

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 28.02.2011 and reconciliation is in progress.
- 1.3 Reconciliation of accounts with banks, NOSTRO, Drafts / TT payable, Dividend Warrants paid / payable, Debit Note Receivable/ Payable, NEFT/RTGS (Suspense) etc. is in progress. Provisions have been made as per RBI norms.

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 30.09.2010 and remaining outstanding as on 31.03.2011 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 the period exceeding six months.
- 1.5 Aggregate net credit position in respect of un-reconciled NOSTRO Accounts relating to the period up to 31st March 1996 amounting to Rs 3.22 crore (previous year Rs 3.20 crore) has been transferred to Blocked Nostro Sundry Creditors Account 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 1st April 1996 remaining outstanding for more than 3 years amounting to Rs 2.89 crore (previous year Rs. 2.63 crore) have been segregated and kept in Blocked Unclaimed Nostro New Account.
- 2 Legal formalities are yet to be completed in respect of five Bank's properties having original cost of Rs.3.88 crore (Previous year 6 properties costing Rs.4.09 crore).

2.2 **Revaluation of properties**

During the year, Bank has revalued its premises on 31.03.2011 at Rs. 782.33 crore against cost of Rs. 29.29 crore (WDV of Rs. 15.73 crore) on the basis of valuation made by an independent qualified external valuer. Consequently, an incremental amount of Rs. 766.60 crore has been debited to Fixed Assets and correspondingly credited to Revaluation Reserve. The appreciation on account of Revaluation carried out on 31.03.2008 (present outstanding amounting to Rs. 537.52 crore) has been reversed during the year.

3. **Capital**

During the current Year, Bank has come out with an Initial Public Offering of 4 crore Equity Shares of Rs.10 /- each at a price of Rs.120/- per share for Non-Institutional & QIB bidders & Rs.114/- per share for retail individual bidders & eligible employees. Accordingly, the Equity Share Capital of the Bank has increased by Rs.40 crore to Rs.223.05 crore and Share Premium has been credited by Rs.430.82 crore. The Public Issue expenses of Rs.9.18 crore have been adjusted against the Share Premium received in accordance with the Accounting Policy of the Bank.

(Rupees. in crore)

Items		2010-11	2009-10
(i)	CRAR (%) (Basel-I)	11.94%	11.74%
(ii)	CRAR - Tier I capital (%) (Basel-I)	7.70%	6.89%
(iii)	CRAR - Tier II capital (%) (Basel-I)	4.24%	4.85%
(iv)	CRAR (%) (Basel-II)	12.94%	13.10%
(v)	CRAR - Tier I capital (%) (Basel-II)	8.35%	7.68%
(vi)	CRAR - Tier II capital (%) (Basel-II)	4.59%	5.42%
(vii)	Percentage of the shareholding of the Government of India	82.07%	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	1110.00
(xi)	Out of which eligible for Tier II	1049.00	1066.00

4. Investments

(Rupees in crore)

Items		2010-11	2009-10
Value of Investments			
(1)	(i)	Gross Value of Investments	
	(a)	In India	18701.28
	(b)	Outside India	Nil
	(ii)	Provisions for Depreciation (including provision for NPA)	
	(a)	In India	57.62
	(b)	Outside India	Nil
	(iii)	Net Value of Investments	
	(a)	In India	18643.66
	(b)	Outside India	Nil
(2)	Movement of provision held towards depreciation on Investments (Including provision for NPAs)		
	(i)	Opening balance	99.82
	(ii)	Add: Provisions made during the year	34.49
	(iii)	Less: Write-off/ write-back of excess provisions during the year	76.69
	(iv)	Closing balance	57.62

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 31.03.2011
Securities sold under Repos	500.00	1300.00	688.51	Nil
Securities purchased under Reverse Repos	300.00	1100.00	500.00	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 31.03.2011
Securities sold under Repos	Nil	Nil	Nil	Nil
Securities purchased under Reverse Repos	Nil	Nil	Nil	Nil

4.3 Detail of bouncing of SGL Transfer Forms and Quantum of Penalty paid to Reserve Bank of India :

	2010-11
i. Number of instances when the SGL transfer form bounced for want of either funds or the securities.	NIL
ii. Penalty paid to RBI on account of bouncing of SGL transfer form	NIL

