	20.08

### 8.5 Unsecured Advances against Intangible Collaterals

(Rs. in crore)

Particulars	As on 31.03.2010
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	Nil
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	Nil

### 9.1 Disclosure of Penalties imposed by Reserve Bank of India

	2009-10	2008-09
A. Penalty imposed by RBI on Bank during the year	Nil	Nil
B. Strictures or Directions by RBI on the basis of adverse findings	Nil	Nil

### 9.2 Disclosure of Fees/ Remuneration Received in respect of Bancassurance Business

(Rs. in crore)

	2009-10	2008-09
A. Fee/ Remuneration from Life Insurance Business	17.23	15.70
B. Fee/ Remuneration from General Insurance Business	2.38	2.16
C. UTI Mutual Fund Business	0.095	0.152

10 Compliance with Accounting Standards:

<b>10.1 Cash Flow Statement for the year ended 31<sup>st</sup> March, 2010</b>		
	(000's omitted)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2009-10</b>	<b>2008-09</b>
Net Profit/ (Loss) as per Profit & Loss Account	5088017	4311781
Adjustments for:		
Provisions & Contingencies	3687634	2905356
Depreciation (Net)	120500	106315
Profit on sale of assets	-788	-716
Interest on Bonds, PCPS and IPDI	1262701	531111
<b>Operating Profit before working capital changes</b>	<b>10158064</b>	<b>7853847</b>
Adjustments for:		
Increase / (Decrease) in Deposits	144794309	98442463
Increase / (Decrease) in Borrowings	-2804246	-4652416
Increase / (Decrease) in Other Liabilities	2437579	2543571
(Increase) / Decrease in Investments	-53702070	-41520092
(Increase) / Decrease in Advances	-81160038	-63375041
(Increase) / Decrease in Other Assets	-2775478	-3090613
<b>Cash Flow from Operating Activities (A)</b>	<b>16948120</b>	<b>-3798281</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in Fixed Assets	-138280	-215810
Profit on sale of assets	788	716
<b>Cash Flow from Investing Activities (B)</b>	<b>-137492</b>	<b>-215094</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Subordinated Bonds	3750000	4000000
Redemption of Subordinated Bonds	0	-450000
Interest on Bonds, PCPS and IPDI	-1262701	-531111
Dividend on PNCPS	-127397	0
Dividend Distribution Tax	-21651	0
<b>Cash Flow from Financing Activities (C)</b>	<b>2338251</b>	<b>3018889</b>
Cash from Operating Activities	16948120	-3798281
Cash from Investing Activities	-137492	-215094
Cash from Financing Activities	2338251	3018889
<b>Increase in Cash &amp; Cash Equivalents</b>	<b>19148879</b>	<b>-994486</b>
Cash and Cash equivalents at the beginning of the year	28404387	29398873
Cash and Cash equivalents at the end of the year	47553266	28404387

10.2 There are no material prior period items included in Profit & Loss Account required to be disclosed as per AS-5 read with RBI guidelines except those disclosed elsewhere in the notes.

### 10.3 Accounting Standard 15 - Employees Benefit

10.3.1 Provisions for pension, gratuity, leave encashment and other long term benefits have been made in accordance with the Revised Accounting Standard (AS - 15) issued by the ICAI. In respect of pension funds and sick leave, transitional liability was computed at Rs.408.35 crore and Rs. 24.79 crore as on 01.04.2007 as per actuarial valuation which is to be written off over a period of five years w.e.f. financial year 2007-08 in terms of Revised Accounting Standard (AS - 15). The amount of unrecognized transitional liability on account of pension fund and sick leave is Rs. 163.34 crore and Rs. 9.92 crore respectively.

