

- b) The transactions with subsidiaries and associates have not been disclosed in view of para 9 of AS -18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosure pertaining to their transactions with other related parties which are also state controlled enterprises.

9.5 Leases (AS 19)

The properties taken on lease/rental basis are renewable/ cancelable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

9.6 Earnings Per Share (AS 20)

Particulars	2010-11	2009-10
Net Profit after tax available for equity shareholders (₹ Crore)	1667.58	1508.19
Weighted Average Number of Equity Shares	429770000	429770000
Basic & Diluted Earning Per Share	₹ 38.79	₹ 35.09
Nominal value per Equity Share	₹ 10.00	₹ 10.00

9.7 ACCOUNTING FOR TAXES ON INCOME (AS 22)

The major components of DTA (Deferred Tax Assets) / DTL (Deferred Tax Liabilities) are as follows:

Components	31.03.2011	31.03.2010
Deferred Tax Assets		
1. Liabilities provision allowable on payment / crystallization	129.29	125.84
2. Expenditure allowable in future assessments	0.00	1.44
3. Staff welfare expenses	0.56	1.41
TOTAL - DTA	129.85	128.69
Deferred Tax Liabilities		
1. Depreciation on Fixed Assets	44.14	35.73
2. Interest on Government securities	149.97	138.43
3. Provision for Written-off Accounts	291.82	250.50
4. Special Reserve	52.33	22.43
TOTAL - DTL	538.27	447.10
NET DTA/ DTL	(408.43)	(318.41)

9.8 Impairment of Assets (AS 28)

Fixed Assets being the non-financial assets possessed by the Bank are treated as "Corporate Assets" and not as Cash generating units, as such there is no impairment of assets and consequently no impairment loss has been recognized.

10. Dividend Equity Shares:

Provision for Equity Dividend represents proposed dividend at ₹ 7.50 (75%) per Equity Share amounting to ₹ 322.33 crore for the year (previous year at ₹ 6.50 (65%) per Equity Share amounting to ₹ 279.35 crore).

Perpetual Non-Cumulative Preference Shares: The Preference Dividend proposed for the year is ₹ 40.00 crore, reckoned at 10% from April 01, 2010 to March 31, 2011 (Previous year ₹ 40.00 crore at 10% p.a.).

- Miscellaneous income include a sum of ₹128.15 Crore (previous year ₹ 241.30 Crore) being recovery in written-off accounts and ₹ 146.42 Crore (previous year ₹ 142.84 Crore) being recovery of processing charges during the year.
- During the year a sum of ₹ 73.78 crore has been retrieved from the provision held for wage arrears which is no longer required.
- Consequent to the disposal of appeals in favour of the Bank in October 2008 and no further appeals having been filed against such order, in the case relating to a Mutual Fund Scheme managed by one of the subsidiaries of the Bank, a sum of ₹ 73 Crore being the provision made during the year 1999-2000 is considered no longer required and accordingly retrieved during this year.

14. Bank has retrieved a provision of ₹ 76.21 Crore, out of provision held for its investments in its two subsidiaries.

15. During the current year, the Bank has earned commission etc, to the extent of ₹ 12.55 Crore on sale/ marketing of various Bancassurance products (previous year ₹ 18.21 Crore).

Sl No.	Nature of Income	2010-11	2009-10
1	For Selling Life Insurance Policies	11.02	17.21
2	For selling Non-life insurance policies	1.08	0.53
3	Others - For selling Mutual Fund Products	0.45	0.47
	Total	12.55	18.21

16. There is no outstanding dues payable by the bank to MSME units pending beyond the time limit prescribed under MSMED Act, 2006 as on 31.03.2011.

17. Previous year's figures have been regrouped / reclassified, wherever necessary, to conform to current year's figures.