4.4 Non-SLR Investments Portfolio: Issuer Composition as on 31.03.2011

(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	356.93	323.55	NIL	15.00	15.00
ii.	FIs	775.27	720.27	NIL	NIL	50.59
iii.	Banks	786.06	127.03	NIL	NIL	NIL
iv.	Private Corporate	461.47	418.58	NIL	1.03	1.03
v.	Subsidiaries/ Joint Ventures	0.65	0.65	NIL	N.A.	N.A.
vi.	Others	24.87	0.13	NIL	N.A.	N.A.
vii.	Provision held towards depreciation (including NPA)	34.71				
	Total	2370.54		NIL		

4.5 Movement of Non Performing Non SLR Investments

(Rupees in crore)

Particulars	2010-11	2009-10
Opening balance	25.03	25.03
Additions during the year	Nil	Nil
Reductions during the year	Nil	Nil
Closing balance	25.03	25.03
Total Provisions held	25.03	25.03

4.6 Derivatives

Bank has not entered into any derivative transactions (Forward Rate Agreement/ Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during the year 2010-11. Accordingly, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

4.7 Restructured / Rescheduled / Renegotiated - Investments during the year

(Rupees in crore)

Particulars	2010-11	2009-10
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
Total amount of assets subjected to restructuring etc.	Nil	Nil

4.8 During the year, the Bank shifted securities worth Rs. 1326.71 crore (face value) from “Available for Sale” to “Held till Maturity” and Rs. 365.00 crore (face value) from “Held Till Maturity” to “Available for Sale” after providing depreciation of Rs. 71.67 crore to the provisions already held by the Bank.

4.9 The value of sales from HTM category during the year does not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

5. Asset Quality

5.1. Non-Performing Assets

(Rupees.in crore)

Items		2010-11	2009-10
(i)	Net NPAs to Net Advances (%)	0.56	0.36
(ii)	Provisioning Coverage Ratio (PCR) (%)	81.82	89.62
(iii)	Movement of Gross NPAs		
	(a) Opening Balance	206.15	161.04
	(b) Additions during the year	383.45	208.05
	(c) Reductions during the year	165.32	162.94
	(d) Closing balance	424.28	206.15
(iv)	Movement of Net NPAs		
	(a) Opening Balance	116.63	78.03
	(b) Additions during the year	248.49	142.11
	(c) Reductions during the year	127.18	103.51
	(d) Closing balance	237.94	116.63
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening Balance	86.20	78.95
	(b) Add: provisions made during the year	179.54	116.15
	(c) Less: write off, write back of excess provisions	83.00	108.90
	(d) Closing balance	182.74	86.20

5.2 DICGC / CGTMSE/ 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	
			2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
(i)	Standard advances restructured, rescheduled, renegotiated	No. of Borrowers	3	2	273	513	627	1582
		Amount Outstanding	82.19	28.44	264.46	61.52	890.52	542.53
		Sacrifice (diminution in the fair value)	4.15	3.42	2.57	1.39	5.31	8.12
(ii)	Sub-standard advances restructured, rescheduled, renegotiated	No. of Borrowers	0	0	0	56	0	96
		Amount Outstanding	0.00	0.00	0.00	1.91	0.00	1.19
		Sacrifice (diminution in the fair value)	0.00	0.00	0.00	0.03	0.00	0.02
(iii)	Doubtful advances restructured, rescheduled, renegotiated	No. of Borrowers	0	0	0	45	0	23
		Amount Outstanding	0.00	0.00	0.00	0.26	0.00	0.28
		Sacrifice (diminution in the fair value)	0.00	0.00	0.00	0.01	0.00	0.01
(iv)	Total Advances restructured, rescheduled, renegotiated (i) +(ii) +(iii)	No. of Borrowers	3	2	273	614	627	1701
		Amount Outstanding	82.19	28.44	264.46	63.69	890.52	544
		Sacrifice (diminution in the fair value)	4.15	3.42	2.57	1.43	5.31	8.15

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

(Rupees in crore)

