

Schedule - 18: Notes forming Part of The Accounts

1. Capital:

As at 31st March 2008, the Authorised Capital of the bank was divided into 70 Crore Equity Shares of Rs.10 each and Rs.80 Crore Perpetual Non-Cumulative Preference Shares of Rs.10 each totaling to Rs.1500 Crores. The Board of Directors by a resolution has restructured the Authorised Capital of Rs.1500 Crores to be issued against any form of capital. This restructuring is subject to the approval of the shareholders.

The paid-up Capital of the Bank has been increased by issue of Perpetual Non-cumulative preference shares (PNCPS) to the tune of Rs.117 crore to Government of India. Bank has also increased its Tier I Capital by way of issue of Innovative Perpetual Debts Instrument (IPDI) to the tune of Rs.583 crore to Government of India.

2. Balancing of Books / Reconciliation:

Reconciliation of Inter-Branch Accounts is in progress. Balancing of Subsidiary Ledgers and reconciliation with General Ledger is also in progress at some branches. Pending final clearance of the above, the overall impact, if any, on the accounts, in the opinion of the management will not be significant.

The Bank has implemented CBS system. In some branches the system is yet to stabilise and certain inherent bugs noticed are being sorted out by the service provider and the Bank's I.T. Department. The management is of the opinion that this will not have any material impact on the Financial Statements.

The Bank is in the process to implementing sound internal control procedures for timely review of the database of the CBS Branches and other MIS Reports, generated through the system.

System Audit Report obtained from an independent consultant indicates certain areas for remedial actions for which necessary measures are being taken up.

3. Income Tax / Deferred Tax:

- 3.1 Provision for Income Tax for the year is arrived at after due consideration of relevant statutory provisions and judicial decisions on disputed issues.
- 3.2 Other Assets [Schedule 11 (ii)] includes Rs. 1366.17 crore (previous year Rs. 944.43 crore) towards disputed Income Tax paid by the Bank/ adjusted by the authorities. Provision for taxation is not considered necessary by the Bank in respect of above disputed demands based on various judicial decisions/ counsel's opinion on such disputed issues.
- 3.3 Out of Rs. 1366.17 crore of tax paid under dispute, disputes relating to various Assessment Years, involving tax element of Rs. 2.93 crore have been decided by the Appellate authorities in favour of the Bank. The appeal effect for the same is pending.

4. Share Issue Expenses:

Unamortized amount of Rs. 17.52 crore towards share issue expenses are included in Other Assets.

5. Premises:

- 5.1 The premises of the Bank were revalued to reflect the market value as on 31.3.2008. The appreciation amounting to Rs.1565.97 crore have been credited to Revaluation Reserve Account.
- 5.2 Premises owned by the bank include properties costing Rs.19.40 crore revalued at Rs.394.43 crore for which registration formalities are still in progress.

6. Investments:

- 6.1 Gross investments of the Bank have been classified into three categories as under:

	As at 31.3.2009	As at 31.3.2008
Held to Maturity [excluding 2.22% (previous year 3.04%) in exempted category]	64.11%	64.18%
Held for Trading	0.03%	0.23%
Available for Sale	33.64%	32.55%

- 6.2 In terms of the Guidelines of Reserve Bank of India, the profit of Rs. 140.72 crore (net of taxes and statutory reserves) on sale/ redemption of investments in the "Held to Maturity" category has been appropriated to the Investment Reserve.

7. Advances / Provisions:

- 7.1 Advances to units which have become sick including those under nursing/ rehabilitation/ restructuring programme and other advances classified as doubtful/ loss assets have been considered secured/ recoverable to the extent of estimated realizable value of securities carrying first or second charge based on valuers' assessment of properties/ assets mortgaged to the Bank and other data available with the Bank.
- 7.2 The Floating Provision has been treated as Tier II Capital in conformity with the RBI guidelines and is included under the Head "Other Liabilities and Provisions" in Schedule 5 of the Balance Sheet.

8. Agricultural Debt Waiver and Debt Relief Scheme, 2008

- 8.1 Government of India has notified "Agricultural Debt Waiver & Debt Relief Scheme 2008" for Debt Waiver to marginal and small farmers and Relief to other farmers, which has been implemented by the bank. Preliminary claims have been preferred with RBI for Agricultural Debt Waiver amounting to Rs.974.62 Crore. The Bank has received Rs.399.59 crore being 41% of the Claim amount. The claim is subject to verification by Statutory Central Auditors.
- 8.2 In accordance with the guidelines issued by Reserve Bank of India, as per their circular dated September 22, 2008, an amount of Rs. 72.23 crore as compiled and certified by the management representing uncharged/ unapplied interest, penal interest etc. up to September 30, 2008 applied during the period of audit has been drawn from the Floating Provision and has been accounted as Interest Income.
- 8.3 In terms of Government of India, Ministry of Finance, Department of Finance Services Notification dated October 16, 2008 and Reserve Bank of India circular dated November 11, 2008, interest amounting to Rs. 15.34 crore on the amount outstanding under Agricultural Debt Waiver Scheme, 2008 for the period from November 2008 to March 2009 has been accounted in the books as Interest Income.

9. Subordinated Debt:

During the year, Bank has raised Subordinated Debt to the tune of Rs.855.00 crore (previous year Rs.389.10 crore) by issue of Unsecured Redeemable Bonds under Tier II Capital and the amount is shown in "Other Liabilities and Provisions" in Schedule 5 of the Balance Sheet.

Out of Rs.855.00 crore raised as Subordinated Debt during the year, Rs.585.00 crore is by way of Upper Tier II.

10. The following information is disclosed in terms of guidelines issued by Reserve Bank of India :

a. Capital Adequacy Ratio:

Sl.No	Items	31.03.2009	31.03.2008
1.	CRAR (%) Basel-I Basel-II	11.75 13.12	10.42 9.39
2.	CRAR-Tier-I Capital (%) Basel-I Basel-II	6.24 6.97	5.42 4.88
3.	CRAR-Tier-II Capital (%) Basel-I Basel-II	5.51 6.15	5.00 4.51
4.	Percentage of Equity share holding Of Govt. Of India.	80.20%	80.20%
5.	Amount of Upper Tier-II instruments Raised during the year (Rs. in crores)	585	NIL
6.	Amount of Innovative Perpetual Debt Instruments (IPDI) raised as Tier-I capital during the year (Rs. in crores)	583	NIL
7.	Issue of Equity shares through QIP route Share Capital Share Premium (Rs. in crores)	NIL	NIL

The bank has implemented Basel II during the year. The system deficiencies/ data errors noticed/ reported were addressed at Central Office. Based on the extensive exercise undertaken, bank is of the view that, unrectified deficiencies, if any, will not have significant impact on the overall reported capital adequacy.

The above data has been compiled on the basis of guidelines of Reserve Bank of India and estimates in respect of certain Off Balance Sheet items, made by the management and relied upon by the Auditors. Based on the extensive exercise undertaken, bank is of the view that, unrectified deficiencies, if any, will not have significant impact on the overall reported capital adequacy.

b. Provisions and Contingencies:

The break up of 'Provisions and Contingencies' appearing in the Profit and Loss Account is as under:

(Rs. in crore)

		2008-09		2007-08	
a.	Provision for Standard Advances		44.84		84.26
b.	Provision for NPA		322.34		289.06
c.	Provision / Depreciation on investments (including matured investments)		90.52		74.16
d.	i)	Provision for Taxes	347.88	323.18	
	ii)	Deferred Tax	(-)0.14	--	
	iii)	Fringe Benefit Tax	6.00	(21.40)	
		Sub Total of (d)	353.74		301.78
e.	Others		54.06		(31.12)
	TOTAL		865.50		718.14

c. (i) Investments

(Rs. in crore)

Items		31.3.2009	31.3.2008
1)	Value of Investments		
i)	Gross Value of Investments	44445.65	32796.38
	a)	In India	44444.99
	b)	Outside India	0.66
ii)	Provisions for Depreciation	1384.93	1341.20
	a)	In India	1384.93
	b)	Outside India	0
iii)	Net Value of Investments	43060.72	31455.18
	a)	In India	43060.06
	b)	Outside India	0.66
2)	Movement of Provisions held towards depreciation on Investments.		
i)	Opening Balance	1341.20	1295.85
ii)	Add: Provisions made during the year	70.84	45.35
iii)	Less: Write off	27.11	
iv)	Closing Balance	1384.93	1341.20

(ii) Repo Transactions

(Rs. in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2009
Securities sold under Repo	0	2250	917.68	0
Securities purchased under Reverse Repo	0	7500	2955.28	4000

(iii) Non SLR Investment Portfolio

Issuer wise composition of Non SLR Investments

(Rs. in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i)	PSUs	1402.40	1193.38	0.00	0.00	52.40
ii)	FIs	686.04	675.32	83.19	0.00	218.19
iii)	Banks	566.13	498.28	0.00	0.00	71.00
iv)	Private Corporates	544.90	453.73	0.00	30.33	93.17
v)	Subsidiaries/ Joint Ventures	242.92	242.92	0.00	242.92	242.92
vi)	Others	1563.53	1131.75	0.00	1520.47	1193.43
	RIDF/RHDF/SIDBI	743.03	743.03	0.00	743.03	743.03
	Commercial Papers	43.06	43.06	0.00	0.00	43.06
	Mutual Funds	130.80	0.00	0.00	130.80	130.80
	Venture Capital	97.58	97.58	0.00	97.58	97.58
	Shares (incl. Trustee Shares)	549.06	248.08	0.00	549.06	178.96
TOTAL		5005.92	4195.38	83.19	1793.72	1871.11
Less:	Provision held towards depreciation	160.31				
Net		4845.61	4195.38	83.19	1793.72	1871.11

Amounts reported under Columns 4, 5, 6 and 7 are not mutually exclusive.

(iv) Non Performing Non-SLR Investments

(including matured investments)

(Rs. in crore)

Particulars	31.3.2009	31.3.2008
Opening Balance	59.71	91.54
Additions during the year	8.84	10.04
Reductions during the year	22.57	41.87
Closing balance	45.98	59.71
Total provisions held	37.87	46.03

d. Derivatives
(i) Forward Rate Agreement / Interest Rate Swap

(Rs. in crore)

Items	31.3.2009	31.3.2008
i) The Notional Principal of Swap agreements	500.00	500.00
ii) Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements.	Nil	Nil
iii) Collateral required by the bank upon entering into swaps	Nil	Nil
iv) Concentration of credit risk arising from the swaps	Nil	Nil
v) The fair value of the swap book	(-) 72.14	(-)14.05

(ii) Exchange Traded Interest Rate Derivatives:

(Rs. in crore)

Sr. No.	Particulars	Amount
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	-- NIL --
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2009 (instrument-wise)	-- NIL --
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-- NIL --
iv)	Mark-to market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-- NIL --

Disclosures on Risk Exposure in Derivatives**iii) Qualitative Disclosures**

- The organisation structure consists of Funds and Investment Committee at the corporate level which is headed by Executive Director which reports to Chairman & Managing Director and ultimately to the Board.
- Treasury Risk Management comprehensive policy on the use of derivative instruments to hedge risks has been approved by the Board of Directors wherein transactions in Interest Rate Swap [IRS] and Forward Rate Agreement [FRA] are permitted. The policy comprehensively provides for an efficient risk management structure and reporting system.
- No derivative transaction is done during the year.
- The Interest Rate Swap transaction by the Bank is solely done for hedging purpose. IRS is undertaken on the actual interest bearing underlying liability. The notional principal amount and maturity of the hedge does not exceed the value and maturity of underlying liability.
- The risk is measured in the interest rate derivative transactions depending on the movement of benchmark interest rates for the remaining life of the interest swap contract. Risk is monitored based on the mark to market position of the interest rate derivative transactions.
- The IRS transactions are accounted for on accrual basis. The measurement of credit exposure is done as per Current Exposure method.

iv) Quantitative Disclosures

(Rs. in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate derivatives
i)	Derivatives (Notional Principal Amount)		
	a) For hedging	Nil	500
	b) For trading	Nil	Nil
ii)	Marked to Market Positions (1)		
	a) Asset (+)	Nil	Nil
	b) Liability (-)	Nil	72.14
iii)	Credit Exposure (2)	Nil	18.00
iv)	Likely impact of one percentage change in interest rate (100*PV01)		
	a) On hedging derivatives	N.A.	Nil
	b) On trading derivatives	N.A.	Nil
v)	Maximum and Minimum of 100*PV01 observed during the year		
	a) On hedging	N.A.	Nil
	b) On trading	N.A.	Nil

e. Asset Quality
(i) Non Performing Assets

(Rs. in crore)

Items		31.3.2009	31.3.2008
i)	Net NPAs to Net Advances (%)	1.24%	1.45%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	2350	2572
	b) Additions during the year	873	665
	c) Reduction during the year	907	887
	d) Closing balance	2316	2350
iii)	Movement of Net NPAs		
	a) Opening balance	1060	878
	b) Additions during the year	550	354
	c) Reduction during the year	547	172
	d) Closing balance	1063	1060
iv)	Movement of Provisions for Net NPAs (excluding provisions on Standard Assets)		
	a) Opening balance	1250	1667
	b) Provisions made during the year	322	289
	c) Write off/ write back / Transfer	358	706
	d) Closing balance	1214	1250

(ii) Details of Loan Assets subjected to Restructuring:

(a)

(Rs. in crore)

Item	Year	
	2008-09 Amount	2007-08 Amount
I. Total amount of loan assets subjected to restructuring, rescheduling, renegotiation:	1802.84	266.27
Of which under CDR – No.of Accounts - 0 (Previous year – 1) Amount of Sacrifice	NIL 46.18	11.55 0.75
I.i. The amount of Standard Assets subjected to restructuring, rescheduling, renegotiation:	1801.61	261.35
Of which under CDR – No.of Accounts - 0 (Previous year – 1) Amount of Sacrifice	NIL 46.17	11.55 0.75
I.ii. The amount of Sub-Standard Assets subjected to restructuring, rescheduling, renegotiation:	NIL	4.92
Of which under CDR – No. of Accounts - 0 (Previous year – 0) Amount of Sacrifice	NIL NIL	– –
I.iii. The amount of Doubtful Assets subjected to restructuring, rescheduling, renegotiation:	1.23	–
Of which under CDR – No. of Accounts 0 (Previous year – 0) Amount of Sacrifice	0 0.01	– –

The amount of 'Sacrifice' for accounts with balance of **Less than Rs.1.00 crore** is taken at 5% of the outstanding amount.

