इंडियन बैंक
Indian Bank
Your Tech-Friendly Bank

Balance Sheet as on 31st March, 2011 & Profit & Loss Account for the year ended 31st March, 2011

H.O. : 66, Rajaji Salai, Chennai - 600 001 **www.indianbank.in**

BALANCE SHEET AS ON 31ST MARCH, 2011

(₹ in thousands)

PARTICULARS	Sch. No.	As on 31.03.2011	As on 31.03.2010
CAPITAL & LIABILITIES			
Capital	1	829 77 00	829 77 00
Reserves and Surplus	2	8691 33 43	7442 34 11
Deposits	3	105804 18 27	88227 65 81
Borrowings	4	2100 36 94	957 35 76
Other Liabilities & Provisions	5	4292 64 94	3932 18 79
TOTAL		**121718 30 58**	**101389 31 47**
ASSETS			
Cash & Balances with R B I	6	6877 93 85	7060 71 67
Balances with Banks and Money at Call and Short Notice	7	1684 37 22	1052 48 40
Investments	8	34783 75 90	28268 32 84
Advances	9	75249 90 56	62146 13 23
Fixed Assets	10	1606 03 92	1579 55 08
Other Assets	11	1516 29 13	1282 10 25
TOTAL		**121718 30 58**	**101389 31 47**
Contingent Liabilities	12	33897 35 33	19817 32 03
Bills for Collection	-	1919 30 73	1791 32 85
Significant of Accounting Policies	17		
Notes of Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in thousands)

	Sch. No.	Year Ended 31.03.2011	Year Ended 31.03.2010
I. INCOME			
Interest earned	13	9361 02 80	7714 36 95
Other Income	14	1181 88 85	1316 40 80
TOTAL		**10542 91 65**	**9030 77 75**
II. EXPENDITURE			
Interest expended	15	5324 91 58	4553 18 38
Operating expenses	16	1926 31 64	1730 24 59
Provisions & Contingencies	-	1577 60 97	1192 36 07
TOTAL		**8828 84 19**	**7475 79 04**
III.PROFIT/LOSS			
Net Profit/Loss(-) for the year		1714 07 46	1554 98 71
Profit/Loss(-) Brought forward		87 90 96	86 08 70
TOTAL		**1801 98 42**	**1641 07 41**
IV. APPROPRIATIONS			
Transfers to :			
Statutory Reserves		428 52 00	390 00 00
Capital Reserve		1 18 41	30 07 68
Special Reserve u/s 36(1)(viii)		90 00 00	66 00 00
Investment Reserve			28 83 03
Revenue Reserve		759 00 00	650 00 00
Staff Welfare Fund		15 00 00	15 00 00
Proposed Equity Dividend		322 32 75	279 35 05
Proposed Preference Dividend		40 00 00	40 00 00
Dividend Distribution Tax		57 22 66	53 90 69
Bal. carried over to Balance Sheet		88 72 60	87 90 96
TOTAL		**1801 98 42**	**1641 07 41**
Earnings Per Share in Rs. (basic & diluted)		38.79	35.09
Significant of Accounting Policies	17		
Notes of Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

T M Bhasin, Chairman & Managing Director
V RamaGopal, Executive Director
Rajeev Rishi, Executive Director
R RAVI, General Manager

Directors : SHAKTIKANTA DAS, S KARUPPASAMY, M JAYANATH, C K RANGANATHAN, PROF.NARENDRA KUMAR AGRAWAL

STATUTORY CENTRAL AUDITORS
(As per our report of evendate)

For GANESAN AND COMPANY Chartered Accountants Registration No.000859S	For CHANDRAN & RAMAN Chartered Accountants Registration No.000571S	For SURI & CO Chartered Accountants Registration No.004283S	For KALYANASUNDARAM & CO Chartered Accountants Registration No.001676S	For S MOHAN & CO Chartered Accountants Registration No.000608N	For A B P & ASSOCIATES Chartered Accountants Registration No.315104E
S SWAMINATHAN Partner (M. No. 023998)	P N RAMACHANDRAN Partner (M. No.13871)	S SWAMINATHAN Partner (M. No. 20583)	K RAMESHKUMAR Partner (M. No. 23962)	V M BHUTANI Partner (M. No.12457)	BIMAL KUMAR CHANDUKA Partner (M No. 053714)