Item		2010-11	2009-10
(i)	Number of Accounts	Nil	3
(ii)	Aggregate Value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii)	Aggregate consideration	Nil	22.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	0.95
(v)	Aggregate gain/ loss over net book value	Nil	22.00

(*) Aggregate consideration includes cash Rs. _____ 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			2010-11	2009-10
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		2010-11	2009-10
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	2010-11	2009-10
Provisions towards Standard Assets	176.73	127.43

- 5.7 The Government of India has Notified Agricultural Debt Waiver and Debt Relief Scheme – 2008 for grant of Debt Waiver to “ Small & Marginal Farmers” and Debt Relief to “ Other farmers” who have availed direct Agricultural loans. Final claims in respect of Agriculture Debt Waiver scheme amounting to Rs.47.72 Crores and the claims amounting to Rs.14.13 Crores in respect of accounts settled under Agricultural Debt Relief Scheme till 31.12.2009 have been lodged with Reserve Bank of India after due verification by the Central Statutory Auditors of the Bank. The said claim have been received by the Bank.

The claims amounting to Rs. 2.33 crore in respect of accounts settled under Agriculture Debt Relief Scheme during the period from 1.1.2010 to 30.6.2010 has been lodged with Reserve Bank of India after due verification by the Central Statutory Auditors of the Bank.

6 Business Ratios

Items		2010-11	2009-10
(i)	Interest Income as a percentage to average working funds	8.40%	8.13%
(ii)	Non-Interest Income as a percentage to average working funds	0.74%	0.85%
(iii)	Operating Profit as a percentage to average working funds	1.73%	1.81%
(iv)	Return on Assets	0.90%	1.05%
(v)	Business [Deposits plus Advances] per employee (Rs. in crore)	11.90	9.63
(vi)	Profit per employee (Rs. in crore)	0.06	0.06

7. Asset Liability Management

Maturity Pattern of Assets and Liabilities as on 31.03.2011:

(Rupees in crore)

Maturity Pattern (Time Buckets)	Deposits	Loans & Advances	Investments	Borrowings	Foreign Currency	
					Liabilities	Assets
1 day	501.64	754.99	0.00	0.00	59.02	164.73
2 – 7 days	2127.03	1781.64	0.00	1198.93	3.39	93.73
8 – 14 days	2185.59	2466.43	81.63	0.00	6.66	20.24
15 - 28 days	2627.79	4259.79	211.37	0.00	14.17	56.12
29 days to 3 months	8041.09	7803.90	1707.45	45.00	25.65	110.00
Over 3 months & up to 6 months	8232.89	2676.83	73.36	66.89	107.99	290.24
Over 6 months & up to 1 year	16886.58	2587.12	201.14	0.00	123.40	0.00
Over 1 year & up to 3 years	9673.74	9810.40	986.50	150.07	64.06	0.00
Over 3 years & up to 5 years	3191.81	4630.83	2355.46	40.00	7.06	0.00
Over 5 years	6255.03	5865.91	13026.75	1385.00	0.00	0.00
Total	59723.19	42637.84	18643.66	2885.89	411.40	753.06

8. **Exposures:**

8.1 **Exposure to Real Estate Sector**

(Rupees in crore)

Category		31.03.2011	31.03.2010
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 OUT OF WHICH:	1580.38	1319.39
	ii. Individual housing loans eligible for inclusion in priority sector advances	1292.27	1059.97
	(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;	2067.74	1978.93
	(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)]	2811.67	2372.33
Total Exposure to Real Estate Sector		6459.79	5670.65

8.2 **Exposure to Capital Market**

(Rupees in crore)

Items		2010-11	2009-10
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;	114.21	113.63
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;	0.13	Nil
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	0.01
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	Nil
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	29.27	9.27

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)	1.50	0.88
Total Exposure to Capital Market		145.12	123.79

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 2010-11, 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 31.03.11	Exposure (%)
1.	FCI	685.00	17.56% 19.04.2010	431.21	11.05%
2.	LIC Housing Finance Ltd.	775.83	19.89% 10.08.2010	731.50	18.75%
3.	Power Finance Corp. Ltd.	966.04	24.77% 26.08.2010	900.00	23.07%
4.	Rural Electrification Corp.	768.15	19.69% 26.08.2010	435.00	11.15%
5.	Tata Group	1878.06	42.96% 04.02.2011	1444.48	33.04%

