

# **Contents**

**Page**

---

**Notice to shareholders**

**Board of Directors**

**Management Committee**

**Abridged Report of the Board of Directors**

**Abridged Balance Sheet**

**Abridged Profit and Loss Account**

**Notes to Account**

**Auditors Report**

**Attendance Slip & Proxy Form**

**STATE BANK OF TRAVANCORE**  
**(Associate of the State Bank of India)**  
**HEAD OFFICE: THIRUVANANTHAPURAM**

**NOTICE**

The Fifty-Fourth Annual General Meeting of the Shareholders of the State Bank of Travancore will be held in the A.K.G.Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram-695034, on Monday, the 26<sup>th</sup> May 2014 at 1.30 P.M (Indian Standard Time) to transact the following business:

“To discuss and adopt the Balance Sheet and Profit and Loss Account of the Bank made upto the 31<sup>st</sup> March, 2014, the report of the Board of Directors and the Auditors Report on the Balance Sheet and Accounts.”

Thiruvananthapuram  
25.04.2014

**Jeevandas Narayan**  
Managing Director

## CORRIGENDUM NOTICE

Reference is invited to the Notice dated 25<sup>th</sup> April, 2014 published in Part III Sec-4 of the Extra ordinary Gazette of India dated 28<sup>th</sup> April, 2014 regarding the conduct of the 54<sup>th</sup> Annual General Meeting of State Bank of Travancore at AKG Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram 695 034, on Monday, the 26<sup>th</sup> May 2014 at 1.30 P.M (Indian Standard Time) to discuss and adopt the Balance Sheet and Profit and Loss Account of the Bank made upto the 31<sup>st</sup> March, 2014, the Report of the Board of Directors and Auditors Report on the Balance Sheet and Accounts.

The revised date and time for conduct of the Meeting is fixed on Thursday the 5<sup>th</sup> June, 2014 at 10.30 A.M (Indian Standard Time) while the venue remains unchanged.

Thiruvananthapuram  
05.05.2014

Jeevandas Narayan  
Managing Director

## BOARD OF DIRECTORS AS ON 31.03.2014

<b>Smt Arundhati Bhattacharya</b>	Chairman under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Jeevandas Narayan</b>	Director under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
<b>Dr J Sadakkadulla</b>	Director under Clause (b) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri S Vishvanathan</b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Rajeev <u>Nandan Mehra</u></b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Purna Chandra Jena</b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri V Kaliappan</b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri P V Prasad</b>	Director under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri C Rajkumar</b>	Director under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Jitendar Kumar Mehan</b>	Director under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

## MANAGEMENT COMMITTEE

<b>Shri Jeevandas Narayan</b>	Managing Director
<b>Shri Sajeev Krishnan</b>	Chief General Manager(Retail Banking)
<b>Shri E.K.Harikumar</b>	Chief General Manager(Commercial Banking)
<b><u>Shri S.Chandrasedkharan</u></b>	General Manager (Treasury & Chief Financial Officer)
<b><u>Shri S.Harikrishnan</u></b>	Chief Vigilance Officer
<b><u>Shri G.Madana Mohan Rao</u></b>	General Manager (Business Strategy & Rural Banking)
<b><u>Shri T.Keshav Kumar</u></b>	General Manager (CNW)
<b><u>Shri A.N.Krishnan</u></b>	General Manager(Human Resources)
<b><u>Shri S. Harisankar</u></b>	General Manager(Information Technology)
<b><u>Shri V.P.Ravindra Kumar</u></b>	General Manager (Inspection & Audit)
<b><u>Shri M.K.Bhattacharya</u></b>	General Manager(Risk Management & CRO)
<b><u>Shri Anil Kumar Peshin</u></b>	General Manager (SAMG)
<b><u>Shri K.N.Murali</u></b>	General Manager (Retail Network I)
<b><u>Shri S.Vasudevan</u></b>	General Manager (Retail Network II)
<b><u>Shri D.Babu Jayaraj</u></b>	General Manager (Retail Network III)

**ABRIDGED REPORT OF THE BOARD OF DIRECTORS TO THE STATE BANK OF INDIA, THE RESERVE BANK OF INDIA AND THE CENTRAL GOVERNMENT IN TERMS OF SECTION 43(I) OF STATE BANK OF INDIA (SUBSIDIARY BANKS) ACT, 1959.**

**Period covered by the Report: 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014**

**Economic Environment**

- **Global Economy**

Global growth is likely to be in the vicinity of 3½ per cent in 2014-15, about ½ a percentage point higher than in 2013-14. The expansion in global output is expected to be led by Advanced Economies (AEs), especially the US. However, downside risks to growth trajectory arise from ongoing tapering of Quantitative Easing (QE) in the US, continuing deflation concerns and weak balance sheets in the euro area and, inflationary pressures in the Emerging Market and Developing Economies (EMDEs). Weakening growth and financial fragilities in China that have arisen from rapid credit growth in recent years also pose a large risk to global trade and growth.

Global inflation remains benign with activity levels staying below potential in the Advanced Economies as well as in some of the large emerging market and developing economies and a softer bias for global commodity prices continuing into 2014.

The global financial markets have weathered the initial dose of actual tapering of the Quantitative Easing (QE) by the US Fed, quite well. However, the global interest rate cycle has just begun to turn. Any large withdrawal of monetary accommodation by advanced economies and consequent effect on capital flows to and from emerging market and developing economies could lead to volatility and could translate into liquidity shocks impacting asset prices.

- **National Economy**

GDP growth has been stagnant at around 5% during the year. This is attributable to the continued weakness in industrial activity and supply side constraints.

A moderate recovery is likely to set in 2014-15 broadly in line with the Reserve Bank's indicated projections in January 2014. The recovery is likely to be supported

by investment activity picking up due to part resolution of stalled projects and improved business and consumer confidence. Manufacturing PMI, for the month of February 2014, touched a year's high on the back of higher output and new orders. The rural demand base is likely to shore up demand, following record agricultural output.

While the global environment remains challenging, policy action in India has rebuilt buffers to cushion it against possible spillovers. There was curtailment of deficit (both Current & Fiscal). There was also adjustment of rupee exchange rate and replenishment of foreign exchange reserve which resulted in lowering of risk of near-term macro instability. However, more efforts in terms of removing structural impediments, building business confidence and creating fiscal space to support investments will be needed to secure growth.

- **Kerala Economy**

Kerala's economy is one of the fastest growing economies in the country. Kerala has won international recognition for its outstanding achievements in Health and Education sectors. The prime driver of the economy still is the remittance from abroad by lakhs of Non- Resident Indians mainly from Gulf. Economy in Kerala is supported by traditional industries, Coir, Cashew, Bricks and tiles, oil milling, Handloom and Timber employing 83% of this total work force in the industrial sector.

Kerala contributes 97% of national pepper production and accounts for 85% of the area under natural rubber in the country. Coconut, tea, coffee, cashew, and spices — including cardamom, vanilla, cinnamon, and nutmeg — comprise a critical agricultural sector. A key agricultural staple is rice, with large number of varieties grown in Kerala's extensive paddy fields. Nevertheless, home gardens comprise a significant portion of the agricultural sector.

Tourism continues to flourish and plays an important role in the state's economy. IT sector is on a growth path with flagship Techno Park at Thiruvananthapuram and Techno City at Ernakulam gaining further traction. The proposed Info Park and Smart City near Kochi, is expected to propel Kerala to become one of the leading IT destinations in the country. Mega Projects like Vallarpadam International Container Transshipment Terminal will give a fillip to the economy. The proposed Vizhinjam International Deepwater Multipurpose Seaport at Thiruvananthapuram is expected to

give boost to the State's economy. The Kannur International Airport project is expected to transform the North Malabar region into a highly developed Centre for Travel, Tourism and Industries.

- **Banking Environment**

The resilience and stability of the domestic financial system have become essential to the country's own macroeconomic stability, particularly in an increasingly integrated world. Indian banking sector demonstrated strong resilience during the global financial crisis and was able to maintain profitability, with asset quality remaining relatively unaffected. In India, reforms have continued with a view to building a robust and resilient financial system. More stringent capital and liquidity measures for commercial banks have been implemented and steps have been taken to build provision buffers. RBI has initiated the steps for implementation of the Basel III norms embedded with provisions and guidelines for higher capital adequacy norms for adoption and implementation by Banks in India. The key focus areas for Indian Banks include liquidity management; gainful deployment of funds; availability of cheaper technology to serve thinly populated unbanked areas; grooming suitable replacement for large number of experienced manpower due for retirement; IT security; advanced Risk management approaches; and introduction of innovative products. The Indian Banking sector is continuing to grow with rapid transformation, with almost all the Banks having migrated to Centralised Core Banking Environment, supported by technology enabled products viz. mobile banking, net banking and smart cards..

Further, Green Channel Counters' are the latest innovations in the series for Banks to serve its customers in an eco-friendly atmosphere. Regulatory changes have opened up newer opportunities in rural areas for Banks. The penetration of banks in rural areas has increased manifold due to the progress made under Financial Inclusion Plans of banks.

However, the cause of concern for Indian banks is the sluggish credit off-take, lower investments, supply side constraints which are adversely impacting the asset quality and profitability of Banks.



- **Regulatory Measures and Monetary Policy**

The year 2013-14 witnessed a series of monetary measures initiated by Reserve Bank of India to contain rising inflation, further liberalisation in the Branch Authorisation Policy and more security measures for electronic payment system in scheduled commercial banks. The Reserve Bank of India has granted "in-principle" Bank licences to Infrastructure Development Finance Co and microfinance lender - Bandhan Financial Services Ltd.

Some of the main policy changes and reforms announced by RBI during the year are as under:

- Repo rate moved from 7.5% to 8%.
- Cash reserve ratio (CRR) of scheduled banks maintained at 4.0 per cent of net demand and time liability (NDTL).
- Increased liquidity provided under 7-day and 14-day term repos.
- The reverse repo rate moved in tandem with repo rate and is presently at 7.0 per cent.
- The Marginal Standing Facility (MSF) rate and the Bank Rate are presently at 9.0 per cent.
- Under the new RBI Branch Authorisation Policy, Banks can now open branches without taking permission from RBI, subject to reporting. To provide enhanced banking services in Tier 5 and 6 centres (Rural), domestic scheduled commercial banks should necessarily open 25% of the branches, opened during the year, in unbanked rural centers.
- RBI has stipulated higher provisioning norms on Restructured assets.
- The limit of bank loans to micro and small service enterprises (MSEs) engaged in providing or rendering of services increased from Rs 2 crore to Rs 5 crore per borrower/unit, provided they satisfy the investment criteria for equipment as defined under the MSMED Act, 2006.
- A separate sub-sector called 'Commercial Real Estate - Residential Housing' (CRE-RH) carved out from the Commercial Real Estate (CRE) sector. CRE-RH to consist of loans to builders/developers for residential housing projects (except for captive consumption) under CRE segment. The CRE-RH segment to attract a lower risk weight of 75 per cent and lower standard asset provisioning of 0.75 per

cent as against 100 per cent and 1.00 per cent, respectively for the CRE segment.

- The period for realisation and repatriation to India, of the amount representing the full value of goods or software exported, brought down from twelve months to nine months from the date of export.
- Downloaded E-Aadhaar Card recognised as Valid Document.
- The new Real Time Gross Settlement (RTGS) system launched on October 19, 2013.

