

PUDUVAI BHARATHIAR GRAMA BANK
AUDITED BALANCE SHEET AS ON 31-03-2011

(000's omitted)

| CAPITAL AND LIABILITIES | Schedule | AS ON Mar 31,2011 | AS ON Mar 31,2010 |
|----------------------------------|----------|----------------------|----------------------|
| CAPITAL | 1 | 57550 | 10000 |
| RESERVES AND SURPLUS | 2 | 4547 | NIL |
| DEPOSITS | 3 | 922854 | 408134 |
| BORROWINGS | 4 | 330190 | 220657 |
| OTHER LIABILITIES AND PROVISIONS | 5 | 14405 | 3502 |
| TOTAL | | 1329546 | 642293 |

| ASSETS | Schedule | AS ON 31.03.2011 | AS ON Mar 31,2010 |
|---|----------|---------------------|----------------------|
| CASH AND BALANCES WITH RBI | 6 | 58112 | 23798 |
| BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE | 7 | 51011 | 69999 |
| INVESTMENTS | 8 | 190165 | 74397 |
| ADVANCES | 9 | 982324 | 445168 |
| FIXED ASSETS | 10 | 21038 | 18173 |
| OTHER ASSETS | 11 | 26896 | 10758 |
| TOTAL | | 1329546 | 642293 |
| CONTINGENT LIABILITIES | 12 | 3619 | NIL |
| BILLS FOR COLLECTION | | 3297 | 454 |

For and on behalf of Board of Directors

This is the Balance sheet referred to in our report of even date

Sri. R. Manimaran
Chairman

SURI & SIVA
Chartered Accountants

Sri. S. Selvam Veeraraghavan
GM(PS), Indian Bank.

Sri. K. Jeyabal
Zonal Manager, Indian Bank

Sri. M. A. Nasser
AGM, RBI.

Sri. Sreepathy Kalkura
AGM, NABARD.

Project Director
DRDA, Puducherry.

The Director,
Planning & Research Dept.,

Sri. V. Balaji
GOI Nominee Director

Sri. D. Balachandar
GOI Nominee Director



20.04.2011

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PUDUVAI BHARATHIAR GRAMA BANK
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2011

(000's omitted)

| | Schedule | For the year ended March 31,2011 Rs. | AS ON March 31, 2010 |
|---------------------------------------|----------|--|-------------------------|
| I. INCOME | | | |
| Interest Earned | 13 | 87706 | 24995 |
| Other Income | 14 | 10554 | 3787 |
| Total | | 98260 | 28782 |
| II. EXPENDITURE | | | |
| Interest expended | 15 | 59156 | 17716 |
| Operating Expenses | 16 | 27630 | 12256 |
| Provisions and contingencies & IT | | 1696 | 1118 |
| Total | | 88482 | 31090 |
| III. PROFIT/LOSS | | | |
| Net Profit before tax 31.03.2011 | | 9778 | -2308 |
| Less: Tax | | | |
| Deferred Tax | | 847 | (100) |
| Current Tax | | 1456 | |
| Profit After Tax | | 7475 | |
| Profit/less brought forward | | -2928 | -720 |
| Total | | 4547 | -2928 |
| Transfer to Statutory Reserves | | 910 | 0 |
| Transfer to Other Reserves | | NIL | NIL |
| Transfer to Govt./Proposed Dividend | | NIL | NIL |
| Balance carried over to Balance Sheet | | 3637 | -2928 |
| Total | | 4547 | -2928 |

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GOI Nominee Director



20.04.2011

SCHEDULE -1. CAPITAL

(000's omitted)

| | As on Mar 31,2011 | AS ON March 31, 2010 |
|---|----------------------|-------------------------|
| I. FOR NATIONALISED BANKS | Rs. | Rs. |
| Capital (Fully owned by Central Government) | NIL | Nil |
| II. FOR BANKS INCORPORATED OUTSIDE INDIA | | |
| A. CAPITAL | NIL | Nil |
| B. Amount of Deposit kept with Reserve Bank of India under Sub-Section (2) of Sec.11 of Banking Regulation Act 1949 | NIL | Nil |
| III. FOR OTHER BANKS | | |
| A. Authorised Capital (5,00,000 Shares of Rs.100/- each) | 50000 | 50000 |
| B. Issued Capital (1,00,000 Shares of Rs.100/- each) | 10000 | 10000 |
| C. Subscribed Capital (1,00,000 Shares of Rs.100/-each) | 10000 | 10000 |
| D. Called up Capital | NIL | NIL |
| Less : Calls Unpaid | NIL | NIL |
| Add : Forefeited Shares | NIL | NIL |
| IV. SHARE CAPITAL DEPOSIT | | |
| Govt. of India | NIL | NIL |
| Govt. of Puducherry | 14300 | NIL |
| Indian Bank | 33250 | NIL |
| Total | 57550 | 10000 |