Place : Chennai
Date : 23 04 2011

SCHEDULE 1 - CAPITAL

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. Authorised Capital		
300,00,00,000 Equity Shares of Rs.10/- each	3000 00 00	3000 00 00
4,00,00,000 Perpetual Non-Cumulative Preference Shares of Rs.100/- each	400 00 00	400 00 00
II. Issued, Subscribed and Paid up Capital :		
Equity Shares:		
a. 34,38,20,000 Equity shares of Rs.10/- each held by Government of India	343 82 00	343 82 00
b. 8,59,50,000 Equity shares of Rs.10/- each held by Public	85 95 00	85 95 00
Total	**429 77 00**	**429 77 00**
Preference Shares :		
400,00,000 - Perpetual Non Cumulative Preference Shares of Rs.100/- each held by Government of India	400 00 00	400 00 00
TOTAL	**829 77 00**	**829 77 00**

SCHEDULE 2 - RESERVES & SURPLUS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. STATUTORY RESERVES		
a. Opening Balance	1778 48 80	1388 48 80
b. Additions during the year	428 52 00	390 00 00
TOTAL I	**2207 00 80**	**1778 48 80**
II. CAPITAL RESERVES		
A Revaluation Reserve		
a. Opening Balance	1225 08 81	1255 61 54
b. Additions during the year	---	---
c. Deductions during the year	30 52 73	30 52 73
TOTAL (A)	**1194 56 08**	**1225 08 81**
B Others		
a) Opening Balalnce	60 63 35	30 55 67
b) Additions during the year	1 18 41	30 07 68
TOTAL (B)	**61 81 76**	**60 63 35**
TOTAL II (A + B)	**1256 37 84**	**1285 72 16**
III. SHARE PREMIUM		
Opening Balance	696 19 50	696 19 50
TOTAL III	**696 19 50**	**696 19 50**
IV. REVENUE AND OTHER RESERVES		
A) Revenue Reserve		
Opening Balance	3315 90 47	2665 90 77
Additions during the year	---	---
Trfd from Profit & Loss a/c	759 00 00	650 00 00
Deductions during the year	---	30
TOTAL (A)	**4074 90 47**	**3315 90 47**
B) Special Reserve U/S 36(1)(viii) of IT Act		
Opening Balance	180 00 00	114 00 00
Additions during the year	90 00 00	66 00 00
TOTAL (B)	**270 00 00**	**180 00 00**
C) Special Reserve U/S 36(1)(viii a) of IT Act		
Opening Balance **TOTAL (C)**	58 20 00	58 20 00
D) Investment Reserve		
Opening Balance	39 92 22	11 09 19
Additions during the year	---	28 83 03
TOTAL (D)	**39 92 22**	**39 92 22**
TOTAL IV (A + B + C + D)	**4443 02 69**	**3594 02 69**
V. PROFIT & LOSS ACCOUNT		
Opening Balance	87 90 96	86 08 70
Additions during the year	81 64	1 82 26
TOTAL V	**88 72 60**	**87 90 96**
TOTAL (I+II+III+IV+V)	**8691 33 43**	**7442 34 11**

SCHEDULE 3 – DEPOSITS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
A. I. DEMAND DEPOSITS		
i) From Banks	71 21 68	54 75 75
ii) From Others	6368 35 70	6570 15 51
TOTAL	**6439 57 38**	**6624 91 26**
II. SAVINGS BANK DEPOSITS	26270 55 69	21790 25 54
III. TERM DEPOSITS		
i) From Banks	1913 81 67	1406 69 31
ii) From Others	71180 23 53	58405 79 70
TOTAL	**73094 05 20**	**59812 49 01**
TOTAL (I+II+III)	**105804 18 27**	**88227 65 81**
B. i) Deposits of branches in India	102331 97 25	85306 88 12
ii) Deposits of branches outside India	3472 21 02	2920 77 69
TOTAL	**105804 18 27**	**88227 65 81**