### **The Bank's Performance**

Net Profit for the year stood at Rs 304.34 crore as compared to Rs 615.04 crore for the previous year 2012–13, showing a decline of 50.52% over last year. The Operating Profit (after Staff Provisions) for the year ended 31<sup>st</sup> March, 2014 stood at Rs 1,369.69 crore as compared to Rs 1,351.00 crore recorded for the year ended 31<sup>st</sup> March, 2013.

The Bank's capital funds improved from Rs 6,175.70 crore under Basel II as at the end of March 2013 to Rs 6,792.01 crore as at the end of March 2014. The capital adequacy ratio under Basel II stood at 11.52% as on March 31, 2014 as compared to 11.70% as on March 31, 2013 against a minimum of 9% stipulated by RBI. Under Basel III, the Bank's capital funds improved from Rs 5671.43 crore as on 1<sup>st</sup> April 2013 to Rs 6,357.63 crore as on 31<sup>st</sup> March 2014. The Capital Adequacy Ratio under Basel III improved from 10.74% as on 1<sup>st</sup> April 2013 to 10.79% as on 31<sup>st</sup> March 2014.

Bank's aggregate deposits showed a growth of 5.54 % and stood at Rs 88,707 crore as on 31<sup>st</sup> March, 2014 compared to Rs 84,047 crore in the previous year. The share of Personal Segment Deposits is Rs 62,246.92 crore which constitute 70.17% of Aggregate Deposit. In absolute term Personal Segment Deposit has grown by Rs 9,656 crore Y-O-Y.

NRI Deposits grew by Rs 5651 crore to reach a level of Rs 24,963 crore. It constitutes 28.14% of the Aggregate Deposits of the Bank as on 31<sup>st</sup> March, 2014. Total Deposits of the Bank (including Inter Bank Deposits) stood at Rs 89,337 crore as on 31<sup>st</sup> March, 2014 from the level of Rs 84,624 crore as on 31<sup>st</sup> March, 2013.

The total advances of the Bank stood Rs 70,782 crore as at the end of 31<sup>st</sup> March, 2014 from the level of Rs 68,389 crore a year ago registering a growth of 3.50%. Personal segment advance had grown by Rs 374 crore and reached a level of Rs 18,294 crore, whereas the C&I segment declined by Rs 311 crore and reached a level of Rs 34,901 crore.

The Retail lending stood at Rs 35,881 crore and constituted 50.69% of the total advances as at the end of 31<sup>st</sup> March, 2014. The Credit Deposit Ratio of the Bank is 79.23% as on 31<sup>st</sup> March, 2014 as against 79.75% as on 31<sup>st</sup> March, 2013.

The Bank's gross business crossed Rupees One Lakh Sixty Thousand crore during this fiscal. The total business of the Bank reached the level of Rs 1,60,119 crore as on 31<sup>st</sup> March, 2014, showing a growth of 5.27% from Rs.1,52,108 crore as on 31<sup>st</sup> March, 2013.

The Bank continued to give special emphasis on lending to the priority sector in conformity with national policies, expectations and fulfillment of social objectives. Bank's gross Advances to the Priority sector increased from Rs 24,378 crore as at the end on March 2013 to Rs 27,526 crore as at the end of March 2014 and constituted 40.25% of the Adjusted Net Bank Credit against the benchmark of 40%.

The Bank has disbursed an amount of Rs 10,408 crore under Agriculture segment as at the end of March 2014 against the Special Agricultural Credit Plan target of Rs.7,200 crore. Agri segment showed a growth of Rs 1,137 crore during the financial year 2013-14. Credit to Agriculture segment reached a level of Rs 11,455 crore as on 31<sup>st</sup> March, 2014, that is 16.77% of ANBC, against a benchmark of 18% stipulated by Government of India.

MSMEs play a major role in the country's economic development. The bank gives due importance for the growth of this vital segment of the economy. Total lending to MSME sector as on 31<sup>st</sup> March 2014 stood at Rs.11,460.54 crore, registering a growth of Rs.2,230.31 crore over the previous year. The lending to Micro and Small Enterprises (MSE`s) stood at Rs.7,774.10 crore which is 37.37% higher over the previous year level.

The Gross NPA level of the Bank as on 31<sup>st</sup> March, 2014 stood at Rs 3,077 crore and its percentage to Gross Advances stood at 4.35% compared to 2.56% as on 31.03.2013. The Net NPA level of the Bank as on 31<sup>st</sup> March, 2014 stood at Rs

1,929 crore. The percentage of Net NPA was 2.78% compared to 1.46% as at the end of the previous year.

### **Branch Network**

Bank opened 104 new branches during the year. As at the end of 31<sup>st</sup> March 2014 the total number of branches has touched 1,117, by setting its foot prints in 15 states and 3 Union Territories. It has 13 extension counters.

The number of branches in Kerala increased from 758 branches in March, 2013 to 820 branches as at the end of 31<sup>st</sup> March, 2014. New Zonal office at Bengaluru was opened during this year and 37 branches / offices were shifted to new premises. Seven Regional offices have been opened at Thiruvalla, Kottarakara, Madurai, Thodupuzha, Hyderabad, Pala & Malappuram during the year for better operational control and faster credit dispensation.

The Bank has 43 specialised Personal Segment Branches, 11 NRI Branches, 5 Treasury Branches, 10 Service branches, 17 CBG Branches, 7 CNW Branches, 20 Gold Point Branches, 10 Specialised Agricultural Development Branches, 8 Specialized SME Branches, 2 Asset Recovery Management Branches, 1 Micro Credit Branch, 1 Specialised Branch for women entrepreneur, 1 MICR Branch, 1 Branch for State Government Transactions and 1 International Service Branch. Under the BPR initiatives, Bank has 15 RASMECCCs, 2 RCPC, 1 CPPC, 6 SARC, 2 TFCPCs, 1 LCPC and 19 CACs. The Bank is having 2 Exchange Bureaus, one at Cochin and another at Kozhikode in addition to the above branches / offices.

### **Dividend**

The Bank declared a dividend of Rs 2.50 per share (25%) for the year to the shareholders, entailing a total payout of Rs 12.50 crore. The dividend payout Ratio for the year 2013-14 works out to 4.11% of the Net Profit.

### **Market Share**

The Bank's market share in ASCB Deposits was 1.16% as on 21<sup>st</sup> March, 2014 as compared to 1.22% as on 22<sup>nd</sup> March, 2013 mainly on account of hiving off of high cost deposits and Certificate of Deposits. The market share in Advances has come down from 1.25% as on 22<sup>nd</sup> March 2013 to 1.16% as on 21<sup>st</sup> March, 2014. The

Bank's All India Market share in total business as on 21<sup>st</sup> March, 2014 stood at 1.16%.

The Bank continued to maintain its position as the premier bank in Kerala among all Commercial banks with a market share of 21.32% in business ( as at the end of December 2013) with 14.06% of the total branch network. In respect of NRI deposits, our market share in the state is 24.24% (Source SLBC Kerala).

### **Business Initiatives**

The Bank has entered into an agreement with Export Credit Guarantee Corporation of India (ECGC) to cover its export credit portfolio. Accordingly eligible accounts have been covered under Whole Turnover Packing Credit Guarantee (WTPCG) and Whole Turnover Post Shipment Guarantee (WTPSG) .With a view to speeding up issuing Bank Realisation Certificate (issued to exporters) for claiming export incentives and as part of message exchange initiative of Directorate General of Foreign Trade (DGFT), the bank has commenced digital transmission of Bank Realisation Certificate (e-BRCs) through DGFT website.

The Bank has been constantly endeavoring to meet the financial requirements of its customers by making available Life, Non-life insurance products as well as other non-banking investment products like Mutual Funds and also Credit Card to its customers with a perspective of being a Complete Financial super market.

Bank's cross selling products include life insurance products of SBI Life Insurance Company, Non Life Insurance (General Insurance) products of SBI General Insurance Company, Mutual fund products offered by SBI Mutual Fund, Credit cards of SBI Cards. The products of these companies, with whom the Bank has, tie up arrangements for selling their products as Corporate Agents are made available to the customers of the Bank.

### **Development Banking**

The Marketing Department of the Bank continues to play its role in facilitating customer acquisition, retention and broadening of the Bank's customer base by conducting segment centric marketing drives.

Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The Bank has opened over

25.56 lac No-frills accounts (Janapriya accounts). 90% of the 25.56 lac “No-frills” accounts were opened in the state of Kerala. Joint Liability Group (JLG) schemes, Biometric Smart Card Project, General Credit Cards to the Janapriya Account Holders etc. are other initiatives in this direction.

In conformity with the directions of Reserve Bank of India, the Bank has formulated a Financial Inclusion Plan, which has been rolled out during 2013-14 and all FI villages allotted to the Bank has been covered in the state of Kerala. This plan for Financial Inclusion will be an integral part of the business plan of the Bank. The FI Project of the bank has been christened “SBT-SAHAYA HASTHAM”. As of 31<sup>st</sup> March 2014 the Bank has enrolled approximately 27500 customers under “SAHAYA HASTHAM” in the 35 FI Villages. The Bank’s Board has also approved a 3 year Financial Inclusion plan, for the years 2013 to 2016, in tune with the Bank’s future plans for Financial Inclusion. The Bank’s Board has also approved the plan for the implementation of Direct Benefit Transfers of the Government.

SBT has got Lead Bank responsibility in three Districts in Kerala. They are Alappuzha, Kottayam and Pathanamthitta Districts. CRISIL with the support from Ministry of Finance, GOI, and RBI has conducted a study called CRISIL Inclusix which is an index to measure the progress in Financial Inclusion. ie. Penetration of banking services in all the Districts in the country.

Pathanamthitta district has been ranked as Number one District in the country by CRISIL in their study report. The other two Districts i.e., Kottayam and Alappuzha are ranked five and fifteen in the CRISIL Study.

#### DBT rollout of the Government of India:

The Government of India has selected 43 districts, including two districts of Kerala Viz., Wayanad and Pathanamthitta, for roll out of the Direct Benefits Transfer (DBT) in respect of 26 schemes. Out of the 43 districts we have one district where we have Lead Bank responsibility ie, Pathanamthitta. In the second phase the GOI has selected 78 districts for DBT Roll out. In Kerala we have 9 districts from among the 78 selected districts. Out of these nine districts in Kerala, we have Lead Bank responsibility in two viz., Alappuzha and Kottayam. We have opened accounts for the beneficiaries under the 26 schemes launched in the 121 districts. All these accounts are linked to Aadhaar numbers of the beneficiaries. Issuing of ATM Debit cards to all the DBT beneficiaries have also been taken up.

Linking or seeding of Aadhaar accounts to the customers' accounts are also being done and we have seeded / linked approximately 19.74 lac accounts as on 31/03/2014.

The Bank continues to give due importance to extending financial assistance to meet the credit requirements of the SC/ST citizens. A credit Cell is functioning at Head Office under the control of Deputy General Manager (MSME) for monitoring flow of credit to these communities. The advances to SC and ST borrowers under Priority sector aggregated to Rs.4,038 crore constituting 14.67% of priority sector lending advances. The Bank continues to give due importance in extending financial assistance to meet the credit requirements of the Minority Community (MC) borrowers. The advance to MC borrowers under Priority sector stood at Rs 9,692 crore as against Rs 8,536 crore during the previous year, which constitutes 35% of the Bank's priority sector advances.