For and on behalf of Board of Directors

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SCHEDULE- 2.RESERVES AND SURPLUS

(000's omitted)

| | As on Mar 31,2011 Rs. | AS ON March 31, 2010 Rs. |
|--|-----------------------------|--------------------------------|
| I. STATUTORY RESERVES | | |
| i. Opening Balance | NIL | NIL |
| ii. Additions During the period ended 31.03.2011 | 910 | NIL |
| iii. Deductions | NIL | NIL |
| II. CAPITAL RESERVES | | |
| i. Opening Balance | NIL | NIL |
| ii. Additions During the period ended 31.03.2011 | NIL | NIL |
| iii. Deductions | NIL | NIL |
| III. SHARE PREMIUM | | |
| i. Opening Balance | NIL | NIL |
| ii. Additions During the period ended 31.03.2011 | NIL | NIL |
| iii. Deductions | NIL | NIL |
| IV. REVENUES AND OTHER RESERVES | | |
| Investment Fluctuation Reserve Account | | |
| i. Opening Balance | NIL | NIL |
| ii. Additions During the period ended 31.03.2011 | NIL | NIL |
| iii. Deductions | NIL | NIL |
| Other Reserves | NIL | |
| i. Opening Balance | NIL | NIL |
| ii. Additions During the period ended 31.03.2011 | NIL | NIL |
| iii. Deductions | NIL | NIL |
| V. BALANCE OF PROFIT OR LOSS | 3637 | NIL |
| Total | 4547 | 0 |

For and on behalf of Board of Directors

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GOI Nominee Director



20.04.2011

SCHEDULE- 3.DEPOSITS

(000's omitted)

| | As on Mar 31,2011 | AS ON March 31, 2010 |
|--|----------------------|-------------------------|
| | Rs. | Rs. |
| A. I. DEMAND DEPOSITS | | |
| i. From Banks | NIL | NIL |
| ii. From Others | 26500 | 23434 |
| II. SAVINGS DEPOSITS | 256993 | 116298 |
| III. TERM DEPOSITS | | |
| i. From Banks | NIL | NIL |
| ii. From Others | 639361 | 268402 |
| Total | 922854 | 408134 |
| B. i. Deposits of Branches in India | 922854 | 408134 |
| ii. Deposits of Branches outside India | NIL | NIL |
| Total | 922854 | 408134 |

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SCHEDULE - 4.BORROWINGS

(000's omitted)

| | As on Mar 31,2011 | AS ON March 31, 2010 |
|---|----------------------|-------------------------|
| | Rs. | |
| I. BORROWINGS IN INDIA | | |
| i. NABARD | 180655 | 50194 |
| ii. Other Banks - Indian Bank | 149535 | 170463 |
| iii. Other Institutions and Agencies | NIL | NIL |
| II. BORROWINGS FROM OUTSIDE INDIA | NIL | NIL |
| Total | 330190 | 220657 |
| III. SECURED BORROWINGS INCLUDED IN I AND II ABOVE | NIL | NIL |

SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS

000's Omitted

| | As on Mar 31,2011 | AS ON March 31, 2010 |
|-----------------------------------|----------------------|-------------------------|
| | Rs. | Rs. |
| I. Bills Payable | 1672 | 732 |
| II. Inter office adjustment (Net) | NIL | NIL |
| III. Interest accrued | 3803 | 933 |
| IV. Risk fund | NIL | NIL |
| V. Others (Including Provisions) | 8930 | 1837 |
| Total | 14405 | 3502 |

For and on behalf of Board of Directors

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report of even dateSri. R. Manimaran
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SCHEDULE - 6.CASH AND BALANCES WITH R.B.I.