(b) During the year, 7527 accounts under SME were subjected to Restructuring and the balance outstanding as on March 31, 2009 was Rs.386.22 crore (Previous Year 59 accounts – Amount Rs.16.54 crore).

(iii) Additional Disclosures regarding restructured Accounts:

(Rs. in crore)

Sr. No	Disclosures	Number	Amount
1	Application received upto March 31, 2009 for restructuring in respect of accounts, which were standard as on September 1, 2008	35746	3286.19
2	Of (1), proposals approved and implemented as on March 31, 2009 and thus became eligible for special regulatory treatment and classified as Standard Assets as on the date of the Balance Sheet.	34841	1802.84
3	Of (1), proposals approved and implemented as on March 31, 2009 but could not be upgraded to the Standard category.	27	1.69
4	Of (1), proposals under process/ implementation which were Standard as on March 31, 2009.	874	1418.52
5	Of (1), proposals under process/ implementation which turned NPA as on March 31, 2009 but are expected to be classified as Standard Assets on full implementation of the package.	4	63.14

(iv) Details of financial assets sold to Securitisation/ Reconstruction Company for Asset Reconstruction

(Rs. in crore)

	Items	31.3.2009	31.3.2008
i)	No. of accounts	Nil	Nil
ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC	Nil	Nil
iii)	Aggregate consideration	Nil	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier years.	Nil	Nil
v)	Aggregate gain/ loss over net book value	Nil	Nil

(v) Details of Non Performing Financial Assets purchased/ sold

a. Details of Non Performing Financial Assets purchased

(Rs. in crore)

		Particulars	31.3.2009	31.3.2008
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

(Rs. in crore)

	Items	31.3.2009	31.3.2008
1	No. of accounts	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

(vi) Provision held for Standard Assets

(Rs. in crore)

Items	31.3.2009	31.3.2008
Provisions towards Standard Assets	387.50	342.66

f. Business Ratios

	Items	2008-09	2007-08
(i)	Interest Income as a percentage to Working Funds *	8.22	7.81
(ii)	Non-interest income as a percentage to Working Funds*	0.84	0.89
(iii)	Operating Profit as a percentage to Working Funds *	1.13	1.26
(iv)	Return on Assets **	0.45	0.54
(v)	Business (Deposits plus advances) per employee*** (Rs. In lacs)	560.28	400.99
(vi)	Profit per employee (Rs. In lacs)	1.71	1.56

* Working Funds comprise average of Total Assets (excluding Revaluation Reserve) during the 12 months of the Financial Year.

** Working Funds comprise average Total Assets (excluding Revaluation Reserve)

*** Based on fortnightly average of Deposits (other than Inter Bank Deposits) plus Advances.

g. Asset Liability Management
Maturity pattern of certain items of assets and liabilities as of March 31, 2009

(Rs. In Lacs)

	Total Domestic Deposits	Total Domestic Borrowings	Total Investments	Total Domestic Advances	Foreign Currency	
					Assets	Liabilities
Day 1	3121.81	72.36	5978.56	50.00		
2 days to 7 days	2551.26		1534.37	4839.90		
8 days to 14 days	2369.24		2350.12	9.98	549.48	666.20
15 days to 28 days	4175.89		2921.57	195.08	21.51	10.39
29 days to 3 months	8503.15	690.00	6308.99	553.73	96.87	46.97
Above 3 month to 6 months	4525.59	32.42	7614.45	577.27	494.39	67.07
Above 6 months to 12 months	20873.30	2.20	6619.41	798.75	12.56	188.82
Above 1 year to 3 years	57144.89	4.65	34127.95	5237.05	12.69	273.19
Above 3 years to 5 years	14088.79	1.66	8362.63	6460.43		46.80
Over 5 years	13182.49	0.96	8982.35	24338.52		5.30
TOTAL	130536.41	804.25	84800.40	43060.71	1187.50	1304.74

Notes: The above data has been compiled on the basis of the guidelines of Reserve Bank of India and certain assumptions made by the Management and has been relied upon by the Auditors.

h. Lending to Sensitive Sector
(i) Exposure to Real Estate Sector

(Rs. in crore)

	Category	31.3.2009	31.3.2008
a)	Direct Exposure		
	(i) Residential Mortgages – [including Rs.4621.73 crore (Previous year Rs.3658.68 crore) individual Housing Loan upto Rs.20 lacs]	4965.92	3943.07
	(ii) Commercial Real Estate –	7636.87	1679.80
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	a. Residential,	7.86	14.28
	b. Commercial Real Estate.	–	–
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	4632.67	4861.25

(ii) Exposure to Capital Market

(Rs. in crore)

	Items	31.3.2009	31.3.2008
i)	Direct Investment in equity shares, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	599.24	577.75
ii)	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 equities-oriented mutual funds	9.31	11.93
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equities-oriented mutual funds are taken as primary security.	0.69	1.05
iv)	Advances for other purposes to the extent secured by the collateral securities 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.	981.45	942.63
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	29.45	31.48
vi)	Loans sanctioned to corporates against the securities of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contributions to the equity of new companies in anticipation of raising resources.	0.00	0.00
vii)	Bridge Loans to the companies against the expected equity flows/ issues.	0.00	0.00
viii)	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	0.00	0.00
ix)	Financing to stock brokers for margin trading	0.00	0.00
x)	All exposures to Venture Capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceiling (both direct and indirect).	125.00	130.00
	Total Exposure to Capital Market	1745.06	1694.84

(iii) Risk Category-wise Country Exposure :

(Rs. in crore)

Risk Category	Exposure (net) as at March 31, 2009	Provision held as at March 31, 2009	Exposure (net) as at March 31, 2008	Provision held as at March 31, 2008
Insignificant	2196.96	Nil	839.02	Nil
Low	228.98	Nil	378.69	Nil
Moderate	41.83	Nil	53.99	Nil
High	19.77	Nil	15.05	Nil
Very High	1.30	Nil	10.73	Nil
Restricted	2.20	Nil	0.24	Nil
Off-credit	0.00	Nil	2.35	Nil
Total	2491.04	Nil	1300.07	Nil

As the Bank's Net funded exposure for the year in respect of Foreign Exchange Transaction is less than 1% of total assets of the Bank, no provision is considered necessary.

(iv) Details of Credit Exposure where the Bank has exceeded Prudential Exposure Norms during the year for which necessary Board approval has been obtained.

(Rs. in crore)

Sr. No	Name of Borrower	Credit Exposure As on 31.3.2009		Outstanding as on 31.03.2009		Investment as on 31.03.09	Total Exposure as on 31.03.09
		FB	NFB	FB	NFB		
1.	Indian Railways Finance Corporation Ltd.	790.19	0.00	790.19	0.00	0.00	790.19
2.	Godrej & Boyce Mfg. Co. Ltd.	247.50	940.00	193.51	469.39	0.00	1187.50
3.	Hindustan Petroleum Corporation Ltd.	0.00	0.00	0.00	0.00	0.38	0.38
4.	Bharat Petroleum Corporation Ltd.	90.00	55.00	0.00	0.05	0.00	145.00
5.	EXIM Bank Ltd.	1425.00	0.00	1425.00	0.00	21.97	1446.97
6.	Power Finance Corporation	1418.00	0.00	1379.47	0.00	60.85	1478.85
7.	Videocon Industries Ltd. *	1429.62	49.00	1444.45	24.01	8.64	1487.26
8.	TATA Group	2737.02	450.70	1866.11	176.13	35.38	3223.10
9.	Reliance Petroleum Ltd	857.00	357.00	499.93	0.00	37.99	1251.99
10.	Indian Oil Corporation Ltd.	0.00	650.00	0.00	650.00	30.00	680.00
11.	National Aviation Co.	1400.00	0.00	1003.42	0.00	0.00	1400.00

* 50% interchangeability allowed between CC and LC Limits

v. Amount of Provisions made for Income-Tax during the year:

(Rs. in crore)

	2008-09	2007-08
Provision for Income Tax	348.25	323.18
Provision for FBT	6.00	(21.40)

11. Disclosure of Penalties imposed by RBI

RBI has not imposed any penalty on the Bank under Section 46(4) of the Banking Regulation Act, 1949.

12. The following information is disclosed in terms of Accounting Standards issued by The Institute of Chartered Accountants of India:

a) Accounting Standard 17 – Segment Reporting

- i) As per the revised guidelines of Reserve Bank of India, the Bank has recognised Treasury Operations, Corporate/ Wholesale Banking, Retail Banking and other Banking business as primary reporting segments. There are no secondary reporting segments.

(Rs. in lac)

Sl. No.	Particulars	Year ended 31.03.09	Year ended 31.03.08
a.	Segment Revenue		
	1. Treasury Operations	119888	107760
	2. Retail Banking Operations	396981	372340
	3. Wholesale Banking Operations	634943	393254
	4. Other Banking Operations	0	0
	5. Unallocated	704	5307
	Total	1152516	878661
b.	Segment Results		
	1. Treasury Operations	48733	17711
	2. Retail Banking Operations	36253	83340
	3. Wholesale Banking Operations	57984	20472
	4. Other Banking Operations	0	0
	Total	142970	121523
c.	Unallocated Income/ Expenses	704	5307
d.	Operating Profit	143674	126830
e.	Provisions & Contingencies	51176	41636
f.	Income Tax	35374	30178
g.	Net Profit	57124	55016
h.	Other Information		
i.	Segment Assets		
	1. Treasury Operations	2109255	2310366
	2. Retail Banking Operations	3922925	3560443
	3. Wholesale Banking Operations	8550603	6373833
	4. Other Banking Operations	0	0
	5. Unallocated Assets	182739	150937
	Total	14765522	12395579
j.	Segment Liabilities		
	1. Treasury Operations	110619	2973
	2. Retail Banking Operations	4400604	4220901
	3. Wholesale Banking Operations	9591775	7556166
	4. Other Banking Operations	0	0
	5. Unallocated Liabilities	662524	615539
	Total	14765522	12395579

- ii) Treasury Operations include dealing in Government and Other Securities, Money Market operations and Forex operations.
- iii) The Retail Banking Segment consists of all exposures upto a limit of Rs.5 crore (including Fund Based and Non Fund Based exposures) subject to orientation, product, granularity criteria and individual exposures.
- iv) The Corporate/ Wholesale Segment consists of all advances to Trusts/ Partnership Firms Companies and statutory bodies, which are not included under Retail Banking.
- iv) The other Banking Segment includes all other Banking operations not covered under the above three categories.
- v) General Banking operations are the main resource mobilizing unit and Treasury Segment compensates the former for funds lent to it by taking into consideration the average funds used.
- vii) Allocation of Costs:
- a Expenses directly attributable to a particular segment are allocated to the relative segment.
- b Expenses not directly attributable to a specific segment are allocated in proportion to the funds employed.

b) Related Party disclosures as per Accounting Standard 18 – Related Party
1. List of Related Parties:
(a) Key Managerial Personnel –

	Name	Designation	Period
i)	Ms. H. A. Daruwalla	Chairman & Managing Director	01.04.2008 to 31.12.2008
ii)	Mr. S. Sridhar	Chairman & Managing Director	from 02.03.2009
iii)	Mr. K. Subbaraman	Executive Director	01.04.2008 to 30.09.2008
iv)	Mr. Albert Tauro	Executive Director	01.04.2008 to 02.08.2008
v)	Mr. Ramnath Pradeep	Executive Director	From 19.12.2008

(b) Subsidiaries –

- i) Cent Bank Home Finance Ltd.
- ii) Cent Bank Financial & Custodial Services Ltd.

(c) Associates –
(I) Regional Rural Banks –

- i) Satpura Narmada Kshetriya Gramin Bank, Chhindwara.
- ii) Surguja Kshetriya Gramin Bank, Ambikapur.
- iii) Uttar Bihar Gramin Bank, Muzzaffarpur
- iv) Vidharbha Kshetriya Gramin Bank, Akola
- v) Ballia Kshetriya Gramin Bank, Ballia.
- vi) Etawah Kshetriya Gramin Bank, Etawah.
- vii) Hadoti Kshetriya Gramin Bank, Kota.
- viii) Uttarbanga Kshetriya Gramin Bank, Cooch Behar

(II) Indo – Zambia Bank Ltd.
2. Transactions with Related Parties:

(Rs. in lacs)

a)	Items	Key Management Personnel	
		2008-2009	2007-2008
	Remuneration paid	36.82	26.71

b) Statement of Related parties transaction

(Rs. in crore)

S. No	Related Parties	As on	Investment		Purchase of Loan Assets	
			Cumulative	Maximum during the year	Amount purchased	Interest received (Rs.)
1	SATPURA NAMADA KGB,	31.03.09	27.64	27.64	200.00	2739726.00
		31.03.08	27.64	27.64	0.00	0.00
2	SURGUJA KGB	31.03.09	2.57	2.57	0.00	0.00
		31.03.08	2.57	2.57	0.00	0.00
3	UTTAR BIHAR GRAMIN BANK	31.03.09	159.09	159.09	500.00	6849316.00
		31.03.08	159.09	159.09	0.00	0.00

S. No	Related Parties	As on	Investment		Purchase of Loan Assets	
			Cumulative	Maximum during the year	Amount purchased	Interest received (Rs.)
4	VIDHARBHA KGB	31.03.09	6.22	6.22	47.35	973000.00
		31.03.08	6.22	6.22	0.00	0.00
5	BALLIA KGB	31.03.09	6.60	6.60	10.00	147945.00
		31.03.08	6.60	6.60	0.00	0.00
6	ETAWAH KGB	31.03.09	5.12	5.12	0.00	0.00
		31.03.08	5.12	5.12	0.00	0.00
7	HADOTI KGB	31.03.09	2.45	2.45	62.71	859041.00
		31.03.08	2.45	2.45	0.00	0.00
8	UTTARBANGA KGB	31.03.09	20.58	20.58	0.00	0.00
		31.03.08	20.58	20.58	0.00	0.00
	Total	31.03.09	230.27	230.27	0.00	0.00
		31.03.08	230.27	230.27	820.06	11569028.00

NOTE: During the year 2008-09, Satpura KGB, Chambal Gwalior KGB and Ratlam Mandasaur KGB amalgamated to form Satpura Narmada Kshetriya Gramin Bank in Madhya Pradesh State and Kosi KGB and Uttar Bihar KGB amalgamated to form Uttar Bihar Gramin Bank in Bihar State. Consequently 11 RRBs as on 31.03.2008 were reduced to 8 RRBs as on 31.03.2009.