SCHEDULE 4 – BORROWINGS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. BORROWINGS IN INDIA		
i) Reserve Bank of India	100 00 00	NIL
ii) Other Banks	1 93	2 45
iii) Other Institutions and Agencies *	1624 46 64	554 98 84
TOTAL	**1724 48 57**	**555 01 29**
II. BORROWINGS OUTSIDE INDIA **	375 88 37	402 34 47
TOTAL (I+II)	**2100 36 94**	**957 35 76**
Secured Borrowings included above	NIL	NIL

* includes Tier II Capital - Subordinated debt of ₹ 1300 crore (P.Y. ₹ 300 Cr)
** Includes pipeline and un-adjusted items in Nostro Mirror Balances

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. Bills Payable	711 25 25	728 75 05
II. Inter Office Adjustments(Net)	72 34 91	97 44 34
III. Interest Accrued	547 63 55	310 31 74
IV. Others(including Provisions) *	2961 41 23	2795 67 66
TOTAL	**4292 64 94**	**3932 18 79**

* includes Contingent Provisions against Standard Assets of ₹ 304.11 Cr. (P.Y - ₹ 289.90 Cr.)

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. Cash in hand (including foreign currency notes)	249 71 11	303 79 05
II. Balances with Reserve Bank of India in Current Account	6628 22 74	6756 92 62
TOTAL (I+II)	**6877 93 85**	**7060 71 67**

SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. IN INDIA		
i) Balances with Banks		
a) in Current Account	55 37 01	57 98 47
b) in Other Deposit Accounts	96 20	1 32 91
TOTAL (i)	**56 33 21**	**59 31 38**
ii) Money at Call and Short Notice (with Banks)	---	549 62 16
TOTAL (ii)	**---**	**549 62 16**
TOTAL (i + ii)	**56 33 21**	**608 93 54**
II. OUTSIDE INDIA		
i) in Current Accounts	327 58 07	339 27 79
ii) in other Deposit Accounts	1272 62 98	84 05 23
iii) Money at Call and Short Notice	27 82 96	20 21 84
TOTAL (i + ii + iii)	**1628 04 01**	**443 54 86**
GRAND TOTAL (I +II)	**1684 37 22**	**1052 48 40**

SCHEDULE 8 – INVESTMENTS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. INVESTMENTS IN INDIA		
i) Government Securities	26319 76 66	23086 14 01
ii) Other approved Securities	105 92 86	209 39 75
iii) Shares	546 00 16	520 29 29
iv) Debentures and bonds	1356 05 13	1189 04 90
v) Subsidiaries and/or joint ventures	88 40 76	8 86 49
vi) Others	5397 67 91	2154 74 72
TOTAL	**33813 83 48**	**27168 49 16**
II. INVESTMENT OUTSIDE INDIA		
i) Government Securities (including local authorities)	795 18 05	794 83 83
ii) Other investments		
(a) Shares	1 35 87	63 81
(b) Debt Securities	173 38 50	304 36 04
TOTAL	**969 92 42**	**1099 83 68**
GRAND TOTAL (I+II)	**34783 75 90**	**28268 32 84**
III) GROSS AND NET INVESTMENTS IN INDIA		
Gross	34000 27 69	27444 11 92
Less: Provision for depreciation	186 44 21	275 62 76
Net (A)	33813 83 48	27168 49 16
IV) OUTSIDE INDIA		
Gross Value / Net Value (B)	969 92 42	1099 83 68
NET GRAND TOTAL (A+B)	**34783 75 90**	**28268 32 84**

SCHEDULE 9 – ADVANCES

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
i) Bills purchased and discounted	2092 92 50	1407 83 22
ii) Cash Credit, Overdrafts and loans repayable on demand	26948 11 77	26993 90 17
iii) Term Loans	46208 86 29	33744 39 84
TOTAL	**75249 90 56**	**62146 13 23**
i) Secured by tangible assets (includes advance against book debts)	58432 04 56	49256 97 65
ii) Covered by bank/Government guarantee	4801 19 86	4263 94 96
iii) Unsecured	12016 66 14	8625 20 62
TOTAL	**75249 90 56**	**62146 13 23**
I. ADVANCES IN INDIA		
i) Priority Sector	25804 34 68	21649 97 26
ii) Public Sector	4981 25 00	5788 19 40
iii) Banks		
iv) Others	41346 11 51	32042 63 31
TOTAL	**72131 71 19**	**59480 79 97**
II. ADVANCES OUTSIDE INDIA		
i) Dues from Banks	24 27 00	97 41 91
ii) Dues from others		
a) Bills Purchased and discounted	795 88 09	577 56 19
b) Syndicated loans	1415 87 06	1254 46 26
c) Others	882 17 22	735 88 90
TOTAL	**3118 19 37**	**2665 33 26**
GRAND TOTAL (I+II)	**75249 90 56**	**62146 13 23**