(000's omitted)

| | As on Mar 31,2011 Rs. | AS ON March 31, 2010 Rs. |
|--|-----------------------------|--------------------------------|
| I. CASH IN HAND (Including Foreign Currency Notes) | 10312 | 5323 |
| II. BALANCES WITH RESERVE BANK OF INDIA | | - |
| i. In current account | 47800 | 18475 |
| ii. In other accounts | NIL | NIL |
| Total | 58112 | 23798 |

SCHEDULE - 7. BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

000's Omitted

| | As on Mar 31,2011 Rs. | AS ON March 31, 2010 Rs. |
|------------------------------------|-----------------------------|--------------------------------|
| I. IN INDIA | | |
| i. BALANCES WITH BANKS IN INDIA | | |
| a. Current Account | 40694 | 64432 |
| b. Deposit accounts | 10317 | 5567 |
| ii. MONEY AT CALL AND SHORT NOTICE | | |
| a. With Banks | NIL | NIL |
| b. With other institutions | NIL | NIL |
| II. OUTSIDE INDIA | | |
| a. Current account | NIL | NIL |
| b. Deposit account | NIL | NIL |
| c. Money at call and short notice | NIL | NIL |
| Total | 51011 | 69999 |

For and on behalf of Board of Directors

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GM(PS), Indian Bank.Sri. K. Jeyabal
Zonal Manager, Indian BankSri. M. A. Nasser
AGM, RBI.Sri. Sreepathy Kalkura
AGM, NABARD.Project Director
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GOI Nominee DirectorSri. D. Balachandar
GOI Nominee Director

20.04.2011

SCHEDULE - 8. INVESTMENTS

(000's omitted)

| | As on Mar 31,2011 | AS ON March 31, 2010 |
|--|----------------------|-------------------------|
| | Rs. | Rs. |
| I. INVESTMENTS IN INDIA | - | |
| a. Government Securities | 190165 | 74397 |
| b. Other Approved securities | NIL | NIL |
| c. Shares | NIL | NIL |
| d. Debentures and Bonds | NIL | NIL |
| e. Investments in Subsidiaries / Associate Companies | NIL | NIL |
| f. Others | | NIL |
| II. INVESTMENTS OUTSIDE INDIA | - | |
| a. Government Securities (Including Local Authorities) | NIL | NIL |
| b. Investment in Subsidiaries / Joint venture setup abroad | NIL | NIL |
| c. Other investments | NIL | NIL |
| Total | 190165 | 74397 |

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20.04.2011

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SCHEDULE - 9.ADVANCES

(000's omitted)

| | As on Mar 31,2011 Rs. | AS ON March 31, 2010 Rs. |
|--|-----------------------------|--------------------------------|
| A. i. Bills purchased and discounted | 1655 | 514 |
| ii. Cash credit, Overdraft and Loans repayable on demand | 833004 | 391471 |
| iii. Term Loans | 147665 | 53183 |
| Total | 982324 | 445168 |
| B. i. Secured by tangible assets | 870112 | 405531 |
| ii. Covered by Government securities / Bank guarantees | | 0 |
| iii. Unsecured | 112212 | 39637 |
| Total | 982324 | 445168 |
| C. ADVANCES IN INDIA | | |
| i. Priority Sector | 630087 | 342390 |
| ii. Public Sector | NIL | NIL |
| iii. Banks | NIL | NIL |
| iv. Others | 352237 | 102778 |
| Total | 982324 | 445168 |
| II. ADVANCES OUTSIDE INDIA | NIL | NIL |
| Grand Total | 982324 | 445168 |

For and on behalf of Board of Directors

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Sri. D. Balachandar
GOI Nominee Director



20.04.2011

SCHEDULE - 10. FIXED ASSETS

(000's omitted)

| | As on Mar 31,2011 | AS ON March 31, 2010 |
|--|----------------------|-------------------------|
| I. PREMISES | - | |
| i. At cost as at 31 March, 2010 | NIL | NIL |
| ii. Additions during the period ended 31.03.2011 | NIL | NIL |
| iii. Deductions during the period ended 31.03.2011 | NIL | NIL |
| iv. Depreciation to date | NIL | NIL |
| II. OTHER FIXED ASSETS | - | |
| i. At WDV as on 31 March 2010 | 18173 | 7551 |
| ii. Additions during the period ended 31.03.2011 | 7161 | 12931 |
| iii. Deductions during the period ended 31.03.2011 | NIL | 27 |
| iv. Depreciation during the year | 4296 | 2282 |
| Net value | 21038 | 18173 |