The Bank is spearheading the Lead Bank activities in three districts of Kerala State viz. Alappuzha, Kottayam and Pathanamthitta. The District Credit Plans for the year 2013-14 were launched in our lead districts during March 2013. For widening the coverage of banking services, a campaign for opening of savings bank accounts was conducted by our Lead Bank Offices in the Lead Districts. Bank has RSETIs in Wayanad, Pathanamthitta, Alappuzha, and Kottayam for providing skill up gradation trainings to the rural youth with focus on BPL category. RSETIs also imparted EDP training to beneficiaries selected under Kerala State Entrepreneurs Development Mission (KSSEDM). In Bank's Lead Districts, Bank has started Financial Literacy Centres (FLC) along with RSETIs for providing financial literacy & credit counseling.

### **Technology Initiatives**

The Bank has a network of 1,352 ATMs. The Bank's ATM cum Debit cards are accepted in all outlets having Master Card / Visa logo. Several facilities such as Visa Money Transfer (VMT), Money Send, SBI Credit Card payment, SBI Life Premium payment, Mobile recharge, Donations, Fee payment, JMET / GATE Application Fee payment, Mobile Banking registration, Cheque Book order etc have also been enabled in our ATMs.

Our highly secure Internet Banking platform supported by 256 bit EVSSL (Extended Validation Secured Socket Layer) encryption offers utmost security to our Internet Banking customers against phishing / hacking threats and provides Intra-bank / Inter-

bank funds transfer facility up to a limit of Rs 500 crore per transaction. 1,55,527 new registrations were activated during the current year, ie, an increase of 27.71% over the registrations as at the end of previous year.

Mobile Banking provides our customers with another safe, secure, fast and convenient channel for banking transactions. The services provided includes enquiry services, funds transfer, Interbank Mobile Payment System (IMPS), Demat account services, bill payment, mobile top-up, DTH recharge, M-commerce etc. The daily limit for MBS transaction is Rs.50,000/- for aggregate of funds transfer & transactions involving purchase of goods & services, within an overall calendar month limit of Rs.2,50,000/-. A more advanced fund transfer channel, P2A, was added to the existing IMPS payment services enhancing the ease and convenience of the Mobile Banking facility.

All the branches of the Bank are enabled for RTGS/GRPT/NEFT remittances. The total number of outward electronic remittances for the year ended 31.03.2014 had been at 63,74,055 registering an increase of 32% over the previous year. While growth in number of RTGS transactions had remained at the same level of 14% recorded in the previous year, number of GRPT outward transactions increased by 50% in the current year. NEFT transactions registered an increase of 50% over the last year level. Cheque Truncation System (CTS) implemented in all MICR centres across the country.

### **Customer Service**

Customer service in the Bank is accorded top priority and every endeavor is made to improve the quality of service to the customers and redress their grievances.

A well defined and full- fledged Customer Grievances Redressal Mechanism is put in place in the Bank. An official of the rank of Deputy General Manager is placed as head of the Customer Service Department to give greater focus on complaints received from customers and speedy redressal of complaints.

Bank has provided a facility (**SMS SBT CARE**) to the customers whereby they can send a message from anywhere by SMS to 56363 or give a missed call to 9847198471 from their mobile.

Bank has also established a call centre with **toll free number: 1800 425 5566** which enables the customers and general public to seek clarification on Bank's products,



service etc. Online complaint registration is an alternate channel activated from 13.9.2012 for customers to lodge complaints. On submission of complaint online, an automatic acknowledgement will be generated with reference number, date and name of complainant and the status of the complaint can be monitored by the complainant online.

To have an effective resolution of complaints, we are providing data of outstanding complaints Zone wise in the drop box maintained by Organisational Planning Department at Head Office. The same can be accessed at Zonal Office and updated position can be placed in the drop box for discussion during the coordination meeting.

### **Corporate Social Responsibility (CSR)**

Social circles are voluntary organizations formed by the staff members working in branches and administrative offices for undertaking social services. Bank is having 639 social circles functioning at various branches and administrative offices, spread all over India. Community Services Banking Department at Head office spearheads the activities of the Circles.

#### **Major activities undertaken by the Bank during the year includes:**

Health care programmes, welfare programmes for differentially abled people and inmates of orphanages & geriatric centres, associating with regional festivals, student welfare activities such as distribution of uniforms, books, bags, umbrellas, stationery items, Improving infrastructure facilities like installation of water purifiers, fans, pump sets, to set up library, computer rooms, providing furniture, Adopting school children for their education, Clean toilet facilities in selected Girls' Schools in association with other organisations. Reimbursed the full treatment and food expenses of identified deserving patients at Regional Cancer Centre Thiruvananthapuram, for one day and at Malabar Cancer Thalassery for 2 days.

#### **Other activities include:**

Scholarships to HIV infected children to continue their education up to Post Graduate level. Provision of noon meal to 12,000 students in 52 institutions in Central Kerala. Health Care activities like Blood donation camps, medical camps, providing equipments, cots, water purifier, washing machines, wheel chairs, medicines to hospitals and primary health centres, bed sheets and food packets to patients. Financial support to pain & palliative clinics to improve the home care treatment provided to terminally ill & bed ridden patients, taking care of HIV affected children,

cleaning the premises of Government hospital etc. Support to physically, mentally and visually disabled communities by supplying wheel chairs, walkers etc.

### **Internal Control Systems & Supervision**

The Integrated Risk Management facilitates the Bank to have a holistic view of the risk management. Modular structure under Integrated Risk Management has various divisions focused on management of a specific risk – Asset Liability, Market Risk, Credit Risk, Operational Risk, and Information Systems Security.

Asset Liability Management (ALM) system has been implemented in the Bank, since April 1, 1999, as per the Reserve Bank of India guidelines on ALM and Liquidity Risk Management. As per the Bank's ALM Policy, the Asset Liability Management Committee (ALCO) is authorised to evolve appropriate systems and procedures for ongoing identification and analysis of liquidity and market risks and to prescribe parameters for efficient management of these risks. The ALCO headed by Managing Director meets regularly to review and monitor the same.

Liquidity and interest rate risks are identified, measured and monitored by the ALCO through the prescribed statements, viz. Statement of Structural Liquidity, Statement of Short Term Dynamic Liquidity, Statement of Interest Rate Risk Sensitivity (Traditional and Duration Gap methods), Stress Testing on Liquidity and Earnings etc. ALCO discusses these statements in detail and takes corrective actions whenever necessary. Bank's Benchmark Lending Rates (Base Rate and BPLR) and Card Rates for Deposits are discussed and decided by the ALCO.

For Credit Risk management, the Bank has a structured and standardised credit approval process which includes comprehensive credit rating of proposals. For retail loans, Bank uses a risk scoring model. Bank has in place various exposure limits – for single borrower, group of borrowers, specific sectors, industries etc. – as per regulatory requirement and as per its internal policies. Bank takes up regular reviews of its various loan portfolios to assess the risk profile and initiates proactive measures.

Inspection and Audit Department at Head Office monitors various risk parameters by conducting regular Internal Inspection, IS Audit, Compliance Audit of Branches and System Audit of various Head Office Departments and Modules.

Apart from the above, Bank has put in place an effective institutional mechanism for Risk Based Supervision through RBS Cell in the Inspection Department. As envisaged by the Regulator, the Bank introduced Risk Focused Internal Audit (RFIA) under RBS with effect from 1st April 2003. Based on the guidelines on Internal Audit issued by Government of India, Bank's Inspection & Audit Policy has been suitably modified. The Bank has also incorporated the RBI guidelines on Information System Audit in the IS Audit Policy.

### **Preventive Vigilance**

Due to initiation of Preventive Vigilance mechanism through various measures, such as Surprise Inspections, branch visits, circulars, vigilance awareness meetings etc, Bank could inculcate a sense of positive approach towards compliances from vigilance angle among all the functionaries including adherence to systems and procedures.

A programme on positive vigilance in Contracts and Procurements was conducted in May 2013 for the benefit of officers handling various contracts and procurements in the bank. At the request of CBI a training programme for inspecting officials of the CBI was conducted by the Department at Thiruvananthapuram from 2/09/2013 to 6/09/2013.

A conference of Chief Vigilance Officers of Associate Banks was organised by the Vigilance Department on 4/11/2013 at Head Office, Thiruvananthapuram. The conference provided a platform to discuss the best vigilance practices adopted in various Associate Banks of SBI and to share common problems / difficulties for a collective approach and solution.

**"A Whistle Blower Policy"** was introduced by the bank as a part of anti corruption initiative and also to detect and prevent unfair practices wherever reported. The complaints received under the policy were studied and investigations were conducted. The details of Whistle Blower are kept confidential.

### **Human Resources**

As on 31-03-2014 the Bank had on its rolls 14,491 members of staff, comprising 5,094 officers, 7,005 clerical and cash department staff and 2,392 subordinate staff inclusive of 643 Maintenance Staff. The number of women employees and ex-service personnel constituted 5,864 and 1,665 respectively of the total work force.

Out of the women employees, 1,557 are officers, 3,521 non-subordinate staff and 786 subordinate staff. The Bank has also on its rolls 231 persons with disability. During the year, 2,761 staff were recruited (116 in the officers' cadre, 2,210 in Non – subordinate and 435 in the subordinate cadre).

Business per employee stood at Rs 11.56 crore as at the end of March 2014 as against Rs. 12.59 crore for the same period a year ago. Net Profit per employee is Rs 2.20 lac as on March 2014 compared to Rs.5.06 lac for the year ended March 2013.

We have formulated a scheme to recognize and motivate high achievers among our branches by awarding the honour of MD's Club, CGM's Club and GM's Club membership to top performing branches.

### **Changes in the Board of Directors**

During the course of the financial year 2013-14, the following changes have occurred in the Board of Directors of the Bank.

1. Shri P Nanda Kumaran, Managing Director, State Bank of Travancore, upon superannuation on 31<sup>st</sup> May 2013 has tendered his resignation from the Board of Directors.
2. Shri S Vishvanathan, Managing Director & Group Executive (A&S) appointed as Director under clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959 with effect from 17<sup>th</sup> July 2013.
3. The tenure of Shri K Muraleedharan Pillai, Director ended on 18th July 2013.
4. Shri P V Prasad, Special Assistant, State Bank of Travancore, NRI Thiruvalla Branch, appointed as Workmen Employee Director under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 19<sup>th</sup> July 2013 in place of Shri K Muraleedharan Pillai, Director.
5. Shri Pratip Chaudhuri, Chairman, State Bank of India, under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 upon superannuation on 30<sup>th</sup> September 2013 has tendered his resignation from the Board of Directors.
6. Shri C Rajkumar, Chief Manager, State Bank of Travancore, reappointed as Director under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 1<sup>st</sup> October 2013.