SCHEDULE 10 – FIXED ASSETS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. PREMISES		
At cost/revaluation as per the last Balance Sheet	1489 85 15	1486 63 07
Additions/Adjustments during the year	3 80 66	4 62 20
	1493 65 81	1491 25 27
Deductions during the year		1 40 12
	1493 65 81	1489 85 15
Depreciation to date	201 92 75	167 88 16
TOTAL	**1291 73 06**	**1321 96 99**
II. BUILDINGS UNDER CONSTRUCTION	**55 30 98**	**22 00 57**
III. OTHER FIXED ASSETS (including Furniture and Fixtures)		
At cost as per last Balance Sheet	779 34 69	707 54 13
Additions/Adjustments during the year	98 25 67	88 28 78
	877 60 36	795 82 91
Deductions during the year	18 81 85	16 48 22
	858 78 51	779 34 69
Depreciation to date	599 78 63	543 77 17
TOTAL	**258 99 88**	**235 57 52**
TOTAL (I+II+III)	**1606 03 92**	**1579 55 08**

SCHEDULE 11 – OTHER ASSETS

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. Interest Accrued	468 60 22	435 35 85
II. Tax paid in advance/tax deducted at source	---	33 52 05
III. Stationery and Stamps	13 29 79	12 62 95
IV. Non-banking assets acquired in satisfaction of claims	22 82 36	24 00
V. Others	1011 56 76	800 35 40
TOTAL	**1516 29 13**	**1282 10 25**

SCHEDULE 12 – CONTIGENT LIABILITIES

(₹ in thousands)

Particulars	As on 31.03.2011	As on 31.03.2010
I. Claims against the bank not acknowledged as debts (Net)	124 07 59	120 68 05
II. Liability for partly paid investments	19 40 03	33 08 00
III. Liability on account of outstanding forward exchange contracts	19506 31 28	8402 88 65
IV. Guarantee given on behalf of constituents		
a) In India	9803 05 33	6890 07 86
b) Outside India	40 61 25	43 99 54
V. Acceptance, Endorsements and other obligations	3777 69 67	3591 58 99
VI. Other items for which the bank is contingently liable	626 20 18	735 00 94
TOTAL	**33897 35 33**	**19817 32 03**

SCHEDULE 13 – INTEREST EARNED

(₹ in thousands)

Particulars	Y E 31.03.2011	Y E 31.03.2010
I. Interest/Discount on Advances/Bills	7097 60 54	5799 82 85
II. Income on Investments	2230 25 03	1854 68 72
III. Interest on balances with Reserve Bank of India and other Inter Bank funds	33 17 23	59 85 38
IV. Others		
TOTAL	**9361 02 80**	**7714 36 95**

SCHEDULE 14 – OTHER INCOME

(₹ in thousands)

Particulars	Y E 31.03.2011	Y E 31.03.2010
I. Commission, Exchange and Brokerage	335 53 37	223 51 11
II. Profit on Sale of Investments	153 06 70	363 15 04
Less: Loss on Sale of Investments	4 64 08	2 82 93
Net	148 42 62	360 32 11
III. Profit on revaluation of Investments	---	---
Less: Loss on revaluation of Investments	---	---
Net	---	---
IV. Profit on sale of land, buildings and other assets *	1 59 41	34 84
Less: Loss on Sale of Land, Bldgs. & Other Assets *	49 79	71 37
Net	1 09 62	- 36 53
V. Profit on exchange transactions (Net)	147 21 73	114 84 10
VI. Income earned by way of dividends, etc., from Subsidiaries/Companies and / or Joint ventures abroad / in India	8 34 02	10 79 14
VII. Miscellaneous Income	541 27 49	607 30 87
TOTAL	**1181 88 85**	**1316 40 80**