SCHEDULE - 11. OTHER ASSETS

(000's omitted)

| | As on Mar 31,2011 Rs. | AS ON March 31, 2010 Rs. |
|---|-----------------------------|--------------------------------|
| I. Inter Office adjustment (Net) | NIL | NIL |
| II. Interest accrued | 2540 | 934 |
| III. Tax paid in advance / Tax deducted at source | NIL | NIL |
| iv. Stationery and Stamps | 137 | 136 |
| v. Others | 24219 | 6760 |
| vi. Profit & Loss account Balance (Loss) | NIL | 2928 |
| Total | 26896 | 10758 |

For and on behalf of Board of Directors

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SCHEDULE - 12. CONTINGENT LIABILITIES

(000's omitted)

| | As on Mar 31, 2011 Rs. | AS ON March 31, 2010 Rs. |
|---|------------------------------|--------------------------------|
| I. Claims against the bank not acknowledged as debt | NIL | NIL |
| II. Liability for partly paid investments | NIL | NIL |
| III. Liability on account of outstanding forward exchange contracts | NIL | NIL |
| IV. Guarantees given on behalf of constituents | NIL | NIL |
| a. In India | 3619 | NIL |
| b. Outside India | | |
| V. Acceptance endorsement and other obligations | NIL | NIL |
| VI. Other accounts for which bank is contingently liable | NIL | NIL |
| Total | 3619 | NIL |

SCHEDULE - 13 INTEREST EARNED

(000's omitted)

| | AS ON March 31, 2011 Rs. | AS ON March 31, 2010 Rs. |
|---|--------------------------------|--------------------------------|
| I. Interest / Discount on advance/ bills | 76704 | 21919 |
| II. Income on investments | 10618 | 2824 |
| III. Interest on balances with Reserve Bank of India and other inter bank funds | 384 | 252 |
| IV. Others | NIL | NIL |
| Total | 87706 | 24995 |

For and on behalf of Board of Directors

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20.04.2011

SCHEDULE - 14. OTHER INCOME

(000's omitted)

| | AS ON March 31, 2011 | AS ON March 31, 2010 |
|--|-------------------------|-------------------------|
| | Rs. | Rs. |
| I. Commission, exchange and brokerage | 1025 | 375 |
| II. Rent | NIL | NIL |
| III. Net profit on sale of investments | 89 | NIL |
| Less : Net loss on sale of investment | | |
| IV. Net profit on revaluation of investments | NIL | NIL |
| Less : Net loss on revaluation of investments | | |
| V. Net profit on sale of land ,building and other assets | NIL | NIL |
| Less :Net loss on sale of land ,building and other assets | | |
| VI. Net profit on exchange transaction | NIL | NIL |
| Less : Net loss on exchange transaction | | |
| VII. Income earned by way of dividend etc., from subsidiaries Joint venture setup abroad / in India | NIL | NIL |
| VIII. Miscellaneous income | 9440 | 3412 |
| Total | 10554 | 3787 |

SCHEDULE -15 INTEREST EXPENDED

(000s omitted)

| | AS ON March 31, 2011 | AS ON March 31, 2010 |
|--|-------------------------|-------------------------|
| | Rs. | Rs. |
| I. Interest on deposits | 33711 | 10831 |
| II. Interest on R.B.I. / inter bank borrowings | 20179 | 6429 |
| III. Others | 5266 | 456 |
| Total | 59156 | 17716 |

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SCHEDULE - 16. OPERATING EXPENSES

(000s omitted)

| | AS ON March 31, 2011 Rs. | AS ON March 31, 2010 Rs. |
|--|--------------------------------|--------------------------------|
| I. Payment to and provision for employees | 13773 | 6600 |
| II. Rent, Taxes and Lighting | 2299 | 1223 |
| III. Printing and stationery | 1053 | 273 |
| IV. Advertisement and publicity | 98 | 0 |
| V. Depreciation on Bank's property | 4296 | 2282 |
| VI. Directors' fees, allowances and expenses | 13 | 15 |
| VII. Auditor's fees and expenses | 192 | 112 |
| VIII. Law charges | NIL | NIL |
| IX. Postages, Telegrams and Telephones etc., | 1013 | 262 |
| X. Repairs and maintenance | 3231 | 567 |
| XI. Insurance | 214 | 115 |
| XII. Other expenses | 1448 | 807 |
| Total | 27630 | 12256 |