8.5 Unsecured Advances against Intangible Collaterals

(Rs. in crore)

Particulars	As on 31.03.2011	As on 31.03.2010
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	139.06	Nil
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	139.06	Nil

9.1 Disclosure of Penalties imposed by Reserve Bank of India

	2010-11	2009-10
A. Penalty imposed by RBI on Bank	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)

	2010-11	2009-10
A. Fee/ Remuneration from Life Insurance Business	16.06	17.23
B. Fee/ Remuneration from General Insurance Business	1.95	2.38
C. UTI Mutual Fund Business	NIL	0.095

10 Disclosure as per Accounting Standard (AS)

10.1 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.

10.2 Accounting Standard 15 - Employees Benefit

10.2.1 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. A sum of Rs. 86.63 crore representing one fifth of transitional liability on account of other long term employee benefits i.e. Pension Fund and accumulated compensating sick leave has been charged to Profit & Loss A/c during the year. The balance unrecognized liability amounting to Rs. 86.63 crore will be charged off by 31st March, 2012.

10.2.2 "During the year, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result of exercise of which by 3821 number of employees has opted the same and the bank has incurred an additional liability of Rs. 811.78 crore as calculated by the Actuary. Further, during the year, the limit of gratuity payable to the employees of the banks was also enhanced to Rs. 10.00 lacs from Rs. 3.5 lacs pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result of the such amendment gratuity liability of the Bank has increased by Rs. 139.81 crore.

In terms of the requirements of the Accounting Standard (AS) 15, Employee Benefits, the full amount of Rs. 951.59 crore (ie. Rs.811.78 + Rs. 139.81) is required to be charged to the Profit and Loss Account. However, the Reserve Bank of India has issued a circular no. DBOD.BP.BC.80/21.04.018/2010-11) dated 9th February 2011 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment. In accordance with the provisions of the said Circular, the Bank would amortize the amount of Rs. 951.59 crore over a period of five years. Accordingly, Rs. 190.32 crore (representing one-fifth of Rs. 951.59 crore) has been charged to the Profit and Loss Account on account of additional liability for re-opening of pension option and amendment of the Gratuity Act, 1972 in terms of the requirements of the aforesaid RBI circular and the unamortized balance amounting to Rs. 761.27 crore (Rs. 951.59 crore – Rs. 190.32 crore) has been deferred which will be amortized over the period of next four years. The aforesaid amount does not include any amount relating to separated/ retired employees.

Had such a circular not been issued by the RBI, the profit of the bank would have been lower by Rs. 761.27 crore pursuant to application of the requirements of AS 15 & AS 26”

10.2.3 The Employees joining on or after 01.04.2010, are being covered under the New Pension Scheme.

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

10.2.5 Changes in the present value of the obligation (Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Present Value of defined benefit obligation as at 1 st April	1125.59	1080.27	283.55	298.02	142.41	148.19
Interest cost	88.51	86.53	21.64	23.76	11.06	11.86
Current service cost	261.19	24.29	68.28	12.27	19.17	19.58
Less:						
Benefits paid	(105.53)	(62.88)	(42.43)	(20.09)	(16.61)	(8.92)
Actuarial loss/ (gain) on obligations	980.47	(2.62)	122.96	(30.41)	24.46	(28.30)
Present value of defined Benefit obligation at 31 st March	2350.23	1125.59	454.00	283.55	180.49	142.41

10.2.6 Changes in the Present Value of Plan Assets (Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Fair value of Plan Assets as at 1 st April	936.83	808.66	315.85	292.59	163.66	145.60
Expected return of Plan Assets	97.88	69.10	25.80	24.10	12.90	12.49
Employer contribution	535.03	120.60	18.34	19.05	1.90	11.65
Less:						
Benefit paid	(105.53)	(62.88)	(42.43)	(20.09)	(16.61)	(8.92)
Actuarial (loss)/ gain	(7.37)	1.35	0.74	0.20	1.53	2.84
Fair value of Plan Assets as at 31 st March	1456.84	936.83	317.56	315.85	163.38	163.66
Actual return on Plan Assets	90.51	70.45	25.80	24.30	14.43	15.33