(c) Accounting Standard 20 – Earnings per Share

Earnings per share as per AS 20 has been arrived at as follows:

	31.3.2009	31.3.2008
Net Profit after Tax available for Equity Share Holder (Rs. in Crore)	491.64	468.27
Weighted Average number of Equity Share (No.)	404141460	375209953
Basic Earnings per Share (Rs.)	12.17	12.48
Diluted Earnings per Share (Rs.)	12.17	12.48
Nominal Value per Share (Rs.)	10.00	10.00

(d) Accounting Standard 22 –Accounting for Taxes on Income

The Bank has recognized Deferred Tax Assets/ Liabilities.

Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

(Rs. in crore)

	31.3.2009	31.3.2008
Deferred Tax Asset:		
Provision for NPAs	40.39	149.18
Provision for Leave Encashment	54.77	67.98
Provision for Pension and Gratuity	266.48	290.61
Total (A):	361.64	507.77
Deferred Tax Liabilities:		
Depreciation on Fixed Assets	11.94	17.29
Interest accrued but not due on Investments	261.80	230.40
Depreciation on Investments	111.93	284.25
Total (B):	385.67	531.94
Net Deferred Tax Liability	24.03	24.17

(e) Accounting Standard – 28 – Impairment of Assets

A substantial portion of Bank's assets comprise financial assets to which Accounting Standard-28 on impairment of assets is not applicable. In the opinion of the management, there is no material impairment on Other Assets other than financial assets as at March 31, 2009, requiring recognition in terms of the Standard.

(f) Accounting Standard – 29 on Provisions, Contingent Liabilities and Contingent Assets

i) Movement of Provision:

(Rs. in crore)

Particulars	Opening Balance as on 01.04.2008	Provision made during the year	Provisions reversed/adjusted	Closing Balance as on 31.3.2009
Standard Assets	342.66	44.84	–	387.50
Taxes	872.23	363.52	9.78	1225.97

ii) Additional Disclosures

Provisions and Contingencies

(Rs. in crore)

	31.3.2009	31.3.2008
Provisions/ Depreciation on Investment	91	74
Provision towards NPA	322	289
Provision towards Standard Asset	45	84
Provision made for Taxes	354	302
Other Provision and Contingencies	54	(31)
TOTAL	866	718

iii) Floating Provisions

(Rs. in crore)

	Particulars	31.3.2009	31.3.2008
a	Opening balance in the Floating Provisions account	384.66	384.66
b	The quantum of Floating Provisions made in the Accounting Year	–	–
c	Amount of draw down made during the Accounting Year.	72.23	–
d	Closing balance in the Floating Provisions account	312.43	384.66

iv)

(Rs. in crore)

Movement of Provision for Liabilities:	Other Legal Cases	Other Legal Cases
Opening Balance	3.76	2.22
Additions during the year	0.07	1.54
Amount used during the period	–	–
Closing Balance	3.83	3.76
Timing of any resulting outflow	N.A.	N.A.

13 Details of Complaints

	Customer Complaints	No. of complaints	
		31.03.2009	31.03.2008
a)	Pending at the beginning of the year	188	176
b)	Received during the year	1963	2321
c)	Redressed during the year	2000	2309
d)	Pending at the end of the year	151	188

	Awards Passed by Banking Ombudsman	Numbers	
		31.03.2009	31.03.2008
a)	No. of unimplemented Awards at the beginning of the year	Nil	1
b)	No. of Awards passed by Banking Ombudsman during the year	2	2
c)	No. of Awards implemented during the year	2	3
d)	No. of unimplemented awards at the end of the year	NIL	Nil

As compiled by the Management and relied upon by the auditors.

	Investors' complaints	No. of complaints	
		31.03.2009	31.03.2008
a)	Pending at the beginning of the year	21	Nil
b)	Received during the year	1658	15111
c)	Redressed during the year	1679	15090
d)	Pending at the end of the year	0	21

No complaints remained unattended/ pending for more than 30 days.

14. Accounting Standard - 15 (Revised)

Employee Benefits:

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension and gratuity benefits as per actuarial valuations is given below:

(Rs. in crore)

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Pension	Gratuity	Pension	Gratuity
Defined benefit obligation liability at March 31, 2009				
Opening obligations	2612.92	769.04	2433.04	773.50
Service cost	68.20	36.20	65.00	35.00
Interest cost	207.00	62.00	193.00	63.00
Actuarial [gain]/loss	6.01	(24.35)	32.89	(65.46)
Benefits paid	(188.80)	(57.81)	(163.69)	(38.00)
Obligations at March 31, 2009	2705.33	785.08	2560.24	768.04
Plan assets at March 31, 2009, at fair value				
Opening Plans assets, at fair value	1912.92	837.12	1733.04	837.49
Expected return on plan assets	155.43	64.66	147.70	65.48
Actuarial gain/[loss]	1.43	3.99	3.19	(36.96)
Contributions	124.35	–	195.00	4.02
Benefits paid	(188.80)	(57.81)	(163.69)	(38.00)
Plan assets at March 31, 2009, at fair value	2005.33	847.96	1915.24	832.03
Cost for the year ended March 31, 2009				
Service cost	68.20	36.20	65.00	35.00
Interest cost	207.00	62.00	193.00	63.00
Expected return on plan assets	(155.43)	(64.66)	(147.70)	(65.48)
Actuarial [gain]/loss	4.58	(28.34)	29.70	(28.50)
Net cost	124.35	5.20	140.00	4.02

Assumptions

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Pension	Gratuity	Pension	Gratuity
Interest rate	8%	8%	8%	8%
Salary escalation rate	4%	4%	4%	4%
Estimated rate of return on plan assets	8%	8%	8%	8%

15. Details of Letters of Comfort issued and outstanding as on 31.3.2009

Total Number	Amount outstanding (Rs)
19	43,90,20,947

The above mentioned Letters of Comfort are issued within the sanctioned Trade Credit Limits.

16. As per the information compiled by the Management, the Vendors, whose services are utilized and from whom purchases were made by the Bank, are not registered under Micro, Small and Medium Enterprises Development Act, 2006. This is relied upon by the Auditors.
17. Previous year figures have been re-grouped/ re-classified wherever considered necessary to conform to current year's classification.

S. SRIDHAR CHAIRMAN & MANAGING DIRECTOR	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	P. V. RAVEENDRAN GENERAL MANAGER
--	--	--	--

DR. SHASHANK SAKSENA
DIRECTOR

M. K. BHATTACHARYA
DIRECTOR

C.A. M. S. JOHAR
DIRECTOR

C. M. PURI
DIRECTOR

N. K. PAREEK
DIRECTOR

MS. INDU SINGH PAWAR
DIRECTOR

BRIJLAL KSHATRIYA
DIRECTOR

N. BALAKRISHNAN
DIRECTOR

For M/s. CHHAJED & DOSHI
CHARTERED ACCOUNTANTS

For M/s. MURALI ASSOCIATES.
CHARTERED ACCOUNTANTS

For M/s. P. G. BHAGWAT
CHARTERED ACCOUNTANTS

(CA KIRAN K. DAFTARY)
PARTNER

(CA J. SIVASANKARAN)
PARTNER

(CA S. S. ATHAVALE)
PARTNER

**For M/s. BHUSHAN BENSAL JAIN
ASSOCIATES**
CHARTERED ACCOUNTANTS

For M/s. JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

For M/s. UMMED JAIN & CO.
CHARTERED ACCOUNTANTS

(CA KAMAL JAIN)
PARTNER

(CA JOHN JOSEPH P.)
PARTNER

(CA S. S. SHARMA)
PARTNER

Place : Mumbai
Date : April 28, 2009

Cash Flow Statement for the Year Ended March 31, 2009

(Rs. In crore)

Sr. No.	Particulars	31-03-2009	31-03-2008
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before taxes	924.98	851.94
I	Adjustments for:		
	Depreciation on fixed assets	74.44	70.60
	Depreciation on investments (including on matured debentures).	90.53	74.17
	Bad Debts written off/Provision in respect of non performing assets	322.34	289.06
	Provision for Standard Assets	44.83	84.26
	Provision for Other items (Net)	54.06	-31.12
	Profit / Loss on sale of fixed assets (Net)	0.35	0.45
	Payment/ provision for interest on subordinated debt (treated separately)	219.74	170.04
	Dividend received from subsidiaries / others (treated separately)	-1.43	-1.05
	Sub total	1729.84	1508.35
II	Adjustments for :		
	Increase / Decrease in Deposits	20952.18	27543.39
	Increase / Decrease in Borrowings	355.15	-332.91
	Increase / Decrease in Other Liabilities	969.89	697.46
	Increase / Decrease in Advances	-12808.11	-21491.03
	Increase / Decrease in Investments	-11696.06	-3787.47
	Increase / Decrease in Other Assets	-238.44	-453.07
	Direct Taxes paid (Net of Refund)	-353.74	-301.78
	Net Cash from operating activities (A)	-2819.13	1874.59
	NET CASH FLOW FROM OPERATING ACTIVITIES	-1089.29	3382.94
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale / Disposal of Fixed Assets	9.98	17.75
	Purchase of Fixed Assets	-72.21	-88.99
	Income earned by way of Dividend etc. from subsidiaries and associates	1.43	1.05
	Change in Trade related investments (subsidiaries & Others)	0	0
	NET CASH FLOW FROM INVESTING ACTIVITIES	-60.80	-70.19
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Share Capital	117.00	80.00
	Share Premium	0.00	736.00
	Proceeds / Redemption of Subordinated Debts Tier II Capital	839.00	244.10
	Dividend	-148.87	-150.83
	Tax on Proposed Dividend	-25.30	-25.63
	Interest on Subordinated Debt	-219.74	-170.04
	NET CASH FLOW FROM FINANCING ACTIVITIES	562.09	713.60
D	Net increase in cash & cash equivalents (A + B + C) or (F - E)	-588.00	4026.35
E	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Cash and Bank Balance with RBI	11537.19	5473.67
	Balance with Banks and Money at Call and Short Notice	1302.05	3339.22
	Net cash and cash equivalents at the beginning of the year	12839.24	8812.89

(Rs. In crore)

Sr. No.	Particulars	31-03-2009	31-03-2008
F	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	Cash and Bank Balance with RBI	11036.90	11537.19
	Balance with Banks and Money at Call and Short Notice	1214.34	1302.05
	Net cash and cash equivalents at the end of the year	12251.24	12839.24
	Forming part of Cash Flow Statement for the year ended March 31, 2009		

S. SRIDHAR CHAIRMAN & MANAGING DIRECTOR	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	P. V. RAVEENDRAN GENERAL MANAGER
DR. SHASHANK SAKSENA DIRECTOR	M. K. BHATTACHARYA DIRECTOR	CA. M. S. JOHAR DIRECTOR	BRIJLAL KSHATRIYA DIRECTOR
C. M. PURI DIRECTOR	N. K. PAREEK DIRECTOR	MS. INDU SINGH PAWAR DIRECTOR	N. BALAKRISHNAN DIRECTOR

For M/S. Chhajed & Doshi
Chartered Accountants
(CA Kiran K. Daftary)
Partner

For M/S. Murali Associates.
Chartered Accountants
(CA J. Sivasankaran)
Partner

For M/S. P. G. Bhagwat
Chartered Accountants
(CA S. S. Athavale)
Partner

For M/S. Bhushan Bensal Jain Associates
Chartered Accountants
(CA Kamal Jain)
Partner

For M/S. Joseph & Rajaram
Chartered Accountants
(CA John Joseph P.)
Partner

For M/S. Ummed Jain & Co.
Chartered Accountants
(CA U. M. Jain)
Partner

Place : Mumbai

Date : June 24, 2009

Table DF-1

Scope of application

Qualitative Disclosures:

- (a) The name of the top bank in the group to which the Framework applies:
The Bank does not belong to any group.
- (b) In the consolidated accounts, bank's subsidiaries/associates are treated as under:
 - a) Subsidiary: Bank's subsidiaries, Cent Bank Home Finance Ltd., and Cent Bank Financial and Custodial Services Ltd.,
 - b) Associates:

I. Eight Regional Rural Banks sponsored by the Bank viz.,

1. Satpura Narmada Gramin Bank, Chhindwara
2. Surguja Kshetriya Gramin Bank, Ambikapur
3. Uttar Bihar Gramin Bank, Muzzaffarpur
4. Vidharbha Kshetriya Gramin Bank, Akola
5. Ballia Kshetriya Gramin Bank, Ballia
6. Etawah Kshetriya Gramin Bank, Etawah
7. Hadoti Kshetriya Gramin Bank, Kota
8. Uttarbanga Kshetriya Gram Bank, Bihar

II. Indo-Zambia Bank Ltd., Zambia.

For computation of CRAR of the Bank, investment in RRBs are deducted from Tier I and Tier II capital equally. This disclosure is for the bank as stand alone basis

Quantitative Disclosures:

- (c) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries: NIL
- (d) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities is NIL.