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**Puduvai Bharathiar Grama Bank
Puducherry.**

Schedule 17

Notes to the accounts for the year ended Mar 31, 2011

1)

a) Share capital

The issued and subscribed share capital of Rs one Crore consists of one lakh shares of Rs 100/-each. The share holding pattern is as under

| | | No of shares | Amount(Rs in 000s) |
|----|----------------------------|--------------|--------------------|
| a) | Govt of India | 50000 | 5000 |
| b) | Govt of Puducherry | 15000 | 1500 |
| c) | Indian Bank (Sponsor Bank) | 35000 | 3500 |

Share Capital Deposits

As per recapitalization plan approved by Govt of India the Bank has received the share of Government of Puducherry and the Sponsor Bank which is kept in share capital deposit account. The details are as under :

| | | Amount Received (Rs in 000s) |
|----|----------------------------|---------------------------------|
| a) | Govt of India | - |
| b) | Govt of Puducherry | 14300 |
| c) | Indian Bank (Sponsor Bank) | 33250 |

b) Investments

The entire investment portfolio is classified as **Held to Maturity**.

c) Reconciliation

Inter Branch transactions have been reconciled upto 31-03-2011.

d) Advances

Classification of advances as certified by the Branch Managers has been incorporated in respect of unaudited branches. The branches that have been audited have been certified by the auditors.

Additional disclosures

2. Capital

| Sr | Particulars | 2010-11 | 2009-10 |
|------|--|---------|---------|
| i) | CRAR (%) | 9.11 | 2.42 |
| ii) | CRAR-Tier I Capital (%) | 8.69 | 2.04 |
| iii) | CRAR-Tier II Capital (%) | 0.42 | 0.38 |
| iv) | Percentage of Shareholding of the | | |
| a | Government of India | 8.69 | 50 |
| b | State Government | 63.86* | 15 |
| c | Sponsor Bank | 27.45* | 35 |

Including the share capital received during 2010-11

3. Investments

3.1. SLR investments

All the investments made under SLR portfolio have been classified under "Held to maturity" for the year 2010-11 with valuation on book value basis.

(Rs. IN 000'S)

| Sr | Particulars | 2010-11 | 2009-10 |
|------|--|---------|---------|
| 1 | Value of Investments | | |
| i) | Gross Value of Investment | 190165 | 74397 |
| ii) | Provision for Depreciation | NIL | Nil |
| iii) | Net Value of Investment | 190165 | 74397 |
| 2 | Movement of provisions held towards depreciation on investment | | |
| i) | Opening Balance | NIL | NIL |
| ii) | Add: Provisions made during the year | NIL | Nil |
| iii) | Less: write off/write back of excess provisions made during the year | NIL | |
| iv) | Closing Balance | NIL | Nil |

3.2. Repo Transactions

No Repo transactions were conducted/taken up by the Bank during the year 2010-11 by the Bank.

3.3. Non SLR Investment portfolio

Issuer composition of Non SLR Investment

(Rs.in 000's)

| 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 | | | | | |
| ii) | FIs | | | | | |
| iii) | Banks | 10317 | 10317 | NIL | NIL | NIL |
| iv) | Private Corporate | | | | | |
| v) | Others | | | | | |
| vi) | Provision held towards depreciation | | xxx | xxx | xxx | xxx |
| | Total | 10317 | 10317 | NIL | NIL | NIL |

3.4. Non-Performing Non-SLR investment

-NIL-



4. Asset Quality

4.1 Non Performing Assets

Non performing assets are NIL .All the loan accounts are standard assets.

(Rs.in 000's)

| Sl. No | Particulars | 2010-11 | 2009-10 |
|--------|---|---------|---------|
| 1 | Net NPAs to Net Advances (%) | NIL | NIL |
| 2 | Movement of NPAs(Gross) | | |
| a | Opening balance | NIL | NIL |
| b | Additions during the year | NIL | NIL |
| c | Reduction during the year | | |
| d | Closing balance | NIL | NIL |
| 3 | Movement of Net NPAs | | |
| A | Opening balance | NIL | NIL |
| B | Additions during the year | NIL | NIL |
| C | Reductions during the year | | |
| D | Closing balance | NIL | NIL |
| 4 | Movement of provisions for NPAs (excluding Provisions on standard assets) | | |
| A | Opening balance | NIL | NIL |
| B | Provisions made during the year | NIL | NIL |
| C | Write-off//write back of excess provisions | NIL | NIL |
| D | Closing balance | NIL | NIL |