* Amount refers to Safe, Furniture, Vehicle and Machinery

SCHEDULE 15 – INTEREST EXPENDED

(₹ in thousands)

Particulars	Y E 31.03.2011	Y E 31.03.2010
I. Interest on deposits	5133 22 13	4474 16 56
II. Interest on Reserve Bank of India/ Inter Bank borrowings	175 54 34	46 49 79
III. Others	16 15 11	32 52 03
TOTAL	**5324 91 58**	**4553 18 38**

SCHEDULE 16 – OPERATING EXPENSES

(₹ in thousands)

Particulars	Y E 31.03.2011	Y E 31.03.2010
I. Payments to and provisions for employees	1332 68 51	1212 39 27
II. Rent, Taxes and Lighting	131 13 43	110 75 71
III. Printing and Stationery	19 39 44	18 98 46
IV. Advertisement and Publicity	10 33 41	10 63 15
V. Depreciation on Bank's property (31 03 11: 1021599; 31 03 10: 1184134) **Less:** Transferred from Revaluation Reserve (31 03 11: 305273; 31 03 10: 305273) (31 03 11: **716326**; 31 03 10: **878861**)	71 63 26	87 88 61
VI. Directors' fees, allowance and expenses	41 17	32 71
VII. Auditors' fees and expenses(including branch auditors)	15 91 53	15 20 03
VIII. Law Charges	6 63 60	3 61 63
IX. Postage, Telegrams and Telephones	10 75 83	10 28 24
X. Repairs and Maintenance	41 92 28	37 15 38
XI. Insurance	83 29 68	72 17 91
XII. Other Expenditure	202 19 50	150 83 49
TOTAL	**1926 31 64**	**1730 24 59**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared by following the going concern concept on historical cost convention and conform to the statutory provisions and practices prevailing in India unless otherwise stated and in respect of foreign branches as per statutory provisions and practices prevailing in the respective countries.

2. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

Foreign Currency transactions of Indian operations and non-integral foreign operations are accounted for as per Accounting Standard-11 (AS-11) issued by the Institute of Chartered Accountants of India (ICAI).

2.1 Translation in respect of Indian operations

1. Foreign exchange transactions are recorded at the Weekly Average Rate (WAR) notified by Foreign Exchange Dealers' Association of India (FEDAI).
2. Foreign currency assets and liabilities are translated at the closing rates notified by FEDAI at the year end.
3. Acceptances, endorsements and other obligations and guarantees in foreign currency are carried at the closing rates notified by FEDAI at the year end.
4. Exchange differences arising on settlement and translation of foreign currency assets and liabilities at the end of the financial year are recognized as income or expenses in the period in which they arise.
5. Outstanding forward exchange contracts are disclosed at the Contracted rates, and revalued at FEDAI closing rates, and the resultant effect is recognized in the Profit and Loss account.

2.2 Translation in respect of non-integral foreign operations.

Foreign branches are classified as non-integral foreign operations and the financial statements are translated as follows:

1. Assets and liabilities including contingent liabilities are translated at the closing rates notified by FEDAI at the year end.
2. Income and expenses are translated at the Quarterly Average Closing rate notified by FEDAI at the end of the respective quarter.
3. All resulting exchange differences are accumulated in a separate account "Exchange Fluctuation Fund" till the disposal of the net investments.

3. INVESTMENTS

3.1 The investment portfolio of the Bank is classified in accordance with the RBI guidelines into three categories viz.,

- Held To Maturity (HTM)
- Available For Sale (AFS)
- Held For Trading (HFT)

The securities acquired with the intention to be held till maturity are classified under "HTM" category. The securities acquired with the intention to trade by taking advantage of short–term price/interest movements are classified as "HFT". All other securities which do not fall under any of the two categories are classified under "AFS" category.

3.2 Profit on sale of securities under HTM category is first taken to Profit and Loss account and thereafter appropriated to Capital Reserve account (net of taxes and amount required to be transferred to statutory reserves) and loss, if any, charged to Profit & Loss account.