Table DF-3

Capital Adequacy

Qualitative disclosures	
<p>(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities:</p> <p>Reserve Bank of India Master circular No. DBOD.No.BP.BC. 11 /21.06.001/2008-09 dated 1.7.08 on New Capital Adequacy Framework stipulate adoption of Standardized approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risks. As per the framework, Bank is required to maintain a minimum capital adequacy ratio of 9% on Credit, Market and Operational Risks. In terms of the guidelines, the Bank is conducting parallel run exercise every quarter since June 2006 to assess the impact on implementation of Basel II norms and report thereof submitted to RBI every quarter. RBI further stipulated that Banks should maintain Tier I capital of minimum 6% and banks falling short of this ratio should meet the same by 31st March 2010. As per guidelines, the Bank migrated to adopt Basel II norms. The Bank raised capital of Rs.583crore through IPDI and PNCPS of Rs.117crore to meet the current activities. The CRAR of the Bank as on 31.3.2009 works out to 13.12%. The Tier I CRAR stands at 6.97%.</p> <p>Bank is in the process of rolling out internationally reputed SAS risk management solution and pending full roll out of the solution, the Bank has developed a structured format in-house for computation of necessary reports and amalgamated at Regional Offices, Zonal Offices and at Central Office for calculation of credit risk. Bank has computed capital charge for Market and Operational Risks at Central Office and arrived at total CRAR. Credit risk mitigation as per RBI guidelines under standardized approach has been adopted. The Bank will raise capital as required to meet the projected growth in business.</p>	
Rs. in crore	
Quantitative disclosures	
(b) Capital requirements for credit risk:	
Portfolios subject to standardised approach –	
• Fund based	135333
• Non-fund based	35157
• Securitisation exposures	Nil
(c) Capital requirements for market risk:	
• Standardised duration approach:	
- Interest rate risk –	344.05
- Foreign exchange risk (including gold) –	11.86
- Equity risk –	110.54
(d) Capital requirements for operational risk:	
• Basic indicator approach –	
	388.49
(e) Total capital ratio –	
	13.12%
Tier 1 capital ratio	
	6.97%

Table DF-4

Credit risk: General disclosures for all banks

Qualitative Disclosures	
<p>Credit risk is the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. Credit Risk involves inability or unwillingness of a counterparty to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions.</p> <p>Bank has put in place a well-articulated Board approved Credit Risk Policy and reviewed the same during February 2009. The policy defines credit risk, risk identification & measurement, risk grading and aggregation, credit risk rating framework and reporting, risk control and portfolio management, mitigation techniques, management of problem accounts, target markets and type of economic activity, credit approval authority, country and currency exposure, maturity patterns, level of diversification, cyclical aspect of the economy, credit risk in off balance sheet exposure, credit risk monitoring procedures managing of credit risk in inter Bank Exposure, country risk and other operational matters.</p> <p>The Bank manages its credit risk through continuous monitoring of risks at group and borrower level. The Bank has out-sourced risk rating tools from BCG and CRISIL to cover Large Corporate borrowers and Small and Medium Enterprises. Bank has also introduced manual scoring models in all retail lending schemes and agricultural loans.</p>	
(Rs. in crore)	
Quantitative Disclosures:	
(a) Total gross credit risk exposures:	
Fund based:	86740.27
Non-fund based:	6738.44
Quantitative Disclosures:	
(b) Geographic distribution of exposures:	
• Domestic	86740.27
• Overseas	Nil
(c) Industry type distribution of exposures	
Fund Based (As of 31.03.2009)	35423
Coal	7
Mining	35
Iron and Steel	2194
Other metal and metal products	473
All Engineering	1340
Electricity	75
Cotton Textiles	874
Jute Textiles	56
Other Textiles	1235
Sugar	543
Tea	199
Food Processing	756
Vegetable Oil and Vanaspati	148
Tobacco and tobacco products	32
Paper and paper products	180
Rubber and rubber products	110
Chemical, Dyes and paints	850
Cement	514
Leather and leather products	80
Gems and Jewellery	463

Construction	3580
Petroleum	839
Automobiles including trucks	986
Computer software	9
Infrastructure	14169
Other Industries	5874
(d) Residual contractual maturity breakdown of Assets:	
Day 1 :	6028.56
2days to 7days:	6374.27
8days to 14days	2411.87
15days to 28days	3138.16
29days to 3months	6952.59
Above 3months to 6months	8686.11
Above 6months to 12months	7430.72
Above 12months to 36months	39377.69
Above 36months to 60months	14823.16
Over 60 month	33320.87
(e) Amount of NPAs (Gross) –	2316.55
• Substandard	589.69
• Doubtful	1658.22
• Loss	68.64
(f) Net NPAs	1063.42
(g) NPA Ratios	
• Gross NPAs to gross advances	2.67%
• Net NPAs to net advances	1.24%
(h) Movement of NPAs (Gross)	
• Opening balance	2350
• Additions	873
• Reductions	907
• Closing balance	2316
(i) Movement of provisions for NPAs	
• Opening balance	1250
• Provisions made during the period	323
• Write-off	359
• Write-back of excess provisions	Nil
• Closing balance	1214
(j) Amount of Non-Performing Investments	56.48
(k) Amount of provisions held for non-performing investments	48.37
(l) Movement of provisions/depreciation on investments:	
• Opening balance	1291.57
• Provisions made during the period	353.45
• Write-off	Nil
• Write-back of excess provisions	302.90
• Closing balance	1342.12

Table DF-5

Credit risk: Disclosures for portfolios subject to the standardized approach

<u>Qualitative Disclosures</u>	
<p>(a) The Bank has adopted Standardized approach for computation of capital charge for Credit risk as per RBI guidelines. These guidelines envisage different risk weights for different asset classes, which have been duly applied.</p> <p>The Bank has entered into Memorandum of Understanding with four External Credit Rating Agencies identified by the RBI viz., CRISIL Ltd., CARE, ICRA Ltd., and Fitch Ratings (I) Ltd., to rate the exposures of its clients under Basel II norms. These agencies will rate all fund and non fund based exposures. The ratings awarded by these agencies to the bank's clients are adopted for assigning risk-weights.</p> <p>In case of bank's investment in particular issues of Corporate, the issue specific rating of the rating agency is reckoned to assign the risk weight to comparable exposures as per the mapping scale provided by RBI.</p>	
Rs. in crore	
<u>Quantitative Disclosures:</u>	
<p>(b) For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstandings (rated and unrated) in the following three major risk buckets as well as those that are deducted:</p> <ul style="list-style-type: none"> • Below 100 % risk weight: • 100 % risk weight: • More than 100 % risk weight: • Deducted: 	<p>122588</p> <p>42868</p> <p>5034</p> <p>9517</p>

Table DF-6

Credit risk mitigation: Disclosures for standardized approaches

<u>Qualitative Disclosures</u>	
<p>(a) Bank has well defined credit risk mitigation and collateral management policy. The main types of collaterals accepted by bank are cash and near cash securities, land and building, and plant and machinery etc. Bank accepts personal guarantees, corporate guarantees and guarantees issued by sovereigns and banks. Collaterals are valued at fair market value and at regular intervals as per the policy guidelines.</p> <p>RBI guidelines on New Capital Adequacy Framework recognize various types of financial collaterals for the purpose of credit risk mitigation. The guidelines further provide recognition of guarantees as one of the credit risk mitigants. Bank has put in place suitable policy measures to capture these elements.</p>	
Rs in crore	
<u>Quantitative Disclosures</u>	
<p>(b) For disclosed credit risk portfolio under the standardized approach, the total exposure that is covered by:</p> <ul style="list-style-type: none"> • eligible financial collateral; after the application of haircuts- <ul style="list-style-type: none"> Fund based Non fund based 	<p>81754</p> <p>6494</p>

Table DF-7

Securitisation: Disclosure for standardized approach

Qualitative Disclosures:	
(a) The general qualitative disclosure requirement with respect to securitization, including a discussion of: <ul style="list-style-type: none"> • the bank's objectives in relation to securitization activity, including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the bank to other entities; No securitization activities during the year ended 31.03.2009. • the roles played by the bank in the securitization process and an indication of the extent of the bank's involvement in each of them; and NIL • the regulatory capital approach that the bank follows for its securitization activities. N.A. 	
(b) Summary of the bank's accounting policies for securitization activities, including: <ul style="list-style-type: none"> • recognition of gain on sale; and N.A. • key assumptions for valuing retained interests, including any significant changes since the last reporting period and the impact of such changes; N.A. 	
(c) Names of ECAs used for securitisations and the types of securitisation exposure for which each agency is used. N.A.	
Rs. in crore	
Quantitative Disclosures	
(d) The total outstanding exposures securitised by the bank and subject to the securitisation framework by exposure type:	NIL
(e) For exposures securitised by the bank and subject to the securitization framework: <ul style="list-style-type: none"> • amount of impaired/past due assets securitized - • losses recognised by the bank during the current period broken down by exposure type - 	NIL NIL
(f) Aggregate amount of securitisation exposures retained or purchased broken down by exposure type -	NIL
(g) Aggregate amount of securitisation exposures retained or purchased broken down into a meaningful number of risk weight bands. Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from Total Capital, and other exposures deducted from total capital should be disclosed separately by type of underlying exposure type –	NIL
(h) Summary of securitisation activity presenting a comparative position for two years, as a part of the Notes on Accounts to the balance sheet: <ul style="list-style-type: none"> • total number and book value of loan assets securitised – by type of underlying assets; • sale consideration received for the securitised assets and gain/loss on sale on account of securitisation; • form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc. 	NIL NIL NIL

Table DF-8

Market risk in trading book

Qualitative disclosures	
<p>(a) Market risk refers to the risk to an institution resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates and equity and commodity prices. Market risk is often propagated by other forms financial risk such as credit and market –liquidity risks like down grading of the credit standing of an issuer could lead to a drop in the market value of securities issued by that issuer .Like wise major sale of relatively illiquid security by another holder of the same security could depress the price of security.</p> <p>Market risk will also apply to various derivatives products including option, swap and interest rates swaps. The objective of the market risk management is to minimize the impact losses on earnings and equity and focus on management of foreign exchange risk, interest rate risk, equity price and liquidity risk.</p> <p>Policies for Management of Market Risk:</p> <p>The Bank has put in place Board approved Market Risk Management Policy for effective management of Market Risk in the Bank. Other policies which also deal with market risk management are investment policy, Asset Liability Management Policy and Policy on foreign exchange operations.</p> <p>The policies set various prudential exposure limits, risk limits for effective management of Market Risk and ensuring that the operations are in line with Bank’s expectations of return to market risk through proper market risk management and Asset Liability Management.</p> <p>ALM policy deals with liquidity risk management and interest rate risk management framework. Liquidity risk is managed through GAP analysis, based on residual maturity/behavior pattern of assets and liabilities. Bank has also put in place mechanism of short term dynamic liquidity management and contingency funding plan. Prudential(tolerance) limits are prescribed for different residual maturity time buckets for efficient Asset Liability Management. Liquidity profile of the Bank is also evaluated through various liquidity ratios.</p> <p>Interest rate risk is managed through use of Gap analysis of rate sensitive assets and liabilities are monitored through prudential limits. Bank also estimate Earnings at Risk periodically against adverse movements in interest rate for assessing the impact on Net Interest Income and Economic Value of Equity.</p>	
Rs. in crore	
Quantitative disclosures	
(b) The capital requirements for:	
• interest rate risk –	344.05
• equity position risk -	110.54
• foreign exchange risk –	11.86

Table DF-9

Operational risk

Qualitative disclosures
<p>In addition to the general qualitative disclosure requirement the approach (es) for operational risk capital assessment for which the bank qualifies.</p> <p>Operational Risk is the risk of losses resulting from inadequate or failed internal process, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks. The Bank has put in place the Board approved Operational Risk Management Policy, which was reviewed during August 2008. The bank has initiated pro-active steps to equip itself to migrate to advanced approaches under Operational risks and started collecting data pertaining to loss events and key risk indicators for the past two years. Bank also joined the data pool consortium of IBA to establish loss data consortium ‘CORDEX’. The bank has provided capital for operational risk as per Basic Indicator approach. Accordingly the capital requirement for operational risk as on 31.3.09 is Rs.388.49 crores.</p>

Table DF-10

Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

Management of interest rate risk aims at capturing the risks arising from the maturity and re-pricing mismatches and is measured both from the earnings and economic value perspective. Earnings perspective involves analyzing the impact of changes in interest rates on accrual or reported earnings in the near term. Economic value perspective involves analyzing the impact of interest on expected cash flows on assets minus the expected cash flow on liabilities plus the cash flows on off balance sheet items.

Quantitative Disclosures

Impact of 200 basis point shift in interest rates on investments in banking book is Rs.2550 cr

(D. Vasundhara Krishnamurthy)

General Manager – Risk Management

(S. Sridhar)

Chairman & Managing Director

(Ramnath Pradeep)

Director Executive

(Arun Kaul)

Executive Director

Auditors' Report to the Board of Directors of Central Bank of India on the Consolidated Financial Statements

1. We have examined the attached Consolidated Balance Sheet of Central Bank of India ("The Bank") and its subsidiaries and Associates as at March 31, 2009 (collectively referred to as "The Group"), the Consolidated Profit & Loss Account and the Consolidated Cash Flow Annexed thereto for the year ended on that date.
2. 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 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 of material misstatements. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of Bank's Subsidiaries whose financial statements reflect total assets of Rs.286.00 Crore as at March 31, 2009 and Total Revenue of Rs.27.16 Crore for the year then ended. We also have not audited the financial statements of the Associates.

The transactions of Associates included in the Consolidated Financial Statements are given below:

		(Rs. In crore)
a Share of earnings in Associates credited to the Consolidated Profit & Loss Account	-	65.59
b Investments	-	230.93

The Financial Statements of Subsidiaries and Associates referred to above have been Audited by other Auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the Amounts included in respect of the Subsidiaries and Associates, is based solely on the report of the other Auditors.

4. We report that the Consolidated financial Statements have been prepared by the Bank in accordance with the requirement of Accounting Standard 21-"Consolidated Financial Statements" and Accounting Standard 23-"Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and the guidelines of the Reserve Bank of India and on the basis of the separate Audited Financial Statements of the Bank and its Subsidiaries and Associates included in the Consolidated Financial Statements.
5. Subject to our comments above, on the basis of the information and explanations given to us and on the consideration of separate Audit Reports on individual Audited financial Statements of the Bank and its Subsidiaries and Associates, we are of the opinion that:
 - i. The Consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of the Group as at March 31, 2009;
 - ii. The Consolidated Profit & Loss Account gives a true and fair view of the Consolidated results of operations of the Group for the year ended on that date; and
 - iii. The Consolidated Cash Flow statement shows a true and fair view of the Consolidated Cash Flows for the year covered by the Statement.