The summarized position of post employment benefits are recognized in the Profit & Loss A/c and Balance Sheet as under:

#### 10.3.2 Changes in the present value of the obligation

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Present Value of defined benefit obligation as at 1 <sup>st</sup> April	1080.27	1037.63	298.02	272.96	148.19	130.89
Interest cost	86.53	85.60	23.76	22.51	11.86	10.80
Current service cost	24.29	23.33	12.27	10.44	19.58	5.41
Less:						
Benefits paid	(62.88)	(35.59)	(20.09)	(14.87)	(8.92)	(6.45)
Actuarial loss/ (gain) on obligations	(2.62)	(30.70)	(30.41)	6.98	(28.30)	7.54
Present value of defined Benefit obligation at 31 <sup>st</sup> March	1125.59	1080.27	283.55	298.02	142.41	148.19

#### 10.3.3 Changes in the Fair Value of Plan Assets

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fair value of Plan Assets as at 1 <sup>st</sup> April	808.66	690.55	292.59	268.18	145.60	127.50
Expected return of Plan Assets	69.10	58.70	24.10	22.80	12.49	11.48
Employer contribution	120.60	93.06	19.05	17.53	11.65	12.87
Less:						
Benefit paid	(62.88)	(35.59)	(20.09)	(14.87)	(8.92)	(6.45)
Actuarial loss/ (gain)	(1.35)	(1.94)	(0.20)	1.05	(2.84)	(0.20)
Fair value of Plan Assets as at 31 <sup>st</sup> March	936.83	808.66	315.85	292.59	163.66	145.60
Actual return on Plan Assets	70.45	60.64	24.30	21.75	15.33	11.68

#### 10.3.4 Net Actuarial Loss/ (Gain)

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Actuarial loss/(gain) on Obligation. (A)	(2.62)	(30.70)	(30.41)	6.98	(28.30)	7.54
Actuarial loss/(gain) on Plan Assets. (B)	(1.35)	(1.94)	(0.20)	1.05	(2.84)	(0.20)
Net Actuarial loss/(gain)	(3.97)	(32.64)	(30.61)	8.03	(31.14)	7.34
Actuarial loss/(gain) recognized in the period	(3.97)	(32.64)	(30.61)	8.03	(31.14)	7.34
Unrecognized actuarial loss/ (Gain) at the end of the year	Nil	Nil	Nil	Nil	Nil	Nil

#### 10.3.5 Amount recognized in the Balance Sheet

( Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Present value of defined benefit obligation as at 31 <sup>st</sup> March	1125.59	1080.27	283.55	298.02	142.41	148.19
Less: Fair value of Plan Assets as at 31 <sup>st</sup> March	936.83	808.66	315.85	292.59	163.66	145.60
Unfunded net Asset / (Liability) Recognized in the balance sheet	(188.76)	(271.61)	32.30	(5.43)	21.25	(2.59)

#### 10.3.6 Expenses recognized in the Profit & Loss Account

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Current service cost	24.29	23.33	12.27	10.44	19.58	5.41
Interest cost	86.53	85.60	23.76	22.51	11.86	10.80
Expected return on plan assets	(69.10)	(58.70)	(24.10)	(22.80)	(12.49)	(11.48)
Net Actuarial (gain)/ loss recognized during the year	(3.97)	(32.64)	(30.61)	8.03	(31.14)	7.34
Net benefit expense	37.75	17.59	(18.68)	18.18	(12.19)	12.07

#### 10.3.7 Movements in the liability recognized in the Balance Sheet

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Opening net liability	271.61	347.08	5.43	4.78	2.59	3.39
Net benefit expense	37.75	17.59	(18.68)	18.18	(12.19)	12.07
Less: Contribution paid	120.60	93.06	19.05	17.53	11.65	12.87
Closing liability	188.76	271.61	(32.30)	5.43	(21.25)	2.59

### 10.3.8 Investment percentage maintained by the trust

(in %age)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Central Government Securities	34.00	32.05	33.07	30.26	Nil	Nil
State Government Securities	18.44	19.15	16.62	18.17	Nil	Nil
High quality corporate bonds	41.90	43.31	40.95	42.42	100.00	83.22
Special Deposit Scheme	4.81	5.49	8.85	9.15	Nil	Nil
Other investments	0.85	Nil	0.51	Nil	Nil	16.78