10.2.7 Net Actuarial Loss/ (Gain) (Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Actuarial loss/(gain) on Obligation. (A)	980.47	(2.62)	122.96	(30.41)	24.66	(28.30)
Actuarial loss/(gain) on Plan Assets. (B)	7.37	(1.35)	(0.74)	(0.20)	(1.53)	(2.84)
Net Actuarial loss/(gain)	987.84	(3.97)	122.22	(30.61)	22.93	(31.14)
Actuarial loss/(gain) recognized in the period	987.84	(3.97)	122.22	(30.61)	22.93	(31.14)
Unrecognized actuarial loss/ (Gain) at the end of the year	Nil	Nil	Nil	Nil	Nil	Nil

10.2.8 Amount recognized in the Balance Sheet

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Present value of defined benefit obligation as at 31 st March	2350.23	1125.59	454.00	283.55	180.49	142.41
Less: Fair value of Plan Assets as at 31 st March	1456.84	936.83	317.56	315.85	163.38	163.66
Unfunded net Asset / (Liability) Recognized in the balance sheet	(893.39)	(188.76)	(136.44)	32.30	(17.11)	21.25

10.2.9 Expenses recognized in the Profit & Loss Account

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Current service cost	261.19	24.29	68.28	12.27	19.17	19.58
Interest cost	88.51	86.53	21.64	23.76	11.06	11.86
Expected return on plan assets	(97.88)	(69.10)	(25.06)	(24.10)	(12.90)	(12.49)
Net Actuarial (gain)/ loss recognized during the year	987.84	(3.97)	122.22	(30.61)	22.93	(31.14)
Net benefit expense	1239.66	37.75	187.08	(18.68)	40.26	(12.19)

10.2.10 Movements in the liability recognized in the Balance Sheet

(Rs. in crore)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Opening net Liability/(Asset)	188.76	271.61	(32.30)	5.43	(21.25)	2.59
Net benefit expense	1239.66	37.75	187.08	(18.68)	40.26	(12.19)
Less: Contribution paid	535.03	120.60	18.34	19.05	1.90	11.65
Closing liability/(Asset)	893.39	188.76	136.44	(32.30)	17.11	(21.25)

10.2.11 Investment percentage maintained by the trust

(in %age)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Central Government Securities	24.48	34.00	31.01	33.07	Nil	Nil
State Government Securities	30.54	18.44	22.15	16.62	Nil	Nil
High quality corporate bonds	40.07	41.90	37.43	40.95	Nil	Nil
Special Deposit Scheme	3.10	4.81	8.64	8.85	Nil	Nil
Other investments	1.81	0.85	0.77	0.51	100	100

10.2.12 **Principal Actuarial assumption at the Balance Sheet date** (expressed as weighted average)
(in %age)

Particulars	Pension (Funded)		Gratuity (Funded)		Leave Encashment (funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
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	8.25	8.50	8.25	8.50
Rate of escalation in salary	5.00	5.00	5.00	5.00	5.00	5.00
Attrition rate	0.50	0.50	0.50	0.50	0.50	0.50
Method used	PUC	PUC	PUC	PUC	PUC	PUC

10.2.13 **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.

10.2.14 **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	8.70	0.26	23.04	0.46	0.73
Transitional Liability	Nil	Nil	9.92	Nil	Nil
Transitional Liability recognized during the year	Nil	Nil	4.96	Nil	Nil
Unrecognized transitional liability	Nil	Nil	4.96	Nil	Nil
Liability recognized in the Balance Sheet	0.28	Nil	4.96	Nil	Nil

* As assessed by the management

10.3 Accounting Standard 17 – Segment Reporting

Part A : Business Segment :