7. Smt Arundhati Bhattacharya has become a Director and Chairman of the Board of Directors of the Bank in terms of under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 7<sup>th</sup> October 2013.
8. Shri V Kaliappan, has become a Director Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959, from 11<sup>th</sup> November 2013.
9. Shri Pradip Kumar Sanyal, General Manager (A&S), State Bank of India, Director, in terms under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 has tendered his resignation from the Board Of Directors of the Bank with effect from 20<sup>th</sup> November 2013
10. Shri. Purna Chandra Jena, General Manager (A&S), State Bank of India, appointed as Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 26<sup>th</sup> November 2013 in place of Shri Pradip Kumar Sanyal.
11. Shri Jeevandas Narayan, appointed as Managing Director from 10<sup>th</sup> January 2014, has become a Director, of the Board of Directors in terms of section 25(1) (aa) of the State Bank of India (subsidiary Banks Act 1959).
12. The tenure of Shri C N Venugopalan, Director, ended on 10<sup>th</sup> January 2014.
13. The tenure of Shri T Balakrishnan and Shri K T Rajagopalan, Directors, ended on 31<sup>st</sup> January 2014.

The Board of Directors welcomed Smt Arundhati Bhattacharya, Shri S Vishvanathan, Shri Jeevandas Narayan, Shri P V Prasad, Shri C Rajkumar, Shri V Kaliappan, Shri. Purna Chandra Jena as Directors of the Bank.

The Board of Directors placed on record their appreciation and thanks for the valuable services rendered by Shri Pratip Chaudhuri, Shri P Nanda Kumaran, Shri Pradip Kumar Sanyal, Shri K Muraleedharan Pillai, Shri T Balakrishnan, Shri K T Rajagopalan and Shri C N Venugopalan during their tenure as Directors of the Bank.

### **Statutory Audit**

M/s. Abraham & Jose, Thrissur, M/s. G.K.Rao & Co., Hyderabad, M/s R.G.N.Price & Co, Chennai, and M/s Kumar Vijay Gupta & Co. New Delhi were appointed as Statutory Auditors of the Bank for the year 2013-14 by State Bank of India, with the approval of Reserve Bank of India. The Board of Directors sincerely appreciates the

valuable suggestions offered and the excellent support and cooperation extended by the Statutory Central Auditors for the completion of the audit well in time.

### **Acknowledgments**

The Board of Directors gratefully acknowledge the valuable advice and support extended by the Ministry of Finance, Government of India, Reserve Bank of India, Indian Bank's Association, State Bank of India and the cooperation and support extended by the Securities and Exchange Board of India, Financial Institutions, Stock Exchanges and Correspondents. The Board also wishes to place on record its sincere appreciation for the excellent support, goodwill and patronage received from the esteemed customers and shareholders, the support and cooperation extended and contributions made by the members of staff- award and supervising. The Board also places on record its appreciation for the contributions made by the Employees' Union and Officers' Association.

By Order of the Board,

Jeevandas Narayan  
Managing Director.

Statement containing salient features of balance sheet and profit and loss account  
etc. as per Section 219(1) (b) (iv)  
Form of Abridged Financial Statements for Banking Companies  
Abridged Balance Sheet of STATE BANK OF TRAVANCORE  
As on March 31, 2014

(All amounts in Rs. lac)

		<b>As on March 31, 2014 (Current Year)</b>	<b>As on March 31, 2013 (Previous Year)</b>
<b>CAPITAL &amp; LIABILITIES</b>			
Capital		<b>5000.00</b>	<b>5000.00</b>
Share Application Money Pending Allotment		<b>38500.00</b>	<b>Nil</b>
Reserves & Surplus	Statutory Reserves	156758.62	149150.06
	Capital Reserve	10401.65	9608.67
	Share Premium	14250.00	14250.00
	Revenue & Other Reserves	270769.57	258352.57
	Balance in Profit & Loss A/c	301.85	136.57
Deposits	Demand Deposits	276961.17	265053.69
	Savings Bank Deposits	2193262.82	1917131.37
	Term Deposits	6463444.19	6280187.05
Borrowings	Borrowings in India		
	(a) from Reserve Bank of India	79000.00	Nil
	(b) from other Banks	22500.00	40000.00
	(c) from other institutions & agencies	520422.48	670232.59
	Borrowings outside India	59915.00	164483.55
Other liabilities & provisions	Bills payable	122492.20	120985.86
	Inter –office adjustments (net)	1216.64	Nil
	Interest accrued	106779.30	94924.73
	Provisions towards standard assets	37645.00	30955.00
	Deferred Tax Liability (net)	Nil	Nil
	Others	148921.30	137480.87
	<b>Total Capital &amp; Liabilities</b>	<b>10528541.79</b>	<b>10157932.58</b>
<b>ASSETS</b>			
Cash and balance with Reserve Bank of India		445856.84	454400.45
Balances with banks and money at call and short notice	Balance with banks in India	228.34	6929.69
	Money at call and short notice in India	59915.00	Nil
	Balances outside India	59916.57	15440.33
Investments	In India		
	(a) Government Securities	2352257.32	2336310.90
	(b) Other approved securities	Nil	Nil
	(c) Shares	15843.16	17113.62
	(d) Debentures & Bonds	57231.79	36819.58
	(e) Subsidiaries and / or Joint Ventures	Nil	Nil
	(f) Others	368804.26	332306.06
Outside India	Nil	Nil	

Advances	In India		
	(a) Bills purchased and discounted	418381.46	458809.85
	(b) Cash credits overdrafts and loans repayable on demand	3042015.40	2931553.25
	(c) Term loans	3480064.57	3357998.52
	Outside India	Nil	Nil
Fixed assets		33901.18	28628.64
Other assets	Inter-office adjustments (net)	Nil	1050.30
	Interest accrued	93767.69	82686.64
	Tax paid in advance / deducted at source	37146.49	29379.74
	Deferred tax Asset (net)	6659.00	10890.00
	Non-Banking assets acquired in satisfaction of claims	9.40	9.40
	Others	56543.32	57605.61
	<b>Total Assets</b>	<b>10528541.79</b>	<b>10157932.58</b>
Contingent Liabilities	Claims against the bank not acknowledged as debts	173.82	156.40
	Liability on account of outstanding forward exchange contracts	1873400.19	1092104.85
	Guarantee given on behalf of constituents	524826.14	455578.93
	Acceptances endorsements and other obligations	491620.77	482957.51
	Other items for which the bank is contingently liable	16050.94	49531.31
Bills for collection		423655.17	358889.36



Abridged Profit and Loss Account of STATE BANK OF TRAVANCORE  
for the year ended March 31, 2014

(All amounts in Rs. lac)

		<b>For the year ended March 31, 2014 (Current Year)</b>	<b>For the year ended March 31, 2013 (Previous Year)</b>
<b>Income</b>			
Interest earned	On advances / bills	740092.35	674609.62
	On investments	222435.32	181637.30
	On balances with RBI and inter-bank funds	4990.63	4122.13
	Others	3136.92	3114.95
Other income	Commission exchange and brokerage	50549.98	43584.52
	Net profit on sale of investments	19052.00	13118.54
	Net profit on sale of land buildings and other assets	-86.74	-31.06
	Net profit on exchange transactions	8071.69	2528.84
	Income by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	Nil	Nil
	Miscellaneous income	7607.80	6101.37
	<b>Total income</b>	<b>1055849.95</b>	<b>928786.21</b>
<b>Expenditure</b>			
Interest expended	On deposits	668886.20	586398.77
	On RBI/inter-bank borrowings	11871.34	6462.33
	Others	51582.70	57802.53
Operating expenses	Payment to and provisions for employees	119882.53	88475.99
	Rent, taxes and lighting	14473.96	12012.47
	Printing & stationery	1331.78	1218.47
	Advertisement and publicity	1183.17	992.93
	Depreciation on banks property	7996.82	5875.95
	Director's fee allowances and expenses	28.25	45.43
	Auditor's fee and expenses / including branch auditors)	1625.12	1221.13
	Law charges	601.19	699.97
	Postage, telegrams, telephones etc.	1125.74	790.39
	Repairs & maintenance	1786.12	1628.67
	Insurance	10010.73	6829.40
	Others	26495.39	23230.88
Provisions and contingencies	Provisions for depreciation on investment	9673.57	1200.94
	Provisioning towards non-performing assets (including	66868.03	39272.26

	provision towards restructured assets)		
	Provision towards standard assets	6690.00	5438.00
	Others (excluding income taxes)	35.05	-381.54
	Total expenses and provisions	1002147.69	839214.97
Profit / loss before tax		53702.26	89571.24
	Current tax	27025.00	33983.00
	Deferred tax	-3757.00	-5916.00
Profit / loss after tax		30434.26	61504.24
Profit / loss brought forward		136.57	685.58
Total		30570.83	62189.82
Appropriations	Transfer to Statutory Reserve	7608.56	15376.06
	Transfer to other Reserves	21197.98	35054.94
	Transfer to Interim dividend (including dividend tax)	1462.44	9878.91
	Transfer to proposed dividend (including dividend tax)	Nil	1743.34
	Balance carried forward to balance sheet	301.85	136.57

Gadadhara Misra  
Deputy General Manager  
(Finance and Accounts)

Chandrasekharan S  
General Manager  
(Treasury) & CFO

E.K.Harikumar  
Chief General Manager(CB)

Sajeev Krishnan  
Chief General Manager (RB)

Jeevandas Narayan  
Managing Director

Arundhati Bhattacharya  
Chairman

### DIRECTORS

S.Vishvanathan

Rajeev Nandan Mehra

Dr.J.Sadakkadulla

Jitendar Kumar Mehan

V.Kaliappan

P.V.Prasad

C.Rajkumar

As per our report of even date  
**AUDITORS**

For Abraham & Jose  
Chartered Accountants.

For G.K.Rao & Co  
Chartered Accountants.

Mukesh.K.P.  
Partner  
Membership No.214773  
FRN:000010S

B.Suryanarayana Reddy  
Partner  
Membership No.021071  
FRN:003124S

For R.G.N.Price & Co  
Chartered Accountants

For Kumar Vijay Gupta & Co  
Chartered Accountants.

P.M.Veeramani  
Partner  
Membership No.023933  
FRN:002785S

Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN:07814N

Bengaluru, 25<sup>th</sup> April, 2014

## SCHEDULE 18 – NOTES TO ACCOUNTS

### 1. CAPITAL

#### Capital Adequacy Ratio

As per the extant guidelines of RBI, Bank has migrated to Basel III framework with effect from 01.04.2013. Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk towards compounding the minimum Capital under BASEL - III.