Cash Flow Statement for the year ended March 31, 2011

	Year ended 31.03.2011	Year ended 31.03.2010
	(Rs in 000)	(Rs in 000)
A. Cash flow from operating Activities		
Net Profit as per Profit & Loss Account	1714 07 46	1554 98 71
Adjustments for :		
Provisions & Contingencies	1577 60 97	1192 36 07
Depreciation	71 63 26	87 88 61
(Profit)/Loss on Sale of Assets	(1 09 62)	36 53
Dividend received from subsidiary company	0	(2 15 80)
Income Taxes paid	(631 12 82)	(420 97 00)
Operating Profit before working capital changes (i)	2731 09 25	2412 47 12
INCREASE/DECREASE IN OPERATING ASSETS		
Increase in Investments	(6426 24 51)	(5376 77 30)
Increase in Advances	(13079 56 90)	(10849 26 16)
Decrease in Other Assets	396 93 95	717 55 22
(ii)	(19108 87 46)	(15508 48 24)
INCREASE/DECREASE IN OPERATING LIABILITIES		
Increase in Deposits	17576 52 46	15645 82 71
Increase/(Decrease) in Other Liabilities	(1391 83 47)	(849 78 39)
(iii)	16184 68 99	14796 04 32
Net cash generated from operating Activities (i) + (ii) + (iii)	(193 09 22)	1700 03 20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(135 36 75)	(110 34 66)
Sale proceeds of Fixed Assets	7 81 53	6 24 18
Dividends received from subsidiary company		2 15 80
Net cash generated from Investing Activities	(127 55 22)	(101 94 68)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(319 35 05)	(252 38 50)
Dividend distribution tax paid	(53 90 69)	(42 89 28)
Increase/(decrease) in borrowings	1143 01 18	126 57 47
Net cash generated from Financing Activities	769 75 44	(168 70 31)
Net increase/(Decrease) in cash & cash equivalents	(A+B+C) 449 11 00	1429 38 21

CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

Cash and balances with RBI			
Cash in hand	303 79 05	248 02 60	
Balances with RBI in current account	6756 92 62	5963 54 91	
Balances with Banks and Money at call and short notice			
Balances with Banks			
(a) in current accounts	57 98 47	57 18 48	
(b) in other deposit accounts	1 32 91	101 85 34	
Money at call and short notice (with Banks)	549 62 16	50 00 00	
Outside India			
i) in Current Accounts	339 27 79	143 46 47	
ii) in other deposit accounts	84 05 23	110 44 28	
iii) Money at call and short notice	20 21 84	9 32 79	
		8113 20 07	6683 81 87

CASH & CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and balances with RBI			
Cash in hand	249 71 11	303 79 05	
Balances with RBI in current account	6628 22 74	6756 92 62	
Balances with Banks and Money at call and short notice			
Balances with Banks			
(a) in current accounts	55 37 01	57 98 47	
(b) in other deposit accounts	96 20	1 32 91	
Money at call and short notice (with Banks)		549 62 16	
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	
		8562 31 07	8113 20 07

AUDITORS' REPORT

To

The President of India

- We have audited the attached Balance Sheet of INDIAN BANK as at 31st March 2011, the Profit and Loss Account and Cash Flow Statement of the Bank for the year ended on that date annexed thereto in which are incorporated the returns of (i) 20 Branches and 31 Zonal Offices audited by us, (ii) 1556 Branches audited by statutory branch auditors, and (iii) 3 foreign branches audited by local statutory auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns of 284 branches and 26 other offices, which have not been subjected to audit. These unaudited branches account for 0.71 % of advances, 2.07 % of deposits, 0.54 % of interest income and 1.77 % of interest expenses. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- The Balance Sheet and the Profit and Loss Account have been drawn up in Form 'A' and 'B' respectively of the Third Schedule to the Banking Regulation Act, 1949.
- As required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and subject to the limitations of disclosures required therein and the limitations of the audit indicated in Para (1) above, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - The returns received from the branches and offices of the Bank have been found adequate for the purpose of our audit.
- In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.
- In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us:
 - The Balance Sheet read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2011 in conformity with accounting principles generally accepted in India.
 - The Profit and Loss Account read with the notes thereon shows a true balance of the Profit in conformity with accounting principles generally accepted in India, for the year covered by the account; and
 - The Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

"Emphasis of matter

Without qualifying our opinion, we draw attention to Note 9.2.2 to the financial statements, which describes deferment of pension and gratuity liability of the bank to the extent of ₹ 783.42 crore pursuant to the exemption granted by the Reserve Bank of India to the Public Sector Banks from application of the provisions of Accounting Standard (AS) 15, Employee Benefits, vide its circular no.DBOB.BPBC/80/21.04.018/2010-11 dt.09.02.2011 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment".

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
S SWAMINATHAN Partner (M. No. 023998)	P N RAMACHANDRAN Partner (M. No. 13871)	S SWAMINATHAN Partner (M. No. 20583)
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
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

H.O. : 66, Rajaji Salai, Chennai - 600 001

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