4.2 Details of Loan Assets subject to Restructuring

(Rs.in 000's)

| | Particulars | 2010-11 | 2009-10 |
|-----|--|---------|---------|
| i | Total amount of loan assets subject to restructuring, rescheduling, renegotiation; | 405 | 108 |
| ii | The amount of Standard assets subjected to restructuring, rescheduling, renegotiation | 405 | 108 |
| iii | The amount of Sub- Standard assets subjected to restructuring, rescheduling, renegotiation | NIL | NIL |
| iv | The amount of Doubtful assets subjected to restructuring , rescheduling ,renegotiation | NIL | NIL |
| | Note[(i)=(ii)+(iii)+(iv)] | | |

4.3 Details of financial assets sold to Securitization (SC)/ Reconstruction company(RC) for Assets Reconstruction.

(Rs.in 000's)

| Sr | Particulars | 2010-11 | 2009-10 |
|-----|---|---------|---------|
| i | No of accounts | Nil | Nil |
| ii | Aggregate value(Net provisions) of accounts sold to SC/RC | Nil | Nil |
| iii | Aggregated 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 |

4.4 Details of non Performing financial assets purchased/sold

A. Details of Non performing financial assets purchased

(Rs. in 000's)

| Sr | Particulars | 2010-11 | 2009-10 |
|------|--|---------|---------|
| 1(a) | No. of accounts/ purchased during the year | NIL | NIL |
| (b) | Aggregated Outstanding | NIL | NIL |
| 2(a) | Of these ,number of account restructured during the year | NIL | NIL |
| (b) | Aggregated outstanding | NIL | NIL |

B. Details of Non performing financial assets sold

(Rs.in 000's)

| Sr | Particulars | 2010-11 | 2009-10 |
|----|----------------------------------|---------|---------|
| 1 | No. of accounts sold | Nil | Nil |
| 2 | Aggregated outstanding | Nil | Nil |
| 3 | Aggregate consideration received | Nil | Nil |

4.5 Provisions on Standard Asset

(Rs.in 000's)

| Sr | Particulars | 2010-11 | 2009-10 |
|----|------------------------------------|---------|---------|
| | Provisions towards Standard Assets | 2986 | 1289 |

5. Business Ratio

(Rs in 000's)

| Sr | Particulars | 2010-11 | 2009-10 |
|-----|--|---------|---------|
| i | Interest income as a percentage to Working Funds | 9.37 | 8.18 |
| ii | Non-Interest income as a percentage to working Funds | 1.13 | 1.27 |
| iii | Operating Profit as a percentage to working funds | 1.01 | 0 |
| iv | Returns on Assets | 0.81 | 0 |
| v | Business(Deposits plus advances) per employee | 32291 | 13544 |
| vi | Profit per employee | 132 | -35 |

6. Asset Liability Management –Maturity pattern of certain items of assets and liabilities

(Rs.Crore)

| Particulars | 1 to 14 days | 15 to 28 days | 29 days to 3 months | Over 3 months and upto 6 months | Over 6 months and upto 1 year | Over 1 year and upto 3 years | Over 3 years and upto 5 years | Over 5 years | Total |
|------------------------------|--------------|---------------|---------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|--------------|-------|
| Deposits | 7.35 | 9.53 | 17.28 | 6.60 | 14.41 | 35.30 | 1.44 | 0.38 | 92.29 |
| Advances | 3.53 | 3.50 | 15.40 | 19.02 | 47.27 | 9.08 | 0.37 | 0.06 | 98.23 |
| Investments | - | - | - | - | - | - | 3.63 | 15.38 | 19.01 |
| Borrowings | - | - | - | 4.73 | 11.74 | 13.33 | 1.61 | 1.61 | 33.02 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - |

7. Exposures-Exposures to Real Estate Sector

Banks exposure to Real Estate Sector: **NIL**

8. Details of single Borrower (SGL), Group Borrower Limit (GBL) exceeded by the bank

The Bank has not exceeded the prudential exposure limits fixed to individual borrower and group borrower

9. Miscellaneous –Amount of provisions made for Income –tax for the year.

(Rs In 000's)

| Particulars | 2010-11 | 2009-10 |
|-------------|---------|---------|
| | 1456 | NIL |

10. Penalties imposed by Reserve Bank of India: **NIL**

No penalty was imposed by Reserve Bank of India under the provision of Section 46 (4) of the Banking Regulation Act, 1949.