For M/S.Chhajed & Doshi
Chartered Accountants
(C.A. Kiran K Daftary)
Partner
M. No. 10279

For M/S.Murali Associates
Chartered Accountants
(C.A. J. Sivasankaran)
Partner
M. No. 22103

For M/S. P. G. Bhagwat
Chartered Accountants
(C.A. S S Athavale)
Partner
M. No. 83374

For M/S. Bhushan Bensal Jain Associates
Chartered Accountants
(C.A. Kamal Jain)
Partner
M. No. 82279

For M/S. Joseph & Rajaram
Chartered Accountants
(C.A. John Joseph P.)
Partner
M. No. 205893

For M/S. Ummed Jain & Co.
Chartered Accountants
(CA U. M. Jain)
Partner
M. No. 70863

Consolidated Balance Sheet as at March 31, 2009

(000's omitted)

	Schedule No.	As at 31-Mar-2009 Rs.	As at 31-Mar-2008 Rs.
CAPITAL & LIABILITIES			
Capital	1	1321,14,15	1204,14,15
Reserves and Surplus	2	5206,64,36	4782,75,13
Minorities Interest	2A	17,59,00	13,39,27
Deposits	3	131279,27,13	110325,52,95
Borrowings	4	876,77,54	540,62,59
Other Liabilities and Provisions	5	9169,07,67	7247,10,40
TOTAL		<u>147870,49,85</u>	<u>124113,54,49</u>
ASSETS			
Cash and Balances with Reserve Bank of India	6	11037,03,07	11537,43,19
Balances with Banks and Money at Call and Short Notice	7	1214,33,62	1302,05,31
Investments	8	43144,26,54	31473,71,22
Loans & Advances	9	85602,76,45	73124,37,54
Fixed Assets	10	2278,38,14	2320,67,84
Other Assets	11	4587,91,95	4349,49,31
Goodwill on Consolidation		5,80,08	5,80,08
TOTAL		<u>147870,49,85</u>	<u>124113,54,49</u>
Contingent Liabilities	12	23419,51,04	20875,27,71
Bills for Collection	-	2833,02,81	3273,17,37
Principal Accounting Policies	17		
Notes to Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet.

P. V. RAVEENDRAN GENERAL MANAGER	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	S. SRIDHAR CHAIRMAN & MANAGING DIRECTOR
DR. SHASHANK SAKSENA DIRECTOR	M. K. BHATTACHARYA DIRECTOR	CA. M. S. JOHAR DIRECTOR	BRIJLAL KSHATRIYA DIRECTOR
C. M. PURI DIRECTOR	N. K. PAREEK DIRECTOR	MS. INDU SINGH PAWAR DIRECTOR	N. BALAKRISHNAN DIRECTOR

For M/S. Chhajed & Doshi

Chartered Accountants
(CA Kiran K. Daftary)
Partner

For M/S. Murali Associates.

Chartered Accountants
(CA J. Sivasankaran)
Partner

For M/S. P. G. Bhagwat

Chartered Accountants
(CA S. S. Athavale)
Partner

For M/S. Bhushan Bensal Jain Associates

Chartered Accountants
(CA Kamal Jain)
Partner

For M/S. Joseph & Rajaram

Chartered Accountants
(CA John Joseph P.)
Partner

For M/S. Ummed Jain & Co.

Chartered Accountants
(CA U. M. Jain)
Partner

Place : Mumbai

Date : June 24, 2009

Consolidated Profit and Loss Account for the Year Ended March 31, 2009

(000's omitted)

	SCHEDULE NO.	YEAR ENDED 31.03.2009 Rs.	YEAR ENDED 31.03.2008 Rs.
I. INCOME			
Interest and Dividend Earned	13	10471,55,62	7901,88,41
Other Income	14	1069,41,67	902,66,86
TOTAL		<u>11540,97,29</u>	<u>8804,55,27</u>
II. EXPENDITURE			
Interest Expended	15	8236,15,31	5782,28,88
Operating Expenses	16	1865,80,41	1748,47,01
Provisions and Contingencies		868,59,99	731,28,79
TOTAL		<u>10970,55,71</u>	<u>8262,04,68</u>
III. PROFIT/ LOSS			
Consolidated Net Profit		570,41,58	542,50,59
Add: Share of earnings in Associates		65,58,98	49,33,69
Consolidated Net Profit for the year before deducting Minorities' Interest		636,00,56	591,84,28
Add/Less: Minorities Interest		(-)15,57	2,75,88
Consolidated Profit for the year attributable to the Group		635,84,99	594,60,16
Add: Brought forward consolidated Profit attributable to the Group		80,90,06	38,66,55
Consolidated Net Profit		<u>716,75,05</u>	<u>633,26,71</u>
IV. APPROPRIATIONS			
Transfer to :			
Statutory Reserve		142,86,06	165,04,91
Investment Reserve		140,72,03	8,85,59
Revenue Reserve		98,00,00	190,00,00
Staff Welfare Fund		15,00,00	12,00,00
Proposed Dividend -Preference Share Capital		68,03,85	70,00,00
Proposed Dividend -Equity Share Capital		80,82,83	80,82,83
Tax on Dividend		25,29,99	25,63,32
Balance Carried over to the Balance Sheet		146,00,29	80,90,06
TOTAL		<u>716,75,05</u>	<u>633,26,71</u>

The schedules referred to above form an integral part of the Profit and Loss Account

EPS	13.76	13.66
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S.SRIDHAR CHAIRMAN & MANAGING DIRECTOR	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	P.V.RAVEENDRAN GENERAL MANAGER
DR.SHASHANK SAKSENA DIRECTOR	M.K.BHATTACHARYA DIRECTOR	CA. M.S.JOHAR DIRECTOR	C.M.PURI DIRECTOR
N.K.PAREEK DIRECTOR	MS.INDU SINGH PAWAR DIRECTOR	BRIJLAL KSHATRIYA DIRECTOR	N. BALAKRISHNAN DIRECTOR

As per our report of even date

 For M/s.CHHAJED & DOSHI
CHARTERED ACCOUNTANTS
(CA. KIRAN K DAFTARY)
PARTNER

 For M/s.MURALI ASSOCIATES
CHARTERED ACCOUNTANTS
(CA. J. SIVASANKARAN)
PARTNER

 For M/s. P. G. BHAGWAT
CHARTERED ACCOUNTANTS
(CA. S S ATHAVALE)
PARTNER

 For M/s. BHUSHAN BENSAL JAIN ASSOCIATES
CHARTERED ACCOUNTANTS
(CA. KAMAL JAIN)
PARTNER

 For M/s. JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
(CA. JOHN JOSEPH P.)
PARTNER

 For M/s. UMMED JAIN & CO.
CHARTERED ACCOUNTANTS
(CA. U.M.JAIN)
PARTNER

 Place : Mumbai
Date : June 24, 2009

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(000's Omitted)

	AS AT 31-Mar-09		AS AT 31-Mar-08	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 1 : CAPITAL</u>				
Authorised Capital		1500,00,00		1500,00,00
Issued, Subscribed and Paid up Capital :	404,14,15		404,14,15	
4041,41,460 Equity Shares of Rs.10 each (includes 3241,41,500 shares held by Central Govt).				
Perpetual non-cumulative Preference Share Capital	800,00,00		800,00,00	
Perpetual non-cumulative Preference Share Capital	117,00,00		-	
TOTAL		1321,14,15		1204,14,15
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>				
I. Statutory Reserves				
Balance as per last Balance Sheet	810,64,33		645,59,42	
Additions during the year	142,86,06		165,04,91	
		953,50,39		810,64,33
II. Capital Reserves				
i) Revaluation Reserve				
Balance as per last Balance Sheet	2038,66,65		485,84,60	
Additions on account of revaluation	-		1565,97,48	
Deductions during the year	29,75,06		13,15,43	
		2008,91,59		2038,66,65
ii) Investment Reserve				
Balance as per last Balance Sheet	175,76,00		166,90,41	
Additions during the year	140,72,03		8,85,59	
		316,48,03		175,76,00
III. Share Premium				
Balance as per last Balance Sheet	736,00,00		-	
Additions during the year	-		736,00,00	
		736,00,00		736,00,00
IV. Revenue and Other Reserves				
Revenue Reserves				
Balance as per last Balance Sheet	940,78,09		1325,05,34	
Additions during the year	98,00,00		190,00,00	
Less: Deductions during the year	3,44		-	
Less Transitional Liability for Employee benefits	-		875,00,00	
Add: Deferred tax on above	-		297,41,25	
Add: Adjustments	6,99,41		3,31,50	
		1045,74,06		940,78,09
V. Balance in Profit and Loss Account				
		146,00,29		80,90,06
TOTAL		5206,64,36		4782,75,13

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	(Rs.000's omitted)			
	AS AT		AS AT	
	31-Mar-2009		31-Mar-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 2 A : MINORITIES INTEREST				
Minority Interest at the date on which the parent/subsidiary relationship came into existence	2,45,00		2,45,00	
Subsequent increase / decrease	<u>15,14,00</u>		<u>10,94,27</u>	
Minority interest on the date of Balance-Sheet		<u>17,59,00</u>		<u>13,39,27</u>
SCHEDULE 3 : DEPOSITS				
A. I. Demand Deposits				
i) From Banks	468,44,09		393,66,10	
ii) From Others	<u>9627,39,52</u>		<u>9592,96,55</u>	
		10095,83,61		9986,62,65
II. Savings Bank Deposits		33680,07,96		29865,83,68
III. Term Deposits				
i) From Banks	4716,67,95		2325,16,79	
ii) From Others	<u>82786,67,61</u>		<u>68147,89,83</u>	
		87503,35,56		70473,06,62
TOTAL		<u>131279,27,13</u>		<u>110325,52,95</u>
B. i) Deposits of Branches in India		131279,27,13		110325,52,95
ii) Deposits of Branches outside India		-		-
SCHEDULE 4 : BORROWINGS				
I. Borrowings in India				
i) Reserve Bank of India	17,25,46		386,36,02	
ii) Other Banks	55,10,91		20,58,49	
iii) Other Institutions & Agencies	<u>804,41,17</u>		<u>133,68,08</u>	
		876,77,54		540,62,59
II. Borrowings outside India		-		-
TOTAL		<u>876,77,54</u>		<u>540,62,59</u>
Secured Borrowings included in I & II above		Nil		Nil

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	(Rs.000's omitted)			
	AS AT		AS AT	
	31-Mar-2009		31-Mar-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS				
I. Bills Payable	614,26,30		595,86,48	
II. Inter Office Adjustments (Net)	-		-	
III. Interest Accrued	338,68,51		288,59,36	
IV. Unsecured Redeemable Bonds (Subordinated Debt for Tier-II Capital)	3270,30,00		2431,30,00	
V. Deferred Tax Liabilities	24,20,98		24,34,61	
VI. Others(including provisions)* (includes Rs. 583 crore of Innovative Perpetual Debt Instrument during the Current Year)	<u>4921,61,88</u>		<u>3906,99,95</u>	
TOTAL		<u>9169,07,67</u>		<u>7247,10,40</u>
SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		797,50,20		927,15,77
II. Balances with Reserve Bank of India				
In Current Accounts	10139,52,87		10510,27,42	
In Other Accounts	<u>100,00,00</u>		<u>100,00,00</u>	
TOTAL		<u>10239,52,87</u>		<u>10610,27,42</u>
		<u>11037,03,07</u>		<u>11537,43,19</u>
SCHEDULE 7 : BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE				
I. In India				
i) Balances with Banks				
a) In Current Accounts	708,25,22		1068,14,77	
b) In Other Deposit Accounts	<u>1,61,88</u>		<u>175,00,00</u>	
		709,87,10		1243,14,77
ii) Money at Call and Short Notice				
a) With Banks	-		-	
b) With Other Institutions	-		-	
TOTAL.... I		<u>709,87,10</u>		<u>1243,14,77</u>
II. Outside India				
a) In Current Accounts	431,38,95		50,84,85	
b) In Other Deposit Accounts	73,07,57		8,05,69	
c) Money at Call & Short Notice	-		-	
TOTAL.... II		<u>504,46,52</u>		<u>58,90,54</u>
TOTAL.... (I + II)		<u>1214,33,62</u>		<u>1302,05,31</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	(Rs.000's omitted)			
	AS AT 31-Mar-2009		AS AT 31-Mar-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 8 : INVESTMENTS				
I. Investments in India in : *				
i) Government Securities	37880,69,49		26010,64,90	
ii) Other approved Securities	405,38,89		585,04,44	
iii) Shares	502,81,77		538,71,09	
iv) Debentures and Bonds	3073,25,89		3133,66,78	
v) Investment in Associates	294,43,43		226,12,90	
vi) Others (UTI Shares & Commercial Papers, Mutual Fund Units etc.)	957,95,94		946,71,08	
		<u>43114,55,41</u>		<u>31440,91,19</u>
II. Investments outside India in **				
i) Government Securities				
ii) Investment in Associates	29,71,13		32,80,03	
		<u>29,71,13</u>		<u>32,80,03</u>
TOTAL		<u><u>43144,26,54</u></u>		<u><u>31473,71,22</u></u>
* Investments in India :				
Gross Value of Investments	44499,48,39		32782,10,76	
LESS: Provision for Depreciation	1384,92,98		1341,19,57	
Net Investments		<u>43114,55,41</u>		<u>31440,91,19</u>
** Investments outside India :				
Gross Value of Investments	29,71,13		32,80,03	
LESS: Provision for Depreciation	-		-	
Net Investments		<u>29,71,13</u>		<u>32,80,03</u>
SCHEDULE 9 : LOANS AND ADVANCES				
A. i) Bills Purchased and Discounted				
ii) Cash Credits, Overdrafts & Loans repayable on demand	886,54,29		1035,55,37	
iii) Term Loans	24013,89,89		23711,51,32	
	60702,32,27		48377,30,85	
TOTAL		<u><u>85602,76,45</u></u>		<u><u>73124,37,54</u></u>
B. Particulars of Advances :				
i) Secured by tangible assets (including advances against Book Debts)				
ii) Covered by Bank/ Government Guarantees	63331,91,04		50017,14,40	
iii) Unsecured	3071,76,28		2660,77,44	
	19199,09,13		20446,45,70	
TOTAL		<u><u>85602,76,45</u></u>		<u><u>73124,37,54</u></u>
C. Sectoral Classification of Advances				
(I) Advances in India				
i) Priority Sector	26962,06,02		24129,59,30	
ii) Public Sector	10125,20,13		12668,98,22	
iii) Banks	687,73,63		1725,05,17	
iv) Others	47827,76,67		34600,74,85	
TOTAL		<u><u>85602,76,45</u></u>		<u><u>73124,37,54</u></u>
(II) Advances outside India				