### 10.3.9 Principal Actuarial assumption at the Balance Sheet date

(expressed as weighted average)

(in %age)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Discount rate	8.25	8.25	8.25	8.25	8.25	8.25
Expected rate of return on plan assets	8.50	8.50	8.50	8.50	8.50	8.50
Rate of escalation in salary	5.00	5.25	5.00	5.25	5.00	5.25
Attrition rate	0.50	0.15	0.50	0.15	0.50	0.15
Method used	PUC	PUC	PUC	PUC	PUC	PUC

### 10.3.10 Basis of Actuarial Assumption considered

Particulars	Basis of assumption
Discount rate	Discount rate has been determined by reference to market yield on the balance sheet date on Government Bonds of term consistent with estimated term of the obligation.
Expected rate of return on plan assets	The expected return on Plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.
Rate of escalation in salary	The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion, and other relevant factor, such as supply and demand in employee market.
Attrition rate	Attrition rate has been determined by reference to past and expected future experience and includes all type of withdrawals other than death but including those due to disability.

### 10.3.11 Other long term employee benefit (Unfunded)

(Rs. in crore)

Particulars	LTC/LFC Encashment *	Silver jubilee Bonus	Sick leave Including Casual leave	Medical Benefits *	Retirement Gifts
Present Value of Obligation	8.01	0.27	18.34	0.46	0.74
Transitional Liability	Nil	Nil	9.92	Nil	Nil
Transitional Liability recognized during the year	8.01	0.27	4.96	0.46	0.74
Unrecognized transitional liability	Nil	Nil	9.92	Nil	Nil
Liability recognized in the Balance Sheet	8.01	0.27	4.96	0.46	0.74

\* As assessed by the management

10.3.12 "Payment to and provision for Employee" under Schedule-16 includes an ad-hoc provision of Rs.45.00 crore towards wage revision pending settlement since November, 2007 (previous year Rs. 55.00 crore)

## 10.4 Accounting Standard 17 – Segment Reporting

(Rs. in crore)

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Particulars	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Revenue	1204.14	806.72	2292.55	1935.91	837.98	900.91	11.32	11.32	4345.99	3654.86
Result	164.67	100.14	735.65	621.49	268.90	289.22	11.32	11.32	1180.54	1022.17
Unallocated expenses									302.97	300.45
Operating Profit									877.57	721.72
Provisions & Contingencies									211.10	82.88
Income Tax									157.66	207.66
Extra Ordinary Profit/ Loss		0.00		0.00		0.00		0.00	0.00	0.00
Net Profit									508.81	431.18
<b>Other Information:</b>										
Segment Assets	18152.91	12841.23	27951.28	19231.29	10216.91	8949.62	0.00	0.00	56321.10	41022.14
Unallocated Assets									343.78	341.65
Total Assets									56664.88	41363.79
Segment Liabilities	17350.24	12238.63	26715.35	18328.82	9765.14	8529.64	0.00	0.00	53830.73	39097.09
Unallocated Liabilities									218.54	126.36
Total Liabilities									54049.27	39223.45

Note: For the purpose of segment reporting in terms of AS-17 of ICAI and as prescribed in RBI guidelines, the business of the Bank has been classified into four segments i.e. a) Treasury Operations, b) Corporate/Wholesale Banking, c) Retail Banking and d) Other Banking Operations.

Since the Bank does not have any Overseas branch, reporting under Geographic Segment is not applicable.

Segmental Revenue, Results, Assets & Liabilities in respect of Corporate / Wholesale and Retail Banking segment have been bifurcated on the basis of exposure to these segments.

Assets & Liabilities wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of pro-rata segment revenue.