(Rs in crores)

Sl. No.	Particulars	31.03.2014	31.03.2013
i)	Common Equity Tier I capital ratio	8.12%	7.55%
ii)	Tier I capital ratio (%)	8.46%	7.89%
iii)	Tier II capital ratio (%)	2.33%	2.85%
iv)	Total Capital ratio (CRAR) (%)	10.79%	10.74%
v)	Percentage of the shareholding of the Government of India in public sector banks	--	--
vi)	Amount of equity capital raised (application money pending allotment)	385	--
vii)	Amount of Additional Tier I capital raised; of which PNCPS: PDI :	-- --	-- --
viii)	Amount of Tier II capital raised; of which Debt capital instrument: Preference Share Capital Instruments	-- --	-- --

Subordinate debts and Hybrid instruments raised as part of Tier I / Tier II Capital

(Rs. in crore)

Details	Year of issue	Tenor	Interest Rate %	Amount 31.03.2014	Amount 31.03.2013
Subordinated Debt					
Series VI	2004-2005	111 months	7.05	195.00	195.00
Series VII	2005-2006	115 months	7.45	235.00	235.00
Series VIII	2005-2006	111 months	7.80	140.00	140.00
Series IX	2007-2008	120 months	9.20	125.00	125.00
Series X	2007-2008	120 months	9.18	125.00	125.00
Upper Tier II Bond	2006-2007	180 months	9.65	200.00	200.00
Upper Tier II Bond	2007-2008	180 months	10.25	300.00	300.00
Upper Tier II Bonds	2011-2012	180 months	9.25	500.00	500.00
Innovative Perpetual Debt Instrument (IPDI) - Tier I Capital					
Series I	2006-2007	Perpetual	9.34	200.00	200.00
Series II	2007-2008	Perpetual	9.95	100.00	100.00
Total				2120.00	2120.00

## 2. INVESTMENTS

(Rs. in crore)

Particulars	31.03.2014	31.03.2013
Value of Investments		
Gross value of Investments	28034.70	27272.74
a) In India	28034.70	27272.74
b) Outside India	NIL	Nil
Less: Provisions for Depreciation	93.34	47.24
a) In India	93.34	47.24
b) Outside India		Nil
Net value of Investments	27941.36	27225.50
a) In India	27941.36	27225.50
b) Outside India	NIL	Nil
Movement of Provisions held towards Depreciation on Investments		
Opening Balance (as on 1 <sup>st</sup> April)	47.24	35.23
Add: Provisions made during the year	96.74	12.01
Less: Write back of excess provisions during the year		Nil
Less: Write-off during the year	*50.63	Nil
Closing Balance (as on 31 <sup>st</sup> March)	93.34	47.24

\* Depreciation on account of shifting of securities Rs.50.63 crore.

2.1 In accordance with the RBI guidelines, the Bank's domestic gross investment portfolio has been classified into three categories. The classification as on 31.03.2014 is given hereunder:

(Rs. in crore)

Classification	31.03.2014		31.03.2013	
	Amount	%	Amount	%
Held to Maturity - HTM	22572.99	80.52	20598.08	75.53
Available for Sale - AFS	5294.80	18.89	6674.66	24.47

Held for Trading - HFT	166.91	0.59	Nil	NA
Total	28034.70	100.00	27272.74	100.00

Domestic HTM securities (SLR) as a percentage of Net Demand and Time Liabilities works out to 21.38% (\*19.85%) as against a stipulated maximum level of 24.50% (\* 25.00%)

## 2.2 Repo transactions during the year 2013-14

(Rs. in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31/03/2014
Securities sold under Repo				
Government Securities	*200.00 (75.00 )	*2658.00 (1700.00 )	*441.00 (101.00 )	#2658.00 (Nil )
Corporate Debt Securities	Nil (NIL)	Nil (NIL)	Nil (NIL)	Nil (NIL)
Securities purchased under reverse Repo				
Government Securities	NIL * (100.00 )	NIL * (800.00)	NIL * (11.50)	NIL (Nil)
Corporate Debt Securities	Nil (NIL)	Nil (NIL)	Nil (NIL)	Nil (NIL)

\* Amount represents LAF. (Note: Figures in brackets relate to the previous year)

# amount represents LAF, Term Repo ,MSF

## 2.3 Non-SLR Investment Portfolio

Issuer composition of Non-SLR Investments as on 31.03.2014

(Rs. in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Un-rated' Securities	Extent of 'Unlisted' Securities
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	PSUs	321.16 (197.30)	Nil (70.00)	1.50 (1.50)	114.00 (1.50)	Nil (13.10)
	Financial	2368.08	9.60	Nil	(Nil)	9.60

2	Institutions	(2659.82)	(62.46)	(Nil)	(Nil)	(2.91)
3	Banks	1517.27 (705.14)	Nil (62.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Private Corporate	218.72 (300.88)	17.60 (16.69)	1.23 (1.82)	2.42 (5.73)	43.39 (46.39)
5	Subsidiaries & JVs	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Others	13.63 (12.50)	13.63 (12.50)	Nil (Nil)	Nil (Nil)	Nil (12.50)
7	Provision held towards Depreciation	20.06 (13.25)	Nil (1.39)	2.73 (1.50)	2.92 (1.50)	0.09 (1.50)
	<b>Total *</b>	<b>4418.80 (3862.39)</b>	<b>40.83 (222.26)</b>	<b>Nil (1.82)</b>	<b>113.50 (5.73)</b>	<b>52.90 (73.40)</b>

\* Total figure arrived net of depreciation. (Note: Figures in brackets relate to the previous year)

### **Non Performing Non-SLR Investments**

(Rs. in crores)

Particulars	31.03.2014	31.03.2013
Opening balance	3.33	3.37
Additions during the year since 01.04.2013	12.15	0.00
Reductions during the above period	0.60	0.04
Closing Balance	14.88	3.33
Total Provisions held	14.88	3.33

### **2.4 a) Sale and transfers to/from HTM Category**

(Rs. in Crores)

SI No	Particulars of transfer	Classification	Value of security	Total
1	Shifting from AFS TO HTM	G.SEC &SDL	4456.28(Nil)	4456.28(Nil)
2	Shifting from HTM TO AFS	G.SEC &SDL	2667.17(Nil)	2667.17(Nil)
3	Shifting from HTM TO AFS	VCF	1.25(Nil)	1.25(Nil)
4	Sale from HTM	G.SEC& SDL	1078.10 (1384.58)*	1078.10 (1384.58)*



The value of sales and transfers of securities to/from HTM category does not exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year

Note: The 5 per cent threshold referred to above will exclude the one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sales to the Reserve Bank of India under pre-announced OMO auctions

b) In terms of RBI Circular No.DBOD.BP.BC.No.41/21.04.141/2013-14 dated 23.08.2013 on "Investments portfolio of banks - Classification, Valuation and Provisioning", Bank has transferred SLR securities with face value of Rs.4246.40 crores (Book Value of Rs.4456.28 crores) held under AFS portfolio to HTM portfolio and the loss on such transfer amounting to Rs.50.63 crores has been recognized during the year.

### 3. DERIVATIVES

#### 3.1. Interest Rate Swap / Forward Rate Agreement

(Rs. in crore)

##### ***Coupon only swap in Japanese Yen***

<i>Particulars</i>	<b>31.03.2014</b>	<b>31.03.2013</b>
The notional Principal of Swap agreements Interest Rate Swap	Nil	Nil
Coupon only Swap	140.00	140.00
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	14.00	14.00
Collateral required by the Bank upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book	(0.94)*	(1.36)

\*Net of provision and Special Reserve referred in para 3.1 (e) below

*Interest Rate Swap in USD*

(Rs. in crore)

<i>Particulars</i>	<b>31.03.2014</b>	<b>31.03.2013</b>
The notional Principal of Swap agreements - Interest Rate Swap	185.74	428.85
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	2.34	6.37
Collateral required by the Bank upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book	2.34	3.38

- (a) The Bank has entered into (1) Interest Rate Swap (Coupon only swaps) for hedging the interest rate risks of Tier II Bonds and (2) Interest Rate Swap for hedging the interest rate risks of FCNR (B) deposits. No swap transaction was undertaken for trading purpose during the year.
- (b) All the Interest Rate Swaps are within the counter party exposure limits.
- (c) The value and maturity of the hedge have not exceeded the underlying liabilities and no stand-alone transactions are initiated / outstanding.
- (d) The Coupon only swaps are done in Japanese Yen and Indian Rupees receiving Fixed Rate interest in Indian Rupee and paying Japanese Yen LIBOR for one year (plus a spread) with a cap of 1%.
- (e) There is an exchange risk in respect of interest payout for coupon only swap transaction as the same is marked to market and provision of Rs.1.20 crores is made
- (f) Forex based Interest Rate Swaps are done in US Dollars receiving fixed and paying six month LIBOR – linked floating rate interest.
- (g) Carrying value of the Notional Principal amount of the outstanding swaps is same as the Notional Principal amount and outstanding Interest Rate Swaps arrived at FEDAI revaluation rate as on balance sheet dates
- (h) The Bank has not offered any collateral for undertaking the swaps.

(i) There is no concentration of credit risks arising from Interest Rate Swaps undertaken during the year.

(j) No Forward Rate Agreement transaction was undertaken during the year.

(k) Disclosure is made on the information/valuations provided by the counterparty banks, viz; State Bank of India and ICICI Bank Limited.

### 3.2 Exchange Traded Interest Rate Derivatives (Rupee & Forex)

(Rs. in crore)

Sl. No.	Particulars	Amount
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year.	Nil
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2014.	Nil
(iii)	Notional Principal amount of exchange traded interest rate derivatives and not "highly effective".	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil

### 3.3 Options

(a) Options offered to customers have been covered back to back in the market.

The carrying value of the Notional Principal Amount of the outstanding options arrived at FEDAI rates and the fair value as on 31.03.2014 are:

(Rs. in crore)

Particulars	Carrying Value		Fair Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Option Contracts	Nil	Nil	Nil	Nil

### 3.4 Disclosures on risk exposure in derivatives

#### a) Qualitative Disclosure

- (i) Bank has started trading in currency futures through MCX Exchange with IL&FS as Clearing agent as per Board approved policy.
- (ii) As risk measurement and monitoring, the hedge instrument is marked to the market at periodical intervals to ensure its effectiveness.
- (iii) Identifying an underlying, employing a derivative to hedge the Rate Sensitive Gap and reviewing the effectiveness based on interest rate view are some of the processes in risk mitigation.
- (iv) Hedge transactions are accounted on accrual basis and no marking to market is done. However, fair value and likely loss in the event of counter party default is disclosed. Credit Risk is mitigated through counter party exposure norms set internally.

#### b) Quantitative Disclosure

(Rs. in crore)

##### *Coupon only swap in Japanese Yen*

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	140.00	140.00
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil		
	b) Liability (-)	Nil	Nil	(0.94)	(1.36)
3	Credit Exposure	Nil	Nil	14.00	14.00
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	1.73	2.50
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				

	a) On Hedging	Nil	Nil	1.73/2.27	2.50/3.28
	b) On Trading	Nil	Nil	Nil	Nil

\*Net of provision referred in para No.3.1 (e)

(Rs. in crore)

**Interest Rate Swap in USD**

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	185.74	428.85
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	1.05	3.38
3	Credit Exposure	Nil	Nil	2.34	6.37
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	0.02	0.06
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	0.03/0.02	0.08/0.06
	b) On Trading	Nil	Nil	Nil	Nil

(Disclosure is made based on the intimation received by the Management from the Counter party banks viz. State Bank of India and ICICI Bank Ltd.)