Business Segment	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.11 (Audited)	31.03.10 (Audited)	31.03.11 (Audited)	31.03.10 (Audited)	31.03.11 (Audited)	31.03.10 (Audited)	31.03.11 (Audited)	31.03.10 (Audited)	31.03.11 (Audited)	31.03.10 (Audited)
Revenue	135372	120414	310182	229255	89604	83798	1801	1132	536959	434599
Result	16351	16467	101119	73565	29211	26890	1801	1132	148482	118054
Unallocated expenses									47132	30297
Operating Profit									101350	87757
Provisions & Contingencies									24386	21110
Income Tax									24347	15766
Extra Ordinary Profit/ Loss	0	0	0	0	0	0	0	0	0	0
Net Profit									52617	50881
Other Information:										
Segment Assets	1894602	1815291	3766604	2795128	1088084	1021691	0	0	6749290	5632110
Unallocated Assets									105724	34378
Total Assets									6855014	5666488
Segment Liabilities	1814620	1735024	3607594	2671535	1042149	976514	0	0	6464363	5383073
Unallocated Liabilities									10311	21854
Total Liabilities									6474674	5404927

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.

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.

Part B : Geographical Segment :

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

10.4 Accounting Standards 18 – Related Party Disclosures

Key Managerial Personnel:

(i) Mr. G.S. Vedi	Chairman and Managing Director (up to 30.06.2010)
(ii) Mr. P.K Anand	Executive Director

a) Remuneration Paid to Key management personnel : (Rs. in lacs)

Name and Designation	2010-11
Mr. R.P. Singh, Ex-Chairman & Managing Director	3.24
Mr. G.S. Vedi, Ex-Chairman & Managing Director	8.68
Mr. G.S. Vedi, Ex-Executive Director	2.61
Mr. P.K Anand, Executive Director	14.16

b) Loans granted to Key Managerial Personnel & their relatives:

Particulars	As on 31.03.2011	As on 31.03.2010
Loans outstanding	NIL	NIL

10.5 Earning Per Share (AS-20)

(Rs. in crore)

PARTICULARS	2010-11
Net Profit After tax available for equity Shareholders (Rs. Crore)	510.43
Weighted Average Number of Equity Shares in crore	19.34
Basic and Diluted Earning per Share (Rs.)	26.40
Nominal Value per Share (Rs.)	10

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	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Depreciation on Fixed Assets	Nil	Nil	2.05	2.69
2	Interest accrued but not due on securities	Nil	Nil	101.06	88.86
3	Provision for wage revision	Nil	33.99	Nil	Nil
	Total	Nil	33.99	103.11	91.55

The Deferred Tax Liability of Rs. 12.68 crore (previous year Rs.7.30 crore) on account of Special Reserve created and maintained u/s 36 (1) (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 tax 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. 204.25 crore (Previous Year Rs. 171.59 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. 130.76 crore (Previous year Rs 177.22 crore) in view of decisions of appellate authorities / judicial pronouncements / opinions of legal experts.

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 31.03.2011, requiring recognition in terms of AS-28 issued by the ICAI. The impairment of Other assets have been provided for as per Prudential Norms prescribed by the Reserve Bank of India.

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)

Break up of 'Provisions & Contingencies' shown under the head Expenditure in Profit & Loss Account	2010-11	2009-10
Provision for Non Performing Advances	159.96	91.92
Provision for Non Performing Investments	0.00	0.00
Provision for Depreciation in the value of Investments	29.47	110.80
Provision for Standard Asset	49.30	5.74
Provision for Income Tax	243.47	159.94
Provision for Deferred Tax	0.00	-0.70
Provision for Fringe Benefit Tax	0.00	0.00
MAT Credit Entitlement	0.00	-1.74
Others	5.13	2.80
Total	487.33	368.76

11.2 **Movement of Floating Provisions** (Rupees. in crore)

	2010-11	2009-10
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.0.10 lacs (previous year Rs. 3.32 lacs) has been drawn from the General Reserve on account of payment to the claimant of old entries.