## 10.5 Accounting Standards 18 – Related Party Disclosures

### Key Managerial Personnel:

- i. Sardar R. P. Singh, Chairman & Managing Director ( up to 25.08.2009 )
- ii. Sardar G.S. Vedi, Chairman & Managing Director ( from 26.08.2009 )
- iii. Sardar G.S. Vedi, Executive Director ( up to 25.08.2009 )
- iv. Shri P.K.Anand, Executive Director ( from 07.12.2009 )

### a). Remuneration paid to Key Managerial Personnel:

- i. Sardar R. P. Singh, Chairman & Managing Director Rs.19.46 lacs
- ii. Sardar G.S. Vedi, Chairman & Managing Director Rs. 8.85 lacs
- iii. Sardar G.S. Vedi, Executive Director Rs. 8.45 lacs
- iv. Shri P.K.Anand, Executive Director Rs. 3.44 lacs

- v. Sardar G.S. Matta, Ex. Executive Director Rs. 5.25 lacs
- b) Loans granted to Key Managerial Personnel & their relatives:  
Loans outstanding as on 31.03.2010 Nil
- c) Associate Entity  
Satluj Gramin Bank / RRB - Total Exposures Rs. 5.56 crore (Advances against FDRs)

## 10.6 Accounting Standard 22 – Accounting for Taxes on Income

10.6.1 The Bank has accounted for Income Tax in compliance with Accounting Standard-22 'Accounting for taxes on Income' issued by ICAI.

10.6.2 Major components of deferred tax assets/liabilities are as under:

(Rupees in crore)

Head		Deferred Tax Assets		Deferred Tax Liabilities	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
1	Depreciation on Fixed Assets		Nil	2.69	2.81
2	Interest accrued but not due on securities		Nil	88.86	70.89
3	Provision for wage revision	33.99	18.69		Nil
4	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961		Nil	Nil	3.26
<b>Total</b>		<b>33.99</b>	<b>18.69</b>	<b>91.55</b>	<b>76.96</b>

The Deferred Tax Liability on account of Special Reserve created and maintained u/s 36 (i) (viii) has not been considered necessary in view of the management's irrevocable decisions not to withdraw from the Special Reserve.

10.6.3 Based on the opinion of legal expert, the bank has considered the difference between accounting income and computation of taxable income on valuation of securities as permanent difference and accordingly, deferred tax liability of Rs. 171.59 crore (Previous Year Rs. 101.43 crore) has not been considered necessary.

10.6.4 Provision for Income Tax, Deferred Tax and Fringe Benefit Tax held by the Bank is considered adequate taking into account the opinion of legal experts and favorable judicial pronouncements.

10.6.5 No provision has been considered necessary in respect of disputed demands of Income Tax, Fringed Benefit Tax and Interest Tax aggregating to Rs. 177.22 crore (Previous year Rs185.11 crore) in view of decisions of appellate authorities / judicial pronouncements / opinions of legal experts. However the entire demand is covered against the refund that is likely to accrue.

## 10.7 Accounting Standard 28 - Impairment of Assets

Fixed Assets possessed by Bank are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by AS-28. In the opinion of the Management, there is no impairment of the 'Fixed Assets' of material amount as of 31.03.2010, requiring recognition in terms of AS-28 issued by the ICAI.

## 10.8 Accounting Standard 29 - Provisions, Contingent Liability and Contingent Assets

As per AS-29- Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the Bank recognizes no provision for -

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or
- b) Any present obligation from the past events but is not recognized because
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## 11.1 Additional disclosures:

(Rupees in crore)

<b>Break up of 'Provisions &amp; Contingencies' shown under the head Expenditure in Profit &amp; Loss Account</b>	<b>2009-10</b>	<b>2008-09</b>
Provision for Non Performing Advances	91.92	64.46
Provision for Non Performing Investments	0.00	-1.63
Provision for Depreciation in the value of Investments	110.80	-0.16
Provision for Standard Asset	5.74	11.95
Provision for Income Tax	159.94	92.56
Provision for Deferred Tax	-0.70	55.45
Provision for Fringe Benefit Tax	0.00	1.53
MAT Credit Entitlement	-1.74	58.03
Others	2.80	8.34
<b>Total</b>	<b>368.76</b>	<b>290.53</b>