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(Rs.000's omitted)

	AS AT		AS AT	
	31-Mar-2009		31-Mar-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10 : FIXED ASSETS				
I. Premises				
(At cost / revalued cost)				
Balance as at 31st March of the preceding year	2366,37,57		800,28,38	
Additions during the year	-		11,71	
Additions on account of revaluation during the year	-		1565,97,48	
Total	2366,37,57		2366,37,57	
Deduction/Adjustments during the year	-		-	
Total	2366,37,57		2366,37,57	
Depreciation to date	315,11,33		281,86,81	
TOTAL.... I		2051,26,24		2084,50,76
II. Other Fixed Assets				
(Including furniture and fixtures)				
At cost as on 31st March of the preceding year	754,98,35		684,30,78	
Additions/Adjustments during the year	81,98,27		88,87,38	
Total	836,96,62		773,18,16	
Deductions/Adjustments during the year	20,03,15		18,19,81	
Total	816,93,47		754,98,35	
Depreciation to date	589,81,57		518,81,27	
TOTAL.... II		227,11,90		236,17,08
TOTAL.... (I + II)		2278,38,14		2320,67,84
SCHEDULE 11 : OTHER ASSETS				
I. Inter office adjutmets (Net).	643,07,63		543,02,91	
II. Interest accrued	780,21,61		687,90,79	
III. Tax paid in advance/tax deducted at source (Net of Provisions)	1832,64,56		1514,61,93	
IV. Stationery and Stamps	11,33,59		11,73,66	
V. Non-banking assets acquired in satisfaction of claims	-		-	
VI. Deferred Tax Assets (Net)	-		-	
VII. Others	1320,64,56		15,92,20,02	
TOTAL		4587,91,95		4349,49,31

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 12 : CONTINGENT LIABILITIES

I. Claims against the Bank not acknowledged as Debts	164,00,65		223,94,36
II. Liability for partly paid Investments	27,34,33		47,67,50
III. Liability on account of outstanding forward exchange contracts	16474,39,54		14455,18,59
IV. Guarantees given on behalf of constituents			
a) In India	3946,75,37	2890,48,23	
b) Outside India	<u>277,18,01</u>	<u>189,23,72</u>	
	4223,93,38		3079,71,95
V. Acceptances, Endorsements and Other Obligations	2514,51,81		3059,11,98
VI. Other items for which the bank is contingently liable	15,31,33		9,63,33
TOTAL	<u>23419,51,04</u>		<u>20875,27,71</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	(000's omitted)	
	YEAR ENDED 31-Mar-09	YEAR ENDED 31-Mar-08
	Rs.	Rs.
SCHEDULE 13 : INTEREST AND DIVIDEND EARNED		
I. Interest/Discount on Advances / Bills	7769,80,52	5314,38,82
II. Income on Investments	2563,18,93	2350,55,76
III. Interest on balances with Reserve Bank of India and other inter-bank funds	131,51,73	183,86,53
IV. Others	7,04,44	53,07,30
TOTAL	<u>10471,55,62</u>	<u>7901,88,41</u>
SCHEDULE 14 : OTHER INCOME		
I. Commission, Exchange and Brokerage	442,16,00	404,82,06
II. Profit/ (Loss) on sale of Investments (Net)	409,76,60	153,98,95
III. Profit / (Loss) on Exchange transactions (Net)	67,33,40	48,42,20
IV. Profit / (Loss) on sale of land, buildings and Other Assets	(-)35,29	(-)45,90
V. Profit / (Loss) on Revaluation of Investments	-	-
VI. Income earned by way of dividends etc. from subsidiaries and Associates abroad/ in India	-	-
VII. Miscellaneous Income	150,50,96	295,89,55
TOTAL	<u>1069,41,67</u>	<u>902,66,86</u>
SCHEDULE 15 : INTEREST EXPENDED		
	Rs.	Rs.
I. Interest on Deposits	7914,04,15	5580,44,46
II. Interest on Reserve Bank of India / Inter-Bank borrowings	100,33,45	28,38,47
III. Others	221,77,71	173,45,95
TOTAL	<u>8236,15,31</u>	<u>5782,28,88</u>
SCHEDULE 16 : OPERATING EXPENSES		
I. Payments to and Provisions for employees	1273,91,05	1215,60,32
II. Rent, Taxes and Lighting	142,31,95	125,02,16
III. Printing and Stationery	17,92,20	17,28,01
IV. Advertisement and Publicity	15,37,15	6,91,49
V. a) Depreciation on Bank's property other than Leased Assets	83,71,84	73,75,36
b) Depreciation on Leased Assets	-	-
VI. Directors' Fees, Allowances and Expenses	1,44,56	1,07,99
VII. Auditors' Fees and Expenses (including Branch Auditors', Fees & expenses)	20,43,48	19,15,53
VIII. Law Charges	10,82,02	10,19,59
IX. Postages, Telegrams, Telephones etc.	9,78,58	11,40,97
X. Repairs and Maintenance	33,29,87	21,03,10
XI. Insurance	91,48,64	75,79,35
XII. Other Expenditure	165,29,07	171,23,14
TOTAL	<u>1865,80,41</u>	<u>1748,47,01</u>

Schedule 17 – Principles Accounting Policies of Consolidated Accounts

A. THE PARENT BANK

1. Accounting Conventions:

The Financial Statements are prepared on the historical cost basis except as modified by the Revaluation of Premises and conform to the Statutory provisions and prevailing practices within the banking industry in India.

2. Transactions involving Foreign Exchange:

- 2.1 Monetary Assets and Liabilities in Foreign Currencies are translated at the Exchange Rates prevailing at the year end as notified by FEDAI and the resultant Profit/ Loss is recognised in Profit and Loss Account.
- 2.2 Income and Expenditure items are translated at the exchange rates ruling on the respective date of transactions.
- 2.3 Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in Foreign Currencies are translated at year end rates notified by FEDAI.
- 2.4 Outstanding Forward Contracts are translated at the year end rates notified by FEDAI and the resultant profit/loss is recognized in Profit and Loss Account.

3. Investments:

- 3.1 In accordance with the guidelines issued by Reserve Bank of India, Investments are classified into "Held to Maturity", "Held for Trading" and "Available for Sale" categories. However, for disclosure in the Balance Sheet, investments are classified under the following heads :

- i) Government Securities
- ii) Other Approved Securities
- iii) Shares
- iv) Debentures and Bonds
- v) Investments in Subsidiaries and sponsored institutions and
- vi) Others (UTI Shares, Commercial Papers and units of Mutual Funds.)

3.2 Basis of Classification :

Classification of an Investment is done at the time of purchase into the following categories:

i) Held to Maturity :

These comprise of investments, the bank intends to hold on till maturity.

ii) Held for Trading :

Securities which are principally held for resale within 90 days from the date of purchase.

iii) Available for Sale :

Investments that cannot be classified in the above categories.

3.3 Transfer of Securities between categories :

The transfer/ shifting of securities between the three categories of investments is accounted at the lower of acquisition cost/ book value or market value on the date of the transfer. The depreciation, if any, on such transfer is fully provided for.

3.4 Valuation :

a) Held to Maturity :

The investments classified under this category are valued at acquisition cost. The excess of acquisition cost / book value over the face value is amortised over the remaining period of maturity.

b) Available for sale :

Investments under this category are marked to market, scrip-wise, at quarterly intervals as under:

i) Central Government Securities	At market price as per quotation put out by Stock Exchange / FIMMDA / PDAI .
ii) State Government Securities, Securities Guaranteed by Central / State Government, PSU Bonds	On appropriate yield to maturity basis.
iii) Treasury Bills/ Certificates of Deposits/ Commercial Paper / Investment in RRBs	At carrying cost.
iv) Equity Share	a) Quoted : At market price. b) Unquoted : At book value per share, if latest (Not more than one year old.) Balance Sheet is available, or Re.1.00 per company if latest Balance Sheet is not available.
v) Preference Share	a) Quoted : At market price. b) Unquoted : On appropriate yield to maturity.
vi) Debentures and Bonds	a) Quoted : At market price. b) Unquoted : On appropriate yield to maturity.
vii) Mutual Fund	a) Quoted : At market price. b) Unquoted: At repurchase price or Net Asset Value (where repurchase price is not available).
viii) Venture Capital	Declared NAV or break up NAV as per audited balance sheet which is not more than 18 months old. If NAV/ audited financials are not available for more than 18 months continuously then at Re.1/- per VCF.

The net depreciation under each classification is provided for, without adjusting the book value of the securities and net appreciation, if any, is ignored.

c) Held for Trading :

Investments under this category are valued at monthly intervals at market rates, wherever available, or as per the prices declared by FIMMDA. The net depreciation under each classification is provided for, without adjusting the book value of the securities and net appreciation, if any, is ignored.

3.5 Determination of Cost :

Cost of investments is determined on the basis of Weighted Average Cost method.

3.6 Income Recognition :

- i) The Profit or loss on sale / redemption of investments is taken to the Profit and Loss Account. However, in case of profit on sale / redemption of investments from 'Held to Maturity' category, an equivalent amount is appropriated to the 'Capital Reserve'.
- ii) In respect of securities included in any of the three categories of investments where interest/ principal is in arrears, for more than 90 days, income is not reckoned and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing advances. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.
- iii) State Government guaranteed exposures is classified as Sub Standard / Doubtful / Loss, as the case may be if interest and/ or principal or any other amount due to the Bank remains overdue for more than 90 days and necessary provisions are made as per Prudential Norms.
- iv) Brokerage, incentive, front-end fees etc., received on purchase of securities are reduced from the cost of investments.
- v) Expenses such as brokerage, fees, commission or taxes incurred at the time of acquisition of securities is charged to revenue.
- vi) The broken period interest on sale or purchase of securities is treated as revenue item.

4. Derivatives

Derivatives used for hedging are accounted as under :

- i) Marked to market in cases where the underlying Assets/ Liabilities are marked to market. The resultant gain/ loss is recognised in the Profit & Loss Account.
- ii) Interest Rate Swaps which hedges interest bearing assets or liabilities are accounted for on accrual basis in cases where underlying Asset/ Liabilities are not marked to market.
- iii) Gain or losses on the termination of Swaps are recognised over the shorter of the remaining contractual life of the Swap or the remaining life of the assets/ liabilities.

5. Advances:

- 5.1 Advances are classified as Standard, Sub-Standard, Doubtful or Loss Assets and Provisions required in respect thereof are made as per the Prudential Norms prescribed by the Reserve Bank of India.
- 5.2 Recoveries against Non-performing Assets (NPA) are first appropriated towards interest. However, recovery in suit filed, decreed accounts and compromise cases, is first appropriated towards principal or as per the terms of decree / settlement.
- 5.3 Advances are shown net of provisions, Unrealised Interest, amount recovered from borrowers held in Sundries and amount recovered from CGTMSE/ ECGC.

Provision for Standard Assets is included in Other Liabilities and Provisions- Others

6. Fixed Assets/Depreciation:

- 6.1 Fixed Assets (other than computers which are depreciated on Straight Line Method) are depreciated under 'Written Down Value Method' at the following rates:

i) Premises	At varying rates based on estimated life
ii) Furniture, Lifts, Safe Vaults	10%
iii) Vehicles	20%
iv) Air conditioners, Coolers, Typewriters etc.	15%
v) Computers including Systems Software	33.33%

(Application Software is charged to the Revenue during the year of acquisition.)

- 6.2 In the case of assets, which have been revalued, the depreciation is provided on the revalued amount and the incremental depreciation attributable to the revalued amount is adjusted to the 'Revaluation Reserve'.
- 6.3 Depreciation on additions to assets, made upto 30th September is provided for the full year and on additions made thereafter, is provided for the half year. No depreciation is provided on assets sold before 30th September and depreciation is provided for half year for assets sold after 30th September.
- 6.4 Cost of leasehold land is amortised over the period of lease. In the case of revaluation, the difference between the original cost and revalued amount is amortised over the remaining period of the lease and is adjusted to the 'Revaluation Reserve'.
- 6.5 Where it is not possible to segregate the cost of Land and Premises, Depreciation is charged on the composite cost.

7. Staff Benefits:

- 7.1 Annual contribution to Gratuity and Pension Funds are determined on the basis of actuarial valuation. The contribution to Pension Fund is made under a defined benefit scheme.
- 7.2 The liability for earned leave is provided for on the basis of actuarial valuation.
- 7.3 In respect of employees who have opted for Provident Fund Scheme, a matching contribution is made.
- 7.4 The Bank recognizes in its Books of Accounts the liability arising out of Employee Benefits as the sum of the present value of obligations as reduced by fair value of Plan Assets on the Balance Sheet.

8. Recognition of Income and Expenditure:

- 8.1 Income/ Expenditure is generally accounted for on accrual basis unless otherwise stated.
- 8.2 Income on NPA is accounted for as per the Prudential Norms prescribed by the Reserve Bank of India.
- 8.3 In accordance with the guidelines issued by the Reserve Bank of India, prior period disclosures are made in respect of any item which exceeds one percent of the total income/total expenditure.