## 4. ASSET QUALITY

### 4.1 Non-Performing Asset

(Rs.in crore)

Particulars	31.03.2014	31.03.2013
i. Net NPAs to Net Advances (%)	2.78	1.46
ii. Movement of NPAs (Gross)		
(a) Opening balance	1749.88	1488.75
(b) Additions during the year	4932.22	2406.55
(c) Reductions during the year	3605.16	2145.42
(d) Closing balance	3076.94	1749.88
iii. Movement of Net NPAs		
(a) Opening Balance	988.58	853.57
(b) Additions during the year	4354.17	2118.42
(c) Reductions during the year	<u>3414.25</u>	1983.41
(d) Closing balance #	<u>1928.50</u>	988.58
iv. Movement of Provisions for NPAs (Excluding provision on Standard Assets)		
(a) Opening balance @	735.42	623.12
(b) Provisions made during the year	578.05	288.13
(c) Write-off of excess provision (Utilized for write-off)	196.26	175.83
(d) Write back of excess provisions / reversal	0.00	0.00
(e) Closing balance @	1117.21	735.42

1. Closing Balance of Gross & Net NPA is net of the interest Not Collected (INCA) and Uncollected Interest Previous Year (UIPY).
2. For the purpose of arriving at Net NPA, claims received from ECGC amounting to Rs.10 cr (10.21 cr) and provision for diminution in fair value of Restructured NPA accounts amounting to Rs.21.22 cr (15.67 cr) have been deducted from Gross NPA.
3. @ includes Floating provision of Rs.100 cr

S L N o	Type of Restructuring-->		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification -->		STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL
1	Restructred accounts as on April 1 of the FY (Opening Figure)*	No of borrowers	22.00	5.00	2.00	0.00	29.00	31.00	256.00	832.00	0.00	1119.00	52.00	76.00	208.00	0.00	336.00	105.00	337.00	1042.00	0.00	1484.00
		Amount outstanding	1033.10	111.29	55.18	0.00	1199.57	25.21	3.76	11.32	0.00	40.29	1055.71	77.18	18.71	0.00	1151.61	2114.02	192.23	85.22	0.00	2391.47
		Provision thereon	95.96	11.10	3.50	0.00	110.56	0.51	0.16	0.48	0.00	1.14	38.66	0.25	0.19	0.00	39.10	135.14	11.51	4.17	0.00	150.81
2	Fresh restructuring during the year	No of borrowers	12.00	0.00	0.00	0.00	12.00	37.00	1.00	0.00	0.00	38.00	15.00	0.00	2.00	0.00	17.00	64.00	1.00	2.00	0.00	67.00
		Amount outstanding	1514.44	0.36	0.00	0.00	1514.80	3.17	6.37	0.04	0.00	9.58	572.78	5.03	9.47	0.00	587.28	2090.40	11.77	9.50	0.00	2111.67
		Provision thereon	93.84	0.00	0.00	0.00	93.84	0.14	0.06	0.00	0.00	0.20	19.14	0.00	0.77	0.00	19.91	113.12	0.06	0.78	0.00	113.96
3	Upgradations to restructured standard category during the FY	No of borrowers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	-1.00	0.00	0.00	0.00	1.00	-1.00	0.00	0.00	0.00
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.96	-31.96	0.00	0.00	0.00	31.96	-31.96	0.00	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Restructured STD advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	1.00				1.00	40.00				40.00	13.00				13.00	54.00				54.00
		Amount outstanding	12.08				12.08	2.50				2.50	247.55				247.55	262.13				262.13
		Provision thereon	0.66				0.66	0.11				0.11	3.89				3.89	4.66				4.66
5	Downgradations of restructured accounts during the FY	No of borrowers	0.00	-1.00	1.00	0.00	0.00	-10.00	-125.00	134.00	1.00	0.00	-6.00	-35.00	40.00	1.00	0.00	-16.00	161.00	175.00	13.00	11.00
		Amount outstanding	0.00	-28.36	28.36	0.00	0.00	-3.89	2.23	1.66	0.00	0.00	-75.94	23.53	52.42	0.00	0.00	-79.84	-2.60	82.43	0.00	0.00
		Provision thereon	0.00	-5.14	5.14	0.00	0.00	-0.15	0.08	0.07	0.00	0.00	-2.92	2.90	0.02	0.00	0.00	-3.07	-2.15	5.22	0.00	0.00

6	Write-offs of restructured accounts during the FY	No of borrowers	1.00	0.00	0.00	0.00	1.00	0.00	95.00	192.00	0.00	287.00	0.00	32.00	61.00	0.00	93.00	0.00	127.00	253.00	11.00	391.00
		Amount outstanding	20.30	1.46	3.22	0.00	24.98	4.04	3.09	3.86	0.00	10.99	124.18	7.90	15.15	0.00	147.23	148.53	12.46	22.22	0.00	183.21
		Provision thereon	9.66	0.74	2.51	0.00	12.91	0.04	0.14	0.14	0.00	0.32	8.75	0.67	0.06	0.00	9.48	18.47	1.55	2.71	0.00	22.73
7	Restructured accounts as on March 31 of the FY (Closing balance *)	No of borrowers	32.00	4.00	3.00	0.00	39.00	18.00	37.00	774.00	1.00	830.00	49.00	8.00	189.00	1.00	247.00	99.00	49.00	966.00	2.00	1116.00
		Amount outstanding	2515.16	81.83	80.32	0.00	2677.31	17.95	9.27	9.16	0.00	36.38	1212.78	65.88	65.45	0.00	1344.10	3745.88	156.98	154.93	0.00	4057.79
		Provision thereon	179.48	5.22	6.13	0.00	190.83	0.35	0.16	0.41	0.00	0.92	42.24	2.48	0.92	0.00	45.64	222.06	7.87	7.46	0.00	237.39

\* Excluding the figures of Standard Advances which do not attract higher provisioning or risk weight (if applicable).

Data regarding borrowers restructured during the year adopted from audited branch returns. Remaining data taken from MIS statement of the Bank.



#### 4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(Rs. in crore)

Particulars	31.03.2014	31.03.2013
1. Number of accounts	Nil	Nil
2. Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
3. Aggregate consideration	Nil	Nil
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5. 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 crore)

Particulars	31.03.2014	31.03.2013
1. (a) Number 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)

Particulars	31.03.2014	31.03.2013
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

#### 4.5 Provision on Standard Assets

(Rs. in crore)

Particulars	31.03.2014	31.03.2013
Provision made during the year towards Standard Assets	66.90	54.38
Cumulative Provision held for Standard Assets (Included under 'Other Liabilities & Provisions' in Schedule 5 to the Balance Sheet)	376.45	309.55

#### 4.6 Sector-wise NPAs

(Rs. in crore)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		31.03.2014	31.03.2013
1	Agriculture & Allied Activities	1.84	1.65
2	Industry (Micro & Small, Medium and Large)	5.80	2.37
3	Services	6.54	3.45
4	Personal Loans	2.47	2.36

#### 4.7 Movement of NPA

(Rs. in crore)

Particulars	2013-14	2012-13
Gross NPA as on 1 <sup>st</sup> April of particular year (Opening balance)	1749.88	1488.75
Additions (fresh NPA) during the year	4932.22	2406.55
Sub - Total (A)	6682.10	3895.30
Less:		
i) Up gradations	2751.74	1485.73
ii) Recoveries (excluding recoveries made from upgraded accounts)	657.16	483.86
iii) Write-offs	196.26	175.83
Sub - Total (B)	3605.16	2145.42
Gross NPA as on 31 <sup>st</sup> March of following year (Closing balance) (A-B)	3076.94	1749.88

**4.8 Overseas Assets, NPAs and Revenue****(Rs. in crores)**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

**4.9 Provision coverage ratio (PCR)**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Provisioning to Gross Non-Performing Assets of the Bank	52.63%	62.03%

**5. BUSINESS RATIOS**

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
i. Interest Income as a percentage of Working Funds	9.22	9.21
ii. Non-Interest income as a percentage of Working Funds	0.81	0.70
iii. Operating profit as a percentage to Working Funds	1.30	1.44
iv. Return on Assets	0.29	0.66
v. Business (Deposits plus Advances) per Employee (Rs. in crore)	11.54	12.59
vi. Profit per Employee (Rs. in crore)	0.02	0.05

## 5. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of Assets and Liabilities as at 31.03.2014:

(Rs. in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	166.71 (154.86)	1339.10 (1706.06)	1414.30 (1715.66)	515.92 (2316.43)	4638.24 (3926.36)	5689.22 (1973.81)	6688.93 (7234.34)	20968.24 (23956.50)	17693.01 (15577.15)	30222.98 (26062.55)	89336.68 (84623.72)
Advances	350.06 (393.53)	537.79 (510.05)	600.88 (657.22)	1557.16 (2884.21)	8677.31 (13331.09)	7000.62 (7934.48)	18038.95 (13347.59)	9158.44 (8696.41)	5307.89 (5196.44)	18175.51 (14532.60)	69404.61 (67483.62)
Investments	320.35 (103.55)	39.86 (163.52)	334.73 (249.45)	76.65 (318.93)	991.65 (1743.54)	387.97 (382.80)	1602.65 (186.05)	3414.35 (3583.70)	4528.50 (3714.11)	16244.65 (16509.85)	27941.36 (27225.50)
Borrowings	974.09 (400.00)	0.00 (Nil)	0.00 (271.43)	0.00 (Nil)	1283.22 (2166.27)	987.80 (407.14)	708.41 (1270.76)	169.89 (1893.07)	769.85 (413.38)	1925.11 (1925.11)	6818.38 (8747.16)
Foreign Currency Assets	487.89 (345.38)	233.90 (286.36)	458.29 (302.72)	537.32 (39.63)	254.34 (524.11)	972.72 (623.33)	64.77 (215.73)	165.96 (108.72)	232.89 (75.78)	1.62 (0)	3409.70 (2521.76)

Foreign Currency Liabilities	92.51 (95.17)	14.50 (8.76)	13.78 (279.91)	27.44 (29.01)	111.56 (1044.63)	976.08 (573.07)	724.85 (400.22)	561.58 (550.30)	885.78 (165.80)	1.62 (15.45)	3409.70 (3162.32)
------------------------------------	------------------	-----------------	-------------------	------------------	---------------------	--------------------	--------------------	--------------------	--------------------	-----------------	----------------------

\* (Figures in brackets relate to previous year)

Note: In compiling the above data certain assumptions as per RBI guidelines and estimates have been made by the Management and relied upon by the Auditors.

## 7. EXPOSURES

### 7.1 Exposure to Real Estate Sector

(Rs. in crore)

Particulars	31.03.2014	31.03.2013
<b><u>a. Direct Exposure</u></b>		
<b>i. Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	10186.00	9064.47
(The above include priority sector advances )	(PSA 6466.00)	(PSA 5969.62)
<b>ii. Commercial Real Estate</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	683.02	752.47
<b>iii. Investments in Mortgage Based Securities (MBS) and other securitised exposures</b>		
- Residential	0.00	0.00
- Commercial Real Estate	0.00	0.00
<b><u>b. Indirect Exposure</u></b>		
Fund and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	678.17	877.30
<b>Total Exposure to Real Estate Sector</b>	11547.19	10694.24

(As compiled by the Management and relied upon by the Auditors)

## 7.2 Exposure to Capital Market

Particulars	31.03.2014	31.03.2013
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	112.87	147.52
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 equity-oriented mutual funds	0.00	0.02
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	0.48	0.33
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	21.42	23.24
vi) Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
vii) Bridge loans to companies against expected equity flows / issues	Nil	Nil
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	Nil	Nil
ix) Financing to stockbrokers for margin trading	Nil	Nil
x) All exposures to Venture Capital Funds (both registered and unregistered)	13.63	12.52
<b>Total Exposure to Capital Market</b>	<b>148.40</b>	<b>183.63</b>

(As compiled by the Management and relied upon by the Auditors)

### 7.3 Risk Category-wise Country Exposure

(Rs. in crore)

Risk Category	Based on Bank's Country Risk Management Policy			
	Exposure (net) as at 31.03.2014	Provision Held as at 31.03.2014	Exposure (net) as at 31.03.2013	Provision Held as at 31.03.2013
Insignificant	0.00	0.00	0.68	Nil
Low	1082.38	0.00	683.73	Nil
Moderate	514.86	0.00	328.47	Nil
High	11.27	0.00	3.83	Nil
Very High	10.37	0.00	26.19	Nil
Off Credit / Restricted	0.00	0.00	0.05	Nil
Total	1618.87	0.00	1042.95	Nil

For compiling the country-wise risk exposure, the Bank has used the Country Risk Management Policy last reviewed and approved by the Board at its meeting held on 30.01.2014. Since the Bank does not have net funded exposure of more than 1% of its total assets as on 31.03.2014 to any of the Countries, provision for Country risk is not necessary.