11.4 **Customer's Complaints:**

		2010-11	2009-10
a)	No. of Complaints pending at the beginning of the year	18	12
b)	No. of Complaints received during the year	490	555
c)	No. of Complaints redressed during the year	493	549
d)	No. of Complaints pending at the end of the year	15	18

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

		2010-11	2009-10
a)	No. of unimplemented Awards at the beginning of the year	01	01
b)	No. of Awards passed by Banking Ombudsman during the year	12	19
c)	No. of Awards implemented during the year	12	19
d)	No. of unimplemented Awards pending at the end of the year	01	01

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

11.6.1 **Concentration of Deposits**

(Rupees. In crore)

	31.03.2011	31.03.2010
Total Deposits of twenty largest depositors	21607.94	11,411.45
Percentage of Deposits of twenty largest depositors to Total Deposits	36.18%	23.21%

11.6.2 **Concentration of Advances**

(Rupees. in crore)

	31.03.2011	31.03.2010
Total Advances to twenty largest borrowers	10400.26	8155.91
Percentage of Advances to twenty largest borrowers to Total Advances	22.56%	24.91%

11.6.3 Concentration of Exposures

(Rupees. in crore)

	31.03.2011	31.03.2010
Total Exposure to twenty largest borrowers/ customers	10581.58	8392.85
Percentage of Exposure to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	21.82%	24.84%

11.6.4 Concentration of NPAs

(Rupees. in crore)

	31.03.2011	31.03.2010
Total Exposure to top four NPA Accounts	90.30	59.08

11.7 Sector-wise NPAs

S. No.	Sector	Percentage of NPAs to Total Advances in that sector as on	
		31.03.2011	31.03.2010
1.	Agricultural & allied activities	1.09%	0.73%
2.	Industry (Micro & Small, Medium and Large)	0.85%	1.69%
3.	Services	0.94%	0.57%
4.	Personal Loans	1.63%	1.04%

11.8 Movement of NPAs

(Rupees. in crore)

Particulars	31.03.2011	31.03.2010
Gross NPAs as on 1 st April (Opening Balance)	206.15	161.04
Additions (Fresh NPAs) during the year	383.45	208.05
Sub-total (A)	589.60	369.09
Less: (i) Up-gradations	49.21	33.87
(ii) Recoveries (excluding recoveries made from up-graded accounts)	114.90	128.78
(iii) Write-offs	1.21	0.29
Sub-total (B)	165.32	162.94
Gross NPAs as on 31st March (closing balance) (A-B)	424.28	206.15

11.9 Overseas Assets, NPAs and Revenue

(Rupees. in crore)

Particulars	31.03.2011	31.03.2010
Total Assets	211.87	196.60
Total NPAs	0.19	0.19
Total Revenue	0.76	1.26

11.10 Off-Balance Sheet SPVs sponsored

(Rupees. in crore)

Name of the SPV sponsored			
Domestic		Overseas	
31.03.2011	31.03.2010	31.03.2011	31.03.2010

	Nil	Nil	Nil
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12. Change in Accounting Policy

Provision for NPAs

Bank has revised the policy for provisioning on NPAs as under:

Category of Asset	Provisioning Norms as prescribed by RBI	Provisioning Norms followed by the Bank up to 31.12.2010	Revised Provisioning norms for the quarter ending 31.03.2011 onwards
Sub-Standard	10% (where value of security is greater than 10% of the amount outstanding) 20% (where value of security is up to 10% of the amount outstanding)	35% irrespective of value of security (w.e.f. 31.03.2008)	20% irrespective of value of security
Doubtful-I	20% on Secured 100% on Unsecured	65% on Secured 100% on Unsecured (w.e.f. 31.03.2007)	30% on Secured 100% on Unsecured
Doubtful-II	30% on Secured 100% on Unsecured	100% irrespective of value of security (w.e.f. 31.03.2007)	50% on Secured 100% on Unsecured
Doubtful-III	100% irrespective of value of security	100% irrespective of value of security	100% irrespective of value of security

The revised provisioning norms will have prospective effect on the fresh slippage (i.e. Accounts which slip into NPA category on or after 01.01.2011) and further deterioration in the existing NPA's. However, the provisions already made in any existing NPA account will not be reduced/ reversed. The provision for Non Performing Assets would have been higher by Rs.29.90 crores, had the previous norms followed by the bank would have been applied.

13. The figures of the previous year have been re-grouped / re-arranged wherever necessary except where information was not available.