8.4 Provision for interest payable on overdue deposits is made as per Reserve Bank of India guidelines.

8.5 Expenses for Share Issue are amortised over a period of 5 years on quarterly basis.

9. Income Tax:

The provision for tax for the year comprises of current tax liability computed in accordance with the applicable tax laws and the deferred tax which recognizes, timing differences between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

B. SUBSIDIARIES

1 Revenue Recognition

In case of Cent Bank Home Finance Limited, repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising of principal and interest. Interest is calculated on the outstanding balance at the beginning of the Financial Year. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month.

Income on Performing Assets is recognized on accrual basis and on Non Performing Assets on realization basis. Credits in Non Performing Assets are appropriated first towards interest and thereafter towards Principal.

2. Investments

Investments are considered long term in nature and accounted for at cost.

3 Retirement Benefits

Cent Bank Home Finance Limited makes regular contribution to Provident Fund. Gratuity amount has been set aside on actuarial basis and invested in Group Gratuity Scheme of the Life Insurance Corporation of India. The provision for Leave encashment liability is calculated on the balance privilege leave of the employees at the end of each financial year.

Forming Part of Schedule 17 – Principal Accounting Policies of Consolidated Accounts

P. V. RAVEENDRAN GENERAL MANAGER	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	S. SRIDHAR CHAIRMAN & MANAGING DIRECTOR
DR. SHASHANK SAKSENA DIRECTOR	M. K. BHATTACHARYA DIRECTOR	CA. M. S. JOHAR DIRECTOR	BRIJLAL KSHATRIYA DIRECTOR
C. M. PURI DIRECTOR	N. K. PAREEK DIRECTOR	MS. INDU SINGH PAWAR DIRECTOR	N. BALAKRISHNAN DIRECTOR
For M/S. Chhajer & Doshi Chartered Accountants (CA Kiran K. Daftary) Partner	For M/S. Murali Associates. Chartered Accountants (CA J. Sivasankaran) Partner	For M/S. P. G. Bhagwat Chartered Accountants (CA S. S. Athavale) Partner	
For M/S. Bhushan Bensal Jain Associates Chartered Accountants (CA Kamal Jain) Partner	For M/S. Joseph & Rajaram Chartered Accountants (CA John Joseph P.) Partner	For M/S. Ummed Jain & Co. Chartered Accountants (CA U. M. Jain) Partner	

Place : Mumbai

Date : June 24, 2009

Schedule 18 - Notes Forming Part of the Consolidated Accounts:

1. The Consolidated Financial Statements comprise the financial statements of Central Bank of India (The Parent Bank), its two subsidiaries and Associates consisting of 8 Regional Rural Banks (RRBs) sponsored by the Parent Bank and Indo Zambia Bank Limited (collectively referred to as "the Group") as per details given below :

Name of the Subsidiary/Associate	Country of Incorporation	Ownership interest as at March 31, 2009
Centbank Home Finance Limited (Subsidiary)	India	59.50%
Centbank Financial & Custodial Services Limited (Subsidiary)	India	100.00%
8 Regional Rural Banks (Associates)	India	35.00% in respect of each RRB
Indo Zambia Bank Limited (Associate)	Zambia	20.00%

2 Basis of Consolidation

- 2.1 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard - 21 (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and guidelines issued by the Reserve Bank of India thereof. The financial statements of the Indo Zambia Bank Limited, an Associate, have been prepared in accordance with the International Accounting Standards.
- 2.2 The Consolidated Financial Statements of the Group have been prepared based on line by line consolidation of the financial statements of the Bank and its subsidiaries by adding together like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions and unrealized profit/loss.
- 2.3 Investments in Associates have been accounted for in the Consolidated Financial Statements under the Equity Method as per Accounting Standard 23 (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" and guidelines issued by Reserve Bank of India thereof.
- 2.4 In the preparation of Consolidated Financial Statements in some of the cases, different accounting policies for like transactions have been followed in respect of associates for which appropriate adjustments have not been made nor the amounts quantified in the absence of necessary information. Items in respect of which different accounting policies have been adopted by the subsidiary and associates are:
- 2.5 Associates
- Accounting for depreciation on fixed assets;
 - Accounting of certain expenses on cash basis;
 - Interest on overdue/matured term deposits;
 - Incentive/ Commission received on purchase of investments;
 - Accounting of Income Tax/ Deferred Tax.
- 2.6 Minority interest in the net assets of the subsidiary, Cent Bank Home Finance Limited, consists of:
- (i) the amount of equity attributable to minorities, and
 - (ii) the minorities' share of movements in equity since the day on which parent-subsidiary relationship came into existence.
- 2.5 Additional statutory information disclosed in separate financial statements of the Bank and the subsidiaries having no bearing on the true and fair view of the Consolidated Financial Statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements in view of the general clarification issued by the Institute of Chartered Accountants of India.

3 Parent Bank

3.1 Capital

As at March 31, 2008, the Authorised Capital of the Bank was divided into 70 Crore Equity Shares of Rs.10 each and Rs.80 Crore Perpetual Non-Cumulative Preference Shares of Rs.10 each totaling to Rs.1500 Crores. The Board of Directors by a resolution has restructured the Authorised Capital of Rs.1500 Crores to be issued against any form of capital. This restructuring is subject to the approval of the shareholders.

The paid-up Capital of the Bank has been increased by issue of Perpetual Non-cumulative preference shares (PNCPS) to the tune of Rs.117 crore to Government of India. Bank has also increased its Tier I Capital by way of issue of Innovative Perpetual Debts

3.4 Share Issue Expenses:

Instrument (IPDI) to the tune of Rs.583 crore to Government of India.

3.2 Balancing of Books / Reconciliation

3.2.1 The Bank has implemented CBS system. In some branches the system is yet to stabilise and certain inherent bugs noticed are being sorted out by the service provider and the Bank's I.T. Department. The management is of the opinion that this will not have any material impact on the Financial Statements.

3.2.2 System Audit Report obtained from an independent consultant indicates certain areas for remedial actions for which necessary measures are being taken up.

3.3 Income Tax / Deferred Tax

3.3.1 Provision for Income Tax for the year is arrived at after due consideration of relevant statutory provisions and judicial decisions on disputed issues.

3.3.2 Other Assets [Schedule 11 (ii)] includes Rs.1366.17 crore (previous year Rs.944.43 crore) towards disputed Income Tax paid by the Parent Bank/ adjusted by the authorities. Provision for taxation is not considered necessary by the Parent Bank in respect of above disputed demands based on various judicial decisions / counsel's opinion on such disputed issues.

3.3.3 Out of Rs.1366.17 crore of tax paid under dispute, disputes relating to various Assessment Years, amounting to Rs.2.93 crore have been decided by the Appellate authorities in favour of the Bank. The appeal effect for the same is pending.

3.3.4 The Parent Bank has recognized Deferred Tax Asset / Liabilities.

Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

(Rs. in Crore)

	31.3.2009	31.3.2008
Deferred Tax Asset:		
Provision for NPAs	40.39	149.18
Provision for Leave Encashment	54.77	67.98
Provision for Pension and Gratuity	266.48	290.61
Total (A):	361.64	507.77
Deferred Tax Liabilities:		
Depreciation on Fixed Assets	11.94	17.29
Interest accrued but not due on Investments	261.80	230.40
Depreciation on Investments	111.93	284.25
Total (B):	385.67	531.94
Net Deferred Tax Liability (A) – (B)	(24.03)	(24.17)

3.4 Share Issue Expenses

Unamortised amount of Rs. 17.52 crore towards Share Issue Expenses are included in Other Assets.

3.5 Premises:

3.5.1 Certain premises include cost of land, where cost of land could not be ascertained.

3.5.2 The premises of the Bank were revalued to reflect the market value as on 31.3.2008. The appreciation amounting to Rs.1565.97 crore have been credited to Revaluation Reserve Account.

3.5.3 Premises owned by the bank include properties costing Rs.19.40 crore revalued at Rs.394.43 crore for which registration formalities are still in progress.

3.6 Advances / Provisions

3.6.1 Advances to units which have become sick including those under nursing/ rehabilitation/ restructuring programme and other advances classified as doubtful/ loss assets have been considered secured / recoverable to the extent of estimated realisable value of securities carrying first or second charge based on valuer's assessment of properties/ assets mortgaged to the Bank and other data available with the Bank.

3.6.2 The Floating Provision has been treated as part of Tier II Capital in conformity with the RBI guidelines and is included under the head "Other Liabilities & Provisions" in Schedule 5 of the Balance Sheet.

3.7 Agricultural Debt Waiver and Debt Relief Scheme, 2008

3.7.1 Government of India has notified "Agricultural Debt Waiver & Debt Relief Scheme 2008" for Debt Waiver to marginal and small farmers and Relief to other farmers, which has been implemented by the bank. Preliminary claims have been preferred with RBI for Agricultural Debt Waiver amounting to Rs.974.62 Crore. The Bank has received Rs.399.59 crore being 41% of the Claim amount. The claim is subject to verification by Statutory Central Auditors.

3.7.2 In accordance with the guidelines issued by Reserve Bank of India, as per their circular dated September 22, 2008, an amount of Rs. 72.23 crore as compiled and certified by the management representing uncharged/ unapplied interest, penal interest etc. up to September 30, 2008 applied during the period of audit has been drawn from the Floating Provision and has been accounted as Interest Income.

3.8 Compliance with Accounting Standards

3.8.1 The Bank has complied with the Accounting Standards (AS) issued by The Institute of Chartered Accountants of India and disclosures are made in accordance with the provisions of such Accounting Standards.

3.8.2 There were no material prior period Income/ Expenditure exceeding 1% of the Gross Total Income/ Expenditure during the year requiring disclosure under AS 5 on Net Profit or Loss for the Period, Prior Period and Extraordinary items and changes in Accounting Policies.

3.8.3 Income items recognized on cash basis were either not material or did not require disclosure under AS 9 on Revenue Recognition.

3.9 Accounting Standard 17 - Segment Reporting:

3.9.1 The Parent Bank has recognised Treasury Operations, Corporate/ Wholesale Banking, Retail Banking and other Banking business as primary reporting segments. There are no secondary reporting segments.

(Rs. in lacs)

Sl. No.	Particulars	Year ended 31.03.09 (Audited)	Year ended 31.03.08 (Audited)
a.	Segment Revenue		
	1. Treasury Operations	126431	112970
	2. Retail Banking Operations	398528	374102
	3. Wholesale Banking Operations	634943	393254
	4. Other Banking Operations	34	32
	5. Unallocated	704	5307
	Total	1160640	885665
b.	Segment Results		
	1. Treasury Operations	55276	22921
	2. Retail Banking Operations	36447	83859
	3. Wholesale Banking Operations	57984	20472
	4. Other Banking Operations	33	30
	Total	149740	127282
c.	Unallocated Income/ Expenses	704	5307
d.	Operating Profit	150444	132589
e.	Provisions & Contingencies	51351	42807
f.	Income Tax	35508	30322
g.	Net Profit	63585	59460
h.	Other Information		
i.	Segment Assets		
	1. Treasury Operations	2117957	2310946
	2. Retail Banking Operations	3935735	3575604
	3. Wholesale Banking Operations	8550603	6373833
	4. Other Banking Operations	16	34
	5. Unallocated Assets	182739	150937
	Total	14787050	12411354
j.	Segment Liabilities		
	1. Treasury Operations	110619	2973
	2. Retail Banking Operations	4407552	4229793
	3. Wholesale Banking Operations	9591775	7556166
	4. Other Banking Operations	1230	1113
	5. Unallocated Liabilities	675874	621309
	Total	14787050	12411354

3.9.2 Treasury Operations include dealing in Government and Other Securities, Money Market operations and Forex operations.

- 3.9.3 The Retail Banking Segment consists of all exposures upto a limit of Rs.5 crore (including Fund Based and Non Fund Based exposures) subject to orientation, product, granularity criteria and individual exposures.
- 3.9.4 The Corporate/ Wholesale Segment consists of all advances to Trusts/ Partnership Firms Companies and statutory bodies, which are not included under Retail Banking.
- 3.9.5 The other Banking Segment includes all other Banking operations not covered under the above three categories.
- 3.9.6 General Banking operations are the main resource mobilizing unit and Treasury Segment compensates the former for funds lent to it by taking into consideration the average funds used.
- 3.9.7 Allocation of Costs:
- Expenses directly attributable to a particular segment are allocated to the relative segment.
 - Expenses not directly attributable to a specific segment are allocated in proportion to the funds employed.

3.10 Accounting Standard 18 - Related Party Disclosure:

1 List of Related Parties:

(a) Key Managerial Personnel -

Name	Designation	Period
i) Ms. H. A. Daruwalla	Chairperson & Managing Director	01.04.2008 to 31.12.2008
ii) Mr. S. Sridhar	Chairman & Managing Director	from 02.03.2009
iii) Mr. K. Subbaraman	Executive Director	01.04.2008 to 30.09.2008
iv) Mr. Albert Tauro	Executive Director	01.04.2008 to 02.08.2008
v) Mr. Ramnath Pradeep	Executive Director	From 19.12.2008

(b) Subsidiaries –

- Cent Bank Home Finance Ltd.
- Cent Bank Financial & Custodial Services Ltd.

(c) Associates –

(I) Regional Rural Banks –

- Satpura Narmada Kshetriya Gramin Bank, Chhindwara.
- Sarguja Kshetriya Gramin Bank, Ambikapur.
- Uttar Bihar Gramin Bank, Muzzaffarpur
- Vidharbha Kshetriya Gramin Bank, Akola
- Ballia Kshetriya Gramin Bank, Ballia.
- Etawah Kshetriya Gramin Bank, Etawah.
- Hadoti Kshetriya Gramin Bank, Kota.
- Uttarbanga Kshetriya Gramin Bank, Cooch Behar

(II) Indo – Zambia Bank Ltd.