### 7.4 Details of Single Borrower (SGL) / Group Borrower (GBL) Limit exceeded by the Bank

In terms of the Loan Policy, the exposure to a single borrower should not exceed 15% of Bank's capital funds. In exceptional circumstances with the approval of the Executive Committee of Bank's Board, additional exposure to a borrower up to a maximum of 5% of capital funds may be considered subject to the borrower consenting to the Bank to make appropriate disclosures in its Annual Report.

a. Individual accounts (Ceiling level 15% of Capital Funds- Rs.926.36 crore)

Bank has not exceeded the exposure ceiling in any single borrower.

b. Group Borrowers (Ceiling level of 40% of Capital Funds: Rs.2470.28 crores)

Bank has not exceeded the exposure ceiling in any group of borrowers.



**Unsecured Advances****(Rs. in crores)**

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Unsecured Advances against intangible securities such as charge over the rights, licenses, authority, etc. #	Nil	203.72
Other Unsecured Advances	9159.41	8906.93

# The estimated value of rights, licenses, authorities etc. charged on the total amount of advances are as follows:

<b>(Rs. in crore)</b>	
<b>31.03.2014</b>	<b>31.03.2013</b>
Nil	400.00

**8.MISCELLANEOUS****8.1 Amount of Provisions made for Taxes during the year:****(Rs. in crore)**

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<i>Income Tax (including deferred tax)</i>	232.43	279.84
Wealth Tax	0.25	0.83
Dividend Distribution Tax	2.12	16.22

**8.2 Disclosures of Penalties imposed by Reserve Bank of India**

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

**9.DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)****9.1 Accounting Standard 5: Net Profit or Loss for the period, prior period items and changes in Accounting Policies**

There are no material prior period income / expenditure items and changes in accounting policies requiring disclosure under Accounting Standard 5.

## 9.2 Accounting Standard 6: Depreciation Accounting

Break up of total depreciation for the year for each class of assets is as under:

(Rs. in crore)

Class of Assets	31.03.2014	31.03.2013
Premises	3.07	3.07
Other Fixed Assets	76.89	55.68
Leased Assets	Nil	Nil

## 9.3 Accounting Standard 9: Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy number 10.1. These are considered not material in terms of RBI guidelines, and hence do not require disclosure.

## 9.4 Accounting Standard 15 (Revised): Employee Benefits

### 9.4.1. Significant changes in the Principal Accounting Policies

During the Financial Year 2010-11, the Bank re-opened the pension option for such of its employees who had not opted for pension scheme earlier. As a result of this exercise, the bank has incurred a liability of Rs. 558.35 crore. Further the limit of Gratuity payable to the employees of the Bank was also enhanced pursuant to the amendment to Payment of Gratuity Act, 1972. As a result of this the Gratuity liability of the bank has increased by Rs. 113.56 crore.

In accordance with the provision of the RBI Circular number DBOD.BP.BC.80/21.04.018/2010-11, the bank would amortize the amount of Rs. 671.91 crore over a period of five years commencing from the year ended 31.03.2011. Accordingly, Rs. 134.38 crore (representing one-fifth of Rs. 671.91 crore) has been charged to the Profit and Loss Account during the year. In terms of the requirements of the aforesaid circular, the balance amount carried forward, ie.134.38 crore does not include any amount relating to separated / retired employees and shown under "Other Assets" Schedule 11. Had such a circular not been issued by the RBI, and accounting had been done in terms of the Accounting Standard 15, Employee Benefit, the profit of the Bank for the year would have been higher by Rs.134.38 crore and Reserves and Surplus would have been lower by Rs. 134.38 crore.

## **9.4.2. Employee Benefits**

### **i) Defined Benefit Pension Plan and Gratuity**

The following table sets out the status of the defined benefit Pension Plan, Gratuity Plan and Resettlement Plan as required under Accounting Standard 15:

(Rs. in crore)

<b>Particulars</b>	<b>Pension Plan</b>	<b>Gratuity</b>
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 01.04.2013	2216.64	414.87
Current Service Cost	37.70	18.82
Interest Cost	207.23	39.50
Actuarial Gains / (Losses)	100.60	15.28
Past Service Cost (Non-Vested Benefit)	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil
Benefits paid	-125.44	-54.90
Closing defined benefit obligation at 31.03.2014	2235.53	403.31
Change in Plan Assets		
Opening fair value of Plan Assets at 01.04.2013	2182.72	412.48
Expected Return on Plan Assets	190.99	36.09
Contributions by Employer	65.12	22.39
Benefit paid	-125.44	-54.90
Actuarial Gains / (Losses)	-120.55	-79.13
Closing fair value of Plan Assets at 31.03.2014	2192.84	336.93
Reconciliation of present value of the obligation and fair value of the Plan Assets		
Present Value of Funded obligation at 31.03.2014	2235.53	403.01
Fair Value of the Plan Assets at 31.03.2014	2192.84	336.93
Deficit / (Surplus)	-42.69	-66.08

Experience adjustment on Plan Assets	Nil	Nil
Experience adjustment on Plan Liabilities	Nil	Nil
Unrecognized Past Service Cost	Nil	Nil
Net Liability / (Asset)	42.69	66.08
Liabilities	2235.53	403.01
Assets	2192.84	336.93
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2014	42.70	66.08
Net Cost recognized in the profit and loss account		
Current Service Cost	37.70	18.82
Interest Cost	207.23	39.50
Expected return on Plan Assets	-190.99	-36.09
Net actuarial losses (Gain) recognized during the year	19.95	63.85
Past Service Cost (Non-Vested Benefit) Recognized	Nil	Nil
Past Service Cost (Vested Benefit) Recognized	Nil	Nil
Total costs of defined benefit plans charged to P&L under Schedule 16 'Payments to and Provisions for Employees'	73.89	86.08
Reconciliation of expected return and actual return on Plan Assets		
Expected Return on Plan Assets	190.99	36.09
Actuarial Gain / (Loss) on Plan Assets	-125.55	-79.13
Actual Return on Plan Assets	70.44	-43.04
Reconciliation of opening and closing Net Liability recognized in Balance Sheet		
Opening Net Liability as at 01.04.2013	33.92	2.39
Expenses as recognized in profit and loss account	73.89	86.08
Employers' contribution	65.12	22.38
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2014	42.69	66.08
Expected Contribution in the next Financial Year (2014-15)	73.90	66.08

ii) Investments under Plan Assets of Gratuity Fund & Pension Fund (Other than accrued interest, bank balance and other assets) as on 31.03.2014 are as follows:

(Rs. in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
332.62	98.72%	2138.32	97.51%

Out of the above following investment are made in State Bank of India:

(Rs. in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
89.00	26.41%	52.00	2.37%

iii) All the actuarial gains and losses have been fully recognized in the statement of profit and loss.

**iv) Brief description of type of plan:**

Pension is paid to all eligible pension optees, on superannuation, voluntary retirement, etc. To be eligible for pension, the employee should have put in minimum ten years of service.

Gratuity is payable to all eligible employees on superannuation, voluntary retirement, etc. To be eligible for gratuity, the employee should have put in minimum five years of service.

v) The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 9.27% per annum for Pension Plan and 9.31% for Gratuity Plan.

Principal assumptions considered in the actuarial report:

Particulars	Defined Benefit Pension Plans	Gratuity
<i>Discount Rate as at 01.04.2013</i>	8.24%	8.24%
Expected Rate of return on Plan Asset as at 01.04.2013	7.50%	7.50%
Salary Escalation as at 01.04.2013	5.60%	5.60%
Discount Rate as at 31.03.2014	9.27%	9.31%
Expected Rate of return on Plan Asset as at 31.03.2014	9.27%	9.31%
Salary Escalation as at 31.03.2014	5.00%	5.00%

vii) The estimates of future salary increase considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

#### **9.4.3 Defined Contribution Plan**

Amount of Rs 0.49 crore (Rs. 0.89 crore) recognized as an expense towards the Provident Fund scheme of the Bank and Rs.7.60 crores (Rs 3.09 crore) as an expense towards new pension scheme is included under the head 'Payments to and provisions for employees' in profit and loss account.

#### **9.4.4. Other Long term Employee Benefits**

Amount of Rs.21.09 crore (Previous Year Rs.14.07 crore) is recognized as an expense towards Other Long term Employee Benefits included under the head 'Payments to and Provisions for Employees' in profit and loss account.

## 9.5 Accounting Standard 17: Segment Reporting

### **Part A: Business Segments**

Pursuant to RBI guidelines, the Bank has re-classified the business segments in which the Bank operates into:

- a. Corporate / Wholesale Banking
- b. Retail Banking
- c. Treasury and
- d. Other Banking Operations

The classification has been done on the basis of following criteria:

- i) Corporate / Wholesale Banking: All loan and advance accounts with exposure of above Rs.5 crore are classified under wholesale / corporate Banking.
- ii) Retail: All loan and advance accounts which are not covered above will be taken as Retail Banking.
- iii) Treasury: Entire investment portfolios are classified under Treasury segment.
- iv) Other Banking Operations: The Bank does not have Other Banking Operations segment.

### **Allocation of Income and Expenses and Assets / Liabilities:**

- (a) Income and Expenses and Assets / Liabilities directly attributed to particular segment are allocated to the relative segment.
- (b) Items that are not directly attributable to segments are allocated to retail and wholesale segments in proportion to the business managed / ratio of number of employees / ratio of directly attributable income.
- (c) The Bank has certain common assets / liabilities and income / expense that cannot be attributed to any particular segment and hence the same are treated as unallocated.

**Part B: Business segments**

(RS. IN CRORE)

Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue	2545.50	2014.07	4118.68	3562.38	3894.32	3711.42	0.00	0.00	10558.50	9287.86
Result	-143.25	-118.47	349.66	496.70	330.61	517.48	0.00	0.00	537.02	895.71
Unallocated expenses									0.00	0.00
Operating profit *									537.02	895.71
Income taxes									232.68	280.67
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit									304.34	615.04
Other Information:										
Segment assets	7902.52	32200.61	49829.66	33781.36	47115.19	35194.66	0.00	0.00	104487.37	101176.63
Unallocated assets									438.05	402.70
Total assets									105285.42	101579.33
Segment liabilities	7168.25	9023.31	50432.23	45329.79	47684.94	47226.23	0.00	0.00	105285.42	101579.33
Unallocated liabilities									0.00	0.00
Total liabilities									105285.42	101579.33
* Operating profit is arrived at after deduction of provisions & contingencies of Rs.832.67 crore (previous year Rs.455.30 crore).										



### **Part C: Geographic Segment**

The Bank operates only in the Domestic segment and therefore, no separate disclosure under geographic segment is made.