3.3 Investments in India are valued in accordance with RBI guidelines, as under:

a) Securities in HTM category are valued at acquisition cost except where the acquisition cost is higher than the face value, in which case, such excess of acquisition cost over the face value is amortised over the remaining period of maturity. Any diminution, other than temporary, in value of investments in subsidiaries/joint ventures which are included under HTM category is recognized and provided. Such diminution is being determined and provided for each investment individually.

b) Investments in AFS category are marked to market, scrip-wise and classification wise, at quarterly intervals. Net depreciation, if any, is provided for in the Profit and Loss account while net appreciation, if any, is ignored. The book value of the individual securities does not undergo any change after marking to market.

c) The individual scrips in the HFT category are marked to market at daily intervals. Net depreciation, if any, is provided for in the Profit and Loss account while net appreciation, if any, is ignored. The Book Value of the individual securities in this category does not undergo any change.

d) Securities in AFS and HFT categories are valued as under:

i. Central Government Securities are valued at prices / YTM Rates as announced by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association of India (FIMMDA).

ii. State Government and Other approved securities are valued applying the YTM method by marking up 25 basis points above the yields of the Central Government Securities of equivalent maturity put out by PDAI / FIMMDA periodically.

iii. Equity shares are valued at market price, if quoted. Unquoted equity shares are valued at break-up value (without considering revaluation reserves if any) as per the company's latest balance sheet (not more than one year prior to the date of valuation). Otherwise, the shares are valued at Re. 1 per company.

iv. Preference shares are valued at market price, if quoted; otherwise at lower of the value determined based on the appropriate YTM rates or redemption value.

v. All debentures/bonds, other than those which are in the nature of advances, are valued on the YTM basis.

vi. Treasury bills, Certificate of deposits and Commercial papers are valued at carrying cost.

vii. Units of Mutual Funds are valued at market price, if quoted; otherwise at lower of repurchase price or Net Asset Value (NAV). In case of funds with a lock-in period, where repurchase price / market quote is not available, units are valued at NAV, else valued at cost till the end of the lock-in period.

3.4 Investments of Foreign Branches are valued as per the practice prevailing in the respective countries.

3.5 Debentures and Bonds, where interest / principal is in arrears for more than 90 days are valued applying the prudential norms prescribed by RBI.

3.6 Brokerages / Commission / incentive received on subscriptions are deducted from the cost of securities. Brokerage / Commission / Stamp duty paid in connection with acquisition of securities are treated as revenue expenses.

3.7 Interest Rate Swap transactions for hedging are accounted on accrual basis and transactions for trading are marked to market at quarterly intervals. The fair value of the total swaps is computed on the basis of the amount that would be received/ receivable or paid/ payable on termination of the swap agreements as on the balance sheet date. Losses arising therefrom, if any, are fully provided for, while the profit, if any, is ignored. Gains or loss on termination of swaps is deferred and recognised over the shorter period of the remaining contractual life of the swap or the remaining life of the designated asset or liability.

3.8 Exchange traded FX Derivatives i.e. Currency Futures, are valued at the Exchange determined prices and the resultant gains and losses are recognized in the Profit and Loss account.

3.9 Investments backed by guarantee of the Central Government though overdue are treated as Non Performing Asset (NPA) only when the Government repudiates its guarantee when invoked.

3.10 Investment in State Government guaranteed securities, including those in the nature of 'deemed advances', are subjected to asset classification and provisioning as per prudential norms if interest/ instalment of principal (including maturity proceeds) or any other amount due to the Bank remains unpaid for more than 90 days.

4. FINANCIAL ASSETS SOLD TO ASSET RECOVERY COMPANIES

4.1 Security Receipts (SR) issued by ARCs in respect of financial assets sold to them is recognized at lower of redemption value of SRs and Net Book Value of financial assets. SRs are valued at Net Asset Value declared by ARCs on the Balance Sheet date and depreciation , if any, is provided for and appreciation is ignored.

4.2 The net-shortfall, if any, arising on sale of financial assets to ARCs is charged to Profit & Loss Account.

5 ADVANCES

5.1 In accordance with the prudential norms issued by RBI, advances in India are classified into standard, sub-standard, doubtful and loss assets borrower-wise,

5.2 Provisions are made for non performing advances irrespective of availablility of security:
For substandard category – 20 %
For others – 100 %

5.3 General provision is made for standard advances as per RBI directives.

5.4 In respect of foreign branches, income recognition, asset classification and provisioning for loan losses are made as per local requirement or as per RBI prudential norms, whichever is more stringent.