2. Transactions with Related Parties:

(Rs. in lacs)

Items	Key Management Personnel	
	2008-2009	2007-2008
Remuneration paid	36.82	26.71

(b) Statement of Related parties transactions

(Rs. in crore)

S. No	Related Parties	As on	Investment		Purchase of Loan Assets	
			Cumulative	Maximum during the year	Amount purchased	Interest received
1	SATPURA NARMADA KGB,	31.03.09	27.64	27.64	200.00	0.27
		31.03.08	27.64	27.64	0.00	0.00
2	SARGUJA KGB	31.03.09	2.57	2.57	0.00	0.00
		31.03.08	2.57	2.57	0.00	0.00
3	UTTAR BIHAR GRAMIN BANK	31.03.09	159.09	159.09	500.00	0.69
		31.03.08	159.09	159.09	0.00	0.00
4	VIDHARBHA KGB	31.03.09	6.22	6.22	47.35	0.10
		31.03.08	6.22	6.22	0.00	0.00
5	BALLIA KGB	31.03.09	6.60	6.60	10.00	0.01
		31.03.08	6.60	6.60	0.00	0.00
6	ETAWAH KGB	31.03.09	5.12	5.12	0.00	0.00
		31.03.08	5.12	5.12	0.00	0.00
7	HADOTI KGB	31.03.09	2.45	2.45	62.71	0.09
		31.03.08	2.45	2.45	0.00	0.00
8	UTTARBANGA KGB	31.03.09	20.58	20.58	0.00	0.00
		31.03.08	20.58	20.58	0.00	0.00
Total		31.03.09	230.27	230.27	820.06	1.16
		31.03.08	230.27	230.27	0.00	0.00

NOTE: During the year 2008-09, Satpura KGB, Chambal Gwalior KGB and Ratlam Mandsaur KGB amalgamated to form Satpura Narmada Kshetriya Gramin Bank in Madhya Pradesh State and Kosi KGB and Uttar Bihar KGB amalgamated to form Uttar Bihar Gramin Bank in Bihar State. Consequently 11 RRBs as on 31.03.2008 reduced to 8 RRBs as on 31.03.2009.

3.11 Accounting Standard 20 – Earnings per Share

Earnings per share as per AS 20 has been arrived at as follows:

	31.3.2009	31.3.2008
Net Profit after Tax available for Equity Share Holder (Rs. in Crore)	635.85	594.60
Weighted Average number of Equity Share (No.)	404141460	375209953
Basic Earnings per Share (Rs.)	13.76	13.66
Diluted Earnings per Share (Rs.)	13.76	13.66
Nominal Value per Share (Rs.)	10.00	10.00

3.12. A substantial portion of the Bank's assets comprise financial assets to which Accounting Standard 28 on Impairment of Assets is not applicable. In the opinion of the Management, there is no material impairment on Other Assets as at March 31, 2009 requiring recognition in terms of the Standard.

3.13. Accounting Standard-29 on Provisions, Contingent Liabilities and Contingent Assets.

Movement of Provisions:

(Rs. in Crore)

Particulars	Opening Balance as on 01.04.2008	Provision made during the year	Provisions reversed/adjusted	Closing Balance as on 31.03.2009
Standard Assets	342.66	44.84	--	387.50
NPA	1250.02	323.17	359.64	1213.55
Investments	1341.20	433.98	428.12	1347.06
Taxes	874.49	364.87	9.78	1229.58
Misc. Provision	131.67	65.06	10.12	186.61

4 SUBSIDIARIES :

4.1 Cent Bank Home Finance Ltd.

4.1.1 During the year the Company has written off an amount of Rs.1,54,68,727/- as decided by the Board.

4.1.2 Income Tax assessments have been completed upto A.Y. 2005-06. For the disallowances made, the Company has filed appeals for various years with the Appellate Authorities and the same are pending.

4.1.3 Reporting under Accounting Standard AS 15 :

The company has taken a Policy with Life Insurance Corporation of India to cover the accumulated Gratuity Liability of its employees and the premium paid on this policy has been charged to Profit and Loss Account. The Provision for Leave Encashment Liability is calculated on the balance of Privilege Leave of the employees as on March 31, 2009.

4.1.4 The major components of the Deferred Tax Assets and Liabilities are as under:

(Rs. 000's omitted)

	31.3.2009	31.3.2008
Deferred Tax Assets:		
Depreciation	--	196
Gratuity	--	--
Leave Encashment	45	37
Total (A):	45	233
Deferred Tax Liabilities:		
Depreciation	79	--
Gratuity	--	--
Leave Encashment	--	--
Total (B):	79	NIL
Net Deferred Tax Liability (A) – (B)	(34)	233

4.1.5 As per the information available, there are no amounts payable to any Small Scale Industries Undertaking.

4.1.6 There are no separate reportable segments as per Accounting Standards on Segment Reporting (AS-17) as the company's prime business is to provide loans for purchase, construction, repairs and renovation etc. of House/ Flats to individuals.

4.2 Cent Bank Financial and Custodial Services Limited

4.2.1 There are no amounts overdue and remaining unpaid to Small Scale and/ or ancillary Industrial suppliers on account of principal and/or interest as at close of the year.

5 Previous year's figures have been re-grouped/re-classified wherever considered necessary to conform to current year's classification.

S. SRIDHAR CHAIRMAN & MANAGING DIRECTOR	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	P.V. RAVEENDRAN GENERAL MANAGER
DR. SHASHANK SAKSENA DIRECTOR	M. K. BHATTACHARYA DIRECTOR	CA. M. S. JOHAR DIRECTOR	BRIJLAL KSHATRIYA DIRECTOR
C. M. PURI DIRECTOR	N. K. PAREEK DIRECTOR	MS. INDU SINGH PAWAR DIRECTOR	N. BALAKRISHNAN DIRECTOR

For M/S. Chhajed & Doshi
Chartered Accountants
(CA Kiran K. Daftary)
Partner

For M/S. Murali Associates.
Chartered Accountants
(CA J. Sivasankaran)
Partner

For M/S. P. G. Bhagwat
Chartered Accountants
(CA S. S. Athavale)
Partner

For M/S. Bhushan Bensal Jain Associates
Chartered Accountants
(CA Kamal Jain)
Partner

For M/S. Joseph & Rajaram
Chartered Accountants
(CA John Joseph P.)
Partner

For M/S. Ummed Jain & Co.
Chartered Accountants
(CA U. M. Jain)
Partner

Place : Mumbai

Date : June 24, 2009

Consolidated Cash Flow Statement for the Year Ended March 31, 2009

(000's omitted)

Sr. No.	Particulars	31-03-2009	31-03-2008
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before taxes	9909382	8978184
I	Adjustments for:		
	Add: Depreciation on Fixed Assets	745655	706562
	Depreciation on Investments (including on matured Debentures)	905250	741615
	Bad Debts written off/ Provision in respect of Non Performing Assets	3240917	3007735
	Provision for Standard Assets	448344	842595
	Provision for Other Items (Net)	540605	(311233)
	Payment/ Provision for Interest on Subordinated Debt (treated separately)	2197394	1700375
	Loss on sale of Fixed Assets (Net)	3529	4590
	Sub Total	17991076	15670423
II	Adjustments for:		
	Increase / (Decrease) in Deposits	209537418	275396461
	Increase / (Decrease) in Borrowings	3361495	(3521000)
	Increase / (Decrease) in Other Liabilities	3940064	6973291
	(Increase)/ Decrease in Advances	(127925696)	(214703551)
	(Increase)/ Decrease in Investments	(117600216)	(38375050)
	(Increase)/ Decrease in Other Assets	(2462337)	(1945925)
	Direct Taxes paid (Net of Refund)	(3550883)	(5648110)
	Net Cash from operating activities (A)	(34700155)	18176116
	NET CASH FLOW FROM OPERATING ACTIVITIES	(16709079)	33846539
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale / Disposal of Fixed Assets	99778	177391
	Purchase of Fixed Assets	(722819)	(889909)
	NET CASH FLOW FROM INVESTING ACTIVITIES	(623041)	(712518)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Share Capital	1170000	800000
	Share Premium	0	7360000
	Proceeds / Redemption of Subordinated Debts Tier II Capital	8390000	2431000
	Innovative Perpetual Debt Instrument	5830000	
	Dividend	(1488668)	(1508283)
	Tax on Proposed Dividend	(252999)	(256332)
	Interest on Subordinated Debt	(2197394)	(1700375)
	NET CASH FLOW FROM FINANCING ACTIVITIES	11450939	7126010
D	Net increase in cash & cash equivalents (A + B + C) or (F - E)	(5881181)	40260031
E	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Cash and Bank Balances with RBI	115374319	54742646
	Balances with Banks and Money at Call and Short Notice	13020531	33392173
	Net cash and cash equivalents at the beginning of the year	128394850	88134819
F	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	Cash and Bank Balances with RBI	110370307	115374319
	Balances with Banks and Money at Call and Short Notice	12143362	13020531
	Net cash and cash equivalents at the end of the year	122513669	128394850

Forming Part of Condoliated Cash Flow Statement for the Year Ended 31st March 2009

S. SRIDHAR CHAIRMAN & MANAGING DIRECTOR	RAMNATH PRADEEP EXECUTIVE DIRECTOR	ARUN KAUL EXECUTIVE DIRECTOR	P. V. RAVEENDRAN GENERAL MANAGER
DR. SHASHANK SAKSENA DIRECTOR	M. K. BHATTACHARYA DIRECTOR	CA. M. S. JOHAR DIRECTOR	BRIJLAL KSHATRIYA DIRECTOR
C. M. PURI DIRECTOR	N. K. PAREEK DIRECTOR	MS. INDU SINGH PAWAR DIRECTOR	N. BALAKRISHNAN DIRECTOR

Place : Mumbai

Date : June 24, 2009

As per our report of even date.

For M/S. Chhajed & Doshi

Chartered Accountants

(CA Kiran K. Daftary)

Partner

For M/S. Bhushan Bensal Jain Associates

Chartered Accountants

(CA Kamal Jain)

Partner

For M/S. Murali Associates.

Chartered Accountants

(CA J. Sivasankaran)

Partner

For M/S. Joseph & Rajaram

Chartered Accountants

(CA John Joseph P.)

Partner

For M/S. P. G. Bhagwat

Chartered Accountants

(CA S. S. Athavale)

Partner

For M/S. Ummed Jain & Co.

Chartered Accountants

(CA U. M. Jain)

Partner

Place : Mumbai

Date : June 24, 2009

Central Bank of India

Head Office: Chandermukhi, Nariman Point, Mumbai 400021

FORM B

PROXY FORM

(To be filled in and signed by the Shareholder)

2nd Annual General Meeting

DP.ID No. _____

Regd.Folio No./Client ID No. _____

I/We _____ resident of _____ in the district of _____

in the State of _____ being a shareholder/shareholders of Central Bank of India, Mumbai hereby appoint Shri/

Smt. _____ resident of _____ in the district of _____ in the

State of _____ or failing him/her, Shri/Smt. _____ resident of _____

_____ in the district of _____ in the state of _____ as my/our proxy to vote for me/us and on

my/our behalf at the 2nd ANNUAL GENERAL MEETING of the Shareholders of CENTRAL BANK OF INDIA to be held on Tuesday,

4th August 2009, at 03:00 PM at Sir Sorabji Pochkhanawala Banker's Training College, Nr. Cooper Hospital/BSES office, JVPD

Scheme, Vile Parle - West, Mumbai - 400056 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Signature of Proxy _____

Please Affix 15 paise Revenue Stamp
--

Name _____

(In Block Letters)

Address _____

Signature of first named/Sole Shareholder

INSTRUCTIONS FOR SIGNING AND LODGING THE PROXY FORM

- No instrument of proxy shall be valid unless:
 - in the case of an individual shareholder, it is signed by him or by his/her attorney, duly authorised in writing.
 - in the case of joint holders, it is signed by the shareholder first named in the Register or his/her attorney, duly authorised in writing.
 - In the case of a body corporate, it is signed by its officer or an attorney duly authorised in writing.
- An instrument of Proxy shall be sufficiently signed by any shareholder, who is, for any reason, unable to write his/her name, if his/her thumb impression is affixed thereto and attested by a judge, Magistrate, Registrar or Sub-Registrar of Assurance or other Government Gazetted Officer or an officer of Central Bank of India.
- No proxy shall be valid unless it is duly stamped and is deposited at the Head Office of the Bank not less than 4 (four) days before the date of the Meeting, together with the Power of Attorney or other Authority (if any) under which it is signed or a copy of that Power of Attorney or other Authority Certified as True Copy by a Notary Public or a Magistrate unless such a Power of Attorney or any other Authority is previously deposited and registered with the Bank.
- An instrument of Proxy deposited with the Bank shall be irrevocable and final.
- In the case of an instrument of Proxy granted in favour of two grantees in the alternative, not more than one form shall be executed.
- The shareholder who has executed an instrument of proxy shall not be entitled to vote in person at the meeting to which such instrument relates.
- No person shall be appointed as duly authorised representative or a proxy who is an officer or an employee of the Bank.
- All alterations in the Proxy Form should be duly initialed by the executant.
- No instrument of proxy shall be valid unless it is in 'Form B'.
- The Proxy form, power of attorney or other authority can also be deposited at the Head Office of the Bank or the Registrars.

**CENTRAL BANK OF INDIA
ATTENDANCE SLIP
2nd Annual General Meeting – 4th August 2009**

Date	4th August 2009
Place	Sir Sorabji Pochkhanawala Bankers' Training College, Nr Cooper Hospital/BSES Office, JVPD Scheme, Vile Parle - West, Mumbai 400056

Name (In Bock Letters)	
No of Shares	
DP ID	
Folio No / Client ID No	
Signature of the Shareholder / Proxy / Representative present	

**ENTRY PASS
(To be retained throughout the Meeting)**

DP ID No	
Folio /Client ID No	
Name of First/Sole holder (In Bock Letters)	
No. of Shares	

Name and Signature of attending
Shareholder/proxy

Bank Stamp and Signature

Shareholders/Proxy or Representative of shareholders are requested to produce the above Attendance Slip, duly signed in accordance with their specimen signatures registered with the DP/Bank, along with the Entry Pass, for admission to the venue. The admission will, however, be subject to verification/checks, as may be deemed necessary. Under no circumstances, any duplicate attendance slip will be issued at the entrance to the Meeting.

NOTES