11. Accounting Standard 17:

Segment Reporting: - The Bank has not engaged in any activity other than banking and the operations have been conducted in a very narrow geographical area. There are no reportable segments.

12. Accounting Standard 18:

Related party disclosures:

Name of related parties and description of relationship:

| | |
|-----|--|
| i) | Related parties where control or significant influence exists or with whom transaction have taken place during the year: Sponsor Bank – Indian Bank |
| ii) | Key Management Personnel: A) Sri. R. Manimaran – Chairman B) Sri. S. Jagannathan – General Manager |

Related Party Transactions during the year

(Rs. in 000s)

| Sl.No | Particulars | 2010-11 | 2009-10 |
|-------|---|---------|---------|
| i) | Remuneration to Key Management Personnel A) Sri. R. Manimaran – Chairman B) Sri. S. Jagannathan – General Manager | Nil | Nil |
| ii) | Sponsor Bank and its subsidiaries | | |
| | Borrowings from Sponsor Bank | 149535 | 170463 |
| | Interest paid on Borrowings | 20147 | 6428 |
| | Term deposits made | 10317 | 5567 |
| | Interest received | 384 | 252 |
| | Current Account Transactions (Balance) | 40694 | 64421 |



13. Provisions and Contingencies:

(Rs. 000s)

| Particulars | 2010-11 | 2009-10 |
|---|-------------|-------------|
| Provision for depreciation on investments | NIL | NIL |
| Provisions towards NPA | NIL | NIL |
| Provisions towards Standard Assets* | 2986 | 1289 |
| Provision for income tax (including for Fringe Benefits Tax, Deferred Tax and Wealth tax) | 2303 | -100 |
| Other Provisions and Contingencies (Net) | NIL | NIL |
| Total | 5289 | 1189 |

(Rs. in 000s)

| Sl. No | Particulars | 2010-11 | 2009-10 |
|--------|---|---------|---------|
| A | Opening balance in the floating provisions account | NIL | NIL |
| B | The quantum of floating provisions made in the accounting | NIL | NIL |
| C | Amount of draw down made during the accounting year | NIL | NIL |
| D | Closing balance in the floating provisions account | NIL | NIL |

14. Complaints:

A. Customer Complaints

| Sl. No | Particulars | Details |
|--------|--|---------|
| A | No. of complaints pending at the beginning of the year | NIL |
| B | No. of complaints received during the year | NIL |
| C | No. of complaints redressed during the year | NIL |
| D | No. of complaints pending at the end of the year | NIL |

:B. Award passed by the Banking Ombudsman

| Sl. No | Particulars | Details |
|--------|---|---------|
| A | No. of unimplemented awards at the beginning of the year | NIL |
| B | No. of Awards passed by the Banking Ombudsman during the year | NIL |
| C | No. of Awards implemented during the year | NIL |
| D | No. of unimplemented awards at the end of the year | NIL |

15. LEASES (AS -19)

The Bank's significant leasing arrangements are in respect of operating lease for premises. These leasing arrangements are not calculable and are usually renewable by mutually agreed terms. The aggregate lease rentals payable are charged as rent to Profit and Loss account.



16. Earnings as per Share (AS-20)

(Rs. in 000's)

| | 2010-11 | 2009-10 |
|--|---------|---------|
| Nominal value per Equity share (Rs.) | 100 | 100 |
| Basic Earnings as per Share | | |
| Net Profit after tax available for equity shareholders | 3637 | (2208) |
| Weighted Average Number of Equity Shares (Nos) | 100000 | 100000 |
| Basic Earnings per Share (Rs.) | 36.37 | (22.08) |
| Diluted Earnings per Share | | |
| Net Profit after tax available for equity shareholders | 3637 | (2208) |
| Weighted Average Number of Equity Shares | 100000 | 100000 |
| Diluted Earnings Per Share (Rs.) | 36.37 | (22.08) |

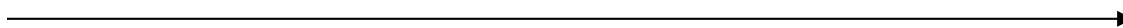
17. Deferred Tax (AS 22)