## 11.2 Movement of Floating Provisions

(Rupees. in crore)

	<b>2009-10</b>	<b>2008-09</b>
Opening Balance	Nil	Nil
Additions during the year	Nil	Nil
Draw down during the year	Nil	Nil
Closing Balance	Nil	Nil

## 11.3 Draw down from Reserve

A sum of Rs 3.32 lacs (previous year Rs. 1.76 lacs )has been drawn from the General Reserve on account of payment to the claimant of old entries.

11.4 **Customer's Complaints:**

		2009-10	2008-09
a)	No. of Complaints pending at the beginning of the year	12	40
b)	No. of Complaints received during the year	555	483
c)	No. of Complaints redressed during the year	549	511
d)	No. of Complaints pending at the end of the year	18	12

11.5 **Awards Passed by the Banking Ombudsman:**

		2009-10	2008-09
a)	No. of unimplemented Awards at the beginning of the year	1	1
b)	No. of Awards passed by Banking Ombudsman during the year	19	16
c)	No. of Awards implemented during the year	19	16
d)	No. of unimplemented Awards pending at the end of the year	1	1

11.6 **Concentration of Deposits, Advances, Exposures and NPAs**

11.6.1 **Concentration of Deposits**

(Rupees. in crore)

	31.03.2010
Total Deposits of twenty largest depositors	11,411.45
Percentage of Deposits of twenty largest depositors to Total Deposits	23.21%

11.6.2 **Concentration of Advances**

(Rupees. in crore)

	31.03.2010
Total Advances to twenty largest borrowers	8155.91
Percentage of Advances to twenty largest borrowers to Total Advances	24.91%

11.6.3 **Concentration of Exposures**

(Rupees. in crore)

	31.03.2010
Total Exposure to twenty largest borrowers/ customers	8392.85
Percentage of Exposure to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	24.84%

11.6.4 **Concentration of NPAs**

(Rupees. in crore)

	31.03.2010
Total Exposure to top four NPA Accounts	59.08

11.7 **Sector-wise NPAs**

S. No.	Sector	Percentage of NPAs to Total Advances in that sector as on 31.03.2010
1.	Agricultural & allied activities	0.73
2.	Industry (Micro & Small, Medium and Large)	1.69
3.	Services	0.57
4.	Personal Loans	1.04

11.8 **Movement of NPAs**

(Rupees. in crore)

<b>Particulars</b>	<b>31.03.2010</b>
Gross NPAs as on 1 <sup>st</sup> April (Opening Balance)	161.04
Additions (Fresh NPAs) during the year	208.05
<b>Sub-total (A)</b>	<b>369.09</b>
Less: (i) Up-gradations	<b>33.87</b>
(ii) Recoveries (excluding recoveries made from up-graded accounts)	<b>128.78</b>
(iii) Write-offs	<b>0.29</b>
<b>Sub-total (B)</b>	<b>162.94</b>
<b>Gross NPAs as on 31<sup>st</sup> March (closing balance) (A-B)</b>	<b>206.15</b>

11.9 **Overseas Assets, NPAs and Revenue**

(Rupees. in crore)

<b>Particulars</b>	<b>31.03.2010</b>
Total Assets	196.60
Total NPAs	0.19
Total Revenue	1.26

11.10 **Off-Balance Sheet SPVs sponsored**

(Rupees. in crore)

<b>Name of the SPV sponsored</b>	
<b>Domestic</b>	<b>Overseas</b>
<b>Nil</b>	<b>Nil</b>

12. The figures of the previous year have been re-grouped / re-arranged wherever necessary except where information was not available.
13. Bank has represented to Govt. of India for exemption from payment of dividend. Pending receipt of approval from Govt. of India, no provision has been made for dividend on Equity Shares.