5.5 Advances disclosed are net of provisions made for non-performing assets, DICGC/ ECGC/ CGTSI claims received and held pending adjustment, repayments received and kept in sundries account, participation certificates and usance bills rediscounted.

6.FIXED ASSETS / DEPRECIATION

6.1 Premises and other fixed assets are stated at historical cost and at revalued amount in respect of assets revalued.

6.2 Depreciation on buildings (including cost of land wherever inseparable/ not segregated) and other fixed assets (excluding items referred in 6.3 to 6.5) in India is provided for on the straight-line method at rates specified in Schedule XIV to the Companies Act, 1956 and at the Bank determined rates based on Residual Life in the case of 'Revalued Assets'. Depreciation relatable to revalued component is charged against revaluation reserve.

6.3 Depreciation on computers (hardware and software) and Uninterrupted Power Supply Systems (UPS) is provided at the rate of 33.33% per annum on Straight Line Method (SLM).

6.4 The rate of depreciation on motor car is 20 % on straight line method.

6.5 100% depreciation is provided on all cell phones and on small value items costing upto Rs.5000/-.

6.6 Depreciation on fixed assets acquired on or before 30th September is charged at 100% of the prescribed rates and at 50% of the prescribed rates on the fixed assets acquired thereafter.

6.7 Premium on leasehold land is capitalised in the year of acquisition and amortized over the period of lease.

6.8 Depreciation in respect of fixed assets at foreign branches is provided as per the practice prevailing in the respective countries.

6.9 In respect of Non Banking Assets, no depreciation is charged.

7. REVENUE RECOGNITION

7.1 Income and expenditure are generally accounted for on accrual basis, unless otherwise stated.

7.2 Income from non-performing assets, Central Government guaranteed assets (where it is overdue beyond 90 days), dividend income, insurance claims, commission on letters of credit/ guarantees issued (other than those relating to project finance), income from bancassurance products, additional interest/ overdue charges on bills purchased, locker rent, finance charges on credit cards, income on Bank's right to recompense, etc. are accounted for on realisation.

7.3 In case of overdue foreign bills, interest and other charges are recognised till the date of crystallisation as per FEDAI guidelines.

8. CREDIT CARD REWARD POINTS

Reward points earned by card members on use of Card facility is recognized as expenditure on such use.

9. NET PROFIT / LOSS

The result disclosed in the Profit and Loss Account is after considering:

- Provision for Non-Performing Advances and/ or Investments.
- General provision on Standard Advances
- Provision for Restructured Advances
- Provision for Depreciation on Fixed Assets
- Provision for Depreciation on Investments
- Transfer to/ from Contingency Fund
- Provision for direct taxes
- Usual or/and other necessary provisions

10. STAFF RETIREMENT BENEFITS

10.1 Annual contributions to Pension Fund and Gratuity Fund are determined and provided for:
(i) on the basis of actuarial valuation
(ii) as per the local laws in respect of foreign branches

10.2 Leave encashment benefit for employees is accounted for on actuarial basis.

10.3.1 Transitional liability relating to employee benefits determined as per actuarial valuation is written off over a period of five years in terms of Revised Accounting Standard 15 (AS -15), "Employee Benefits", issued by ICAI.

10.3.2 Liability determined in accordance with RBI Guidelines in respect of pension (second option) for existing employees and gratuity is amortised equally over a period of five years

11. CONTINGENT LIABILITIES AND PROVISIONS

(a) Past events leading to, possible or present obligations are treated as contingent liability. Provision is recognised in case of present obligations where a reliable estimate can be made and/or where there are probable outflow of resources embodying foregoing of economic benefits to settle the obligations.

(b) Provisions for Market Risks, Country Risk, etc., are made in terms of extant instructions of RBI.

(c) Floating provision as identified by the Bank Management is provided for.

12. IMPAIRMENT OF ASSETS

Impairment losses, if any, are recognised in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

13. TAXES ON INCOME

13.1 Provision for tax is made for both Current Tax and Deferred Tax.

13.2 Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates, tax laws and favourable judicial pronouncements / legal opinion.

13.3 Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted till the date of the Balance Sheet. Deferred Tax Assets are not recognised unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realised.

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