Major components of deferred tax liability/(asset) are as detailed below:

| Sl. No | Particulars | 2010-11 | 2009-10 |
|--------|----------------------------------|------------|--------------|
| 1 | Depreciation on investments | - | - |
| 2 | Depreciation on Fixed assets | 747 | 602 |
| 3 | Provision for Employees benefits | - | - |
| 4 | Other items | - | (702) |
| | Total (DTA)/DTL | 747 | (100) |

18. Impairment of Assets (AS-28)

Whenever any difference in the life of asset estimated originally varies during the review period, the difference is accounted by way of impairment. During the year under review a sum of Rs.583330/- been treated as impaired.



19. Provisions, Contingent Liabilities and Contingent Assets (AS 29)

| Particulars | Opening balance As on 01.04.2010 | Provisions made during the year | Provisions reversed/ adjusted | Closing balance as on 31.03.2011 |
|--------------------------|---|--|--|---|
| Standard Assets | 1289 | 1697 | NIL | 2986 |
| Miscellaneous Provisions | - | - | - | - |

For and on behalf of Board of Directors

This is the Balance sheet referred to in our
report of even date

Sri. R. Manimaran
Chairman

SURI & SIVA
Chartered Accountants

Sri. S. Selvam Veeraraghavan
GM(PS), Indian Bank.

Sri. K. Jeyabal
Zonal Manager, Indian Bank

Sri. M. A. Nasser
AGM, RBI.

Sri. Sreepathy Kalkura
AGM, NABARD.

Project Director
DRDA, Puducherry.

The Director,
Planning & Research Dept.,

Sri. V. Balaji
GOI Nominee Director

Sri. D. Balachandar
GOI Nominee Director



SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2011

1. General

a. The accompanying financial statements have been prepared on the historical cost basis and confirm to the statutory provisions and practices prevailing in India.

b. Accounting policies not specifically mentioned otherwise are consistent and in consonance with the accounting practices regularly followed by the Bank.

2. Fixed assets.

Fixed assets have been accounted for on the historical cost basis as a going concern, depreciation has been provided on written down value method at the following rates

| | | |
|-----------------------------------|---|-----|
| Computers and printers | : | 20% |
| Ups, Motor vehicle, bi-cycle etc: | | 15% |
| Furniture & fixtures | : | 10% |

3. Revenue Recognition

Income and Expenditure are accounted on accrual basis except in the following cases.

Commission & Exchange, locker rent received and recovery of postages where income is recognized on realization basis.

Interest on government securities and other fixed income securities have been recognized on accrual basis.

4 Investments

The current investment portfolio is classified as **Held to Maturity**. The investment is valued at cost and the premium, if any, is amortized during the residual life of the securities.

5 Advances

Advances have been classified as per prudential norms issued by Reserve Bank of India and provision on advances has been made as under: All the accounts are standard assets

| Category of Standard Assets | Rate of provision |
|--|-------------------|
| Direct advances to agriculture and SME sector: | 0.25% |
| Commercial Real Estate (CRE) sector | 1.00% |
| All other loans and advances not included in (a) And (b) above | 0.40% |

6. Staff benefits

Provision has been made for employee benefit viz., gratuity, provident fund, in accordance with Accounting Standards 15(Revised) Employee Benefits.

7. Profit and Loss account.

Net profit has been arrived at after applying income recognition and provisioning norms prescribed by Reserve Bank of India and after making other usual and necessary provisions.



8. Taxation

As per Section 22 of the Regional Rural Bank Act 1976, A Regional Rural Bank is deemed to be a Co-operative Society for the purpose of the Income Tax Act, 1961, any tax on income, profits or gains of the Regional Rural Bank shall be deemed to be that of a Co-operative Society.

Deferred tax is accounted for computing the tax affects of the timing differences which arise during the year and reversed out in subsequent periods. Deferred tax is calculated at the tax rates enacted are substantively enacted by the Balance sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized in the foreseeable future and are reviewed for appropriateness of the respective carrying values at each Balance sheet dates.

For and on behalf of Board of Directors

This is the Balance sheet referred to in our report of even date

Sri. R. Manimaran
Chairman

SURI & SIVA
Chartered Accountants

Sri. S. Selvam Veeraraghavan
GM(PS), Indian Bank.

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