### **9.6 Accounting Standard 18: Related Party Disclosures**

The Key Managerial Personnel of the Bank and their remuneration (including superannuation benefits) during 2013-14 are as below:

(Rs.in crore)

Name	Designation	Period	Salary & Allowances	Perquisites
Shri P Nandakumaran	Managing Director	2013-2014	0.03	0.01
Shri Jeevandas Narayan	Managing Director	2013-2014	0.07	0.01

Note: As all the other related parties are State Controlled Enterprises as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, transactions with them are not disclosed.

### **9.7 Accounting Standard 19: Leases**

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

### **9.8 Accounting Standard 20: Earnings Per Share**

Earnings per share has been computed as under:

Particulars	31.03.2014	31.03.2013
Net Profit (Rs. in crore)	304.34	615.04
Weighted Average Number of Equity Shares	5,00,00,000	5,00,00,000
Earnings per share in Rupees - Basic (Face value of share Rs.10)	60.87	123.01
Earnings per share in Rupees – Diluted(Face value of share Rs.10)	60.87	123.01

## 9.9. Accounting Standard 22: Accounting for Taxes and Income

The breakup of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as on 31.03.2014 into major components of the respective balances is as under:

(Rs. in crore)

Tax effects of timing differences	Opening Balance as on 31.03.13	Adjustment during the year in P&L	Closing Balance as on 31.03.14
Deferred Tax Assets (DTA)			
Provision on Employee Benefits	63.38	4.01	67.39
Depreciation of Investments	135.86	-32.06	103.80
Wage Revision		46.80	46.80
Fixed Assets		1.48	1.48
<b>Total Deferred Tax Assets</b>	<b>199.24</b>	<b>20.23</b>	<b>219.47</b>
Deferred Tax Liabilities (DTL)			
Amortisation of Pension & Gratuity	(87.2)	41.52	(45.68)
SBT Spl. HL Insurance Premium	(2.47)	0.32	(2.15)
Fixed Assets	(0.67)	0.67	0.00
Provision u/s 36(1)viii		(25.17)	(25.17)
<b>Total Deferred Tax Liabilities</b>	<b>90.34</b>	<b>17.34</b>	<b>(73.00)</b>
Net Deferred Tax Assets/ (Liabilities)	108.90	(37.57)	146.47
DTL on balance in Spl. Reserve a/c u/s 36(1)(viii) as on 31.03.2013 debited to General Reserve			(79.88)
Net Deferred Tax Assets / (Liabilities)			66.59

b) In terms of circular No.RBI/2013-14/412 DBOD.No. BP.BC.77/ 21.04.018/2013-14 dated 20.12.2013, issued by Reserve Bank of India, the bank has created DTL of Rs.79.88 crores for the Special Reserve of Rs.235.00 crores created under Section 36(1) (viii) of Income Tax Act,

1961 as at 31.03.2013 directly from General Reserves. The expenditure of Rs.25.17 crores towards creation of DTL on Special Reserve for the current year is charged to the Profit and Loss Account.

#### **9.10 Accounting Standard 28: Impairment of Assets**

In the opinion of the Management, there is no impairment to the assets to which Accounting Standard 28 on “Impairment of Assets” applies.

#### **9.11 Accounting Standard 29: Statement of Provisions, Liabilities and Contingent Liabilities**

##### **a) Movement in Provision for Contingent liabilities**

(Rs. in crores)

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Balance as on 1 <sup>st</sup> April	1.72	1.72
Additions during the year	Nil	Nil
Utilized / Reversed during the year	Nil	Nil
Balance as on 31 <sup>st</sup> March	1.72	1.72

##### **b) Contingent liabilities**

Liabilities at Item - I and VIII of Schedule 12 of the Balance Sheet are dependent upon the outcome of court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties, respectively.

### **c) Claims against the Bank, not acknowledged as debts**

Total claims against the Bank, which is not acknowledged as debt includes tax demands in respect of which the Bank is in appeal of Rs.158.74 crore and the cases sub-judice Rs.1.73 crore.

The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.

### **d. Liability on account of outstanding forward exchange contracts**

The bank enters in to foreign exchange contracts, currency options forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts.

### **e. Guarantees given on behalf of Constituents, acceptance, endorsements and other obligations**

As part of its commercial banking activities, the Bank issues Documentary credits and guarantees on behalf of its customers Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfill his financial or performance obligations.

## **f .Other items for which the bank is contingently liable**

The Bank is a party to various taxation matters in respect of which appeals are pending. These are being contested by the Bank and not provide for. Further, the Bank has made commitments to subscribe to shares in the normal course of business.

## **10. FIXED ASSETS**

- a) Depreciation on flats has been provided on the actual cost of acquisition, as land value is not separately available
- b) Gross Value of fixed assets (other than premises) jointly owned by State Bank of India and other Associate Banks

(Rs. crore)

	31.03.2014		31.03.2013	
	Gross Value	Bank's Share(10%)	Gross Value	Bank's Share(10%)
Gross Value	990.40	99.04	808.09	80.81
Accumulated Depreciation	912.90	91.29	757.99	75.80
Written Down Value	77.50	7.75	50.10	5.01

## **11. INTER OFFICE ACCOUNTS**

Reconciliation of transactions in inter-branch transactions, ATM balances, Accounts with State Bank of India & Associate Banks, Government (Central & State) transactions accounts, Draft Payable account, Nostro accounts, System Suspense account, Clearing and other Adjusting accounts are completed upto 31.3.2014 and steps for elimination of outstanding entries are in progress. In the opinion of the management , there are no significant items in the reconciliation to have any material consequential effect.

## OTHER / ADDITIONAL DISCLOSURES

### 12.1 Details of Provisions and Contingencies

(Rs. in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss account	2013-14	2012-13
Provision for Depreciation on Investment	96.74	12.01
Provision towards NPA	577.78	288.13
Provision towards Standard Asset	66.90	54.38
Provision made towards Income Tax (Including deferred tax)	232.43	279.84
Other Provision and Contingencies (with details)		
a) Provision for interest sacrifice on restructured NPA accounts	5.55	14.18
b) Provision for interest sacrifice on restructured Standard Assets	85.35	90.41
c) Provision for other Miscellaneous items	0.35	(3.81)
d) Wealth Tax	0.25	0.83
<b>TOTAL</b>	<b>1065.35</b>	<b>735.97</b>

\*Net of excess provision written back of Rs.49.83 crores pertaining to previous years

### 12.2 Floating Provision

(Rs. in crore)

Particulars	2013-14	2012-13
a) Opening Balance in the floating provisions account	100.00	100.00
b) The quantum of floating provisions made in the accounting year	Nil	Nil
c) Amount of draw down made during the accounting year	Nil	Nil
d) Closing balance in the floating provisions account	<b>100.00</b>	<b>100.00</b>

### 12.3 Draw Down from Reserves

Amount drawn from reserves during the year is Rs.79.88 crores (Nil) in terms of circular No.RBI/2013-14/412 DBOD.No. BP.BC.77/ 21.04.018/2013-14 dated 20.12.2013, issued by Reserve Bank of India.

### 12.4 Disclosure of Complaints

#### A. Customer Complaints

SI. No.	Particulars	Numbers
1	Number of Complaints pending at the beginning of the year	61
2	Number of Complaints received during the year	1970
3	Number of Complaints redressed during the year	1971
4	Number of Complaints pending at the end of the year	60

#### B. Award passed by the Banking Ombudsman

SI. No.	Particulars	Numbers
1	Number of Unimplemented Awards at the beginning of the year	NIL
2	Number of Awards passed by the Banking Ombudsmen during the year	NIL
3	Number of Awards implemented during the year	NIL
4	Number of Unimplemented Awards at the end of the year	NIL

## 12.5 Disclosure of Letter of Comforts (LoCs) issued by the Bank

The Bank has not issued any Letter of Comforts (LoCs) during the year other than those issued in the normal course of business.

## 12.6 Fees/Remuneration received in respect of Banc-assurance business undertaken by the Bank

The Bank has received the following fees / remuneration in respect of the Banc-assurance business undertaken by the Bank:

(Rs. in crore)

Sl. No.	Nature of income	2013-14	2012-13
1	For selling Life Insurance Policy	7.51	6.70
2	For selling Non-Life Insurance Policy	2.78	2.12
3	For selling Mutual Fund products	0.82	0.97
4	Others - SBI Cards, etc.	0.04	0.08
	TOTAL	11.15	9.87

## 12.7 Concentration of Deposits, Advances, Exposures and NPAs

### A. Concentration of Deposits

(Rs. in crore)

Particulars	2013-14	2012-13
Total Deposits of twenty largest Depositors	12059.40	10210.65
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	13.49%	12.07%

### B. Concentration of Advances

(Rs. in crore)

Particulars	2013-14	2012-13
Total Advances to twenty largest Borrowers	9116.16	7944.87
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	12.93%	11.57%



**C. Concentration of Exposures****(Rs. in crore)**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Total Exposure to twenty largest Borrowers / Customers	13309.10	10074.16
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	12.74%	12.21%

**D. Concentration of NPA****(Rs. in crore)**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Total Exposure to Top four NPA accounts	772.37	324.40

**12.8 Off-Balance Sheet SPVs sponsored**

<b>Name of the SPV sponsored</b>	
<b>Domestic</b>	<b>Overseas</b>
NIL	NIL

12.9 Previous year's figures have been regrouped / rearranged wherever necessary.

**Signatures to Schedules 1 to 18**

Gadadhara Misra

S.Chandrasekharan

E K Harikumar

Deputy General Manager  
(Finance and Accounts)General Manager  
(Treasury) & CFO

Chief General Manager (CB)

Sajeev Krishnan

Shri Jeevandas Narayan

Arundhati Bhattacharya

Chief General Manager (RB)

Managing Director

Chairman

## DIRECTORS

Shri S.Vishvanathan

Shri Rajeev Nandan Mehra

Dr J Sadakkadulla

Shri Jitendar Kumar Mehan

Shri V Kaliappan

Shri P V Prasad

Shri C Rajkumar

As per our report of even date

## AUDITORS

For Abraham & Jose

For G K Rao & Co

Chartered Accountants

Chartered Accountants.

Mukesh K P

B Suryanarayana Reddy

Partner

Partner

Membership No.214773

Membership No.021071

FRN 000010S

FRN 003124S

For R G N Price & Co

For Kumar Vijay Gupta & Co

Chartered Accountants

Chartered Accountants.

P M Veeramani

Mahesh Kumar Goyal

Partner

Partner

Membership No.023933

Membership No.088958

FRN 002785S

FRN 07814N

Date : 25.04.2014

Place : Bengaluru

## **INDEPENDENT AUDITORS' REPORT TO STATE BANK OF INDIA**

### **Report on the Financial Statements**

We, the undersigned auditors of State Bank of Travancore, appointed under section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959 do hereby report that:

1. We have audited the accompanying financial statements of State Bank of Travancore as at 31<sup>st</sup> March 2014, which comprise the Balance Sheet as at March 31, 2014, Profit and Loss Account, Cash Flow statement for the year then ended, Principal Accounting Policies and Notes to Accounts. Incorporated in these financial statements are the returns of Zonal Offices, various departments of Head Office and 20 branches audited by us and 752 Branches and 8 Centralised Loan Processing Units audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 337 branches which have not been subjected to audit. These unaudited branches account for 4.22% of Advances, 5.03% of Deposits, 3.52% of interest Income and 3.75% of Interest expenses of the bank.

### **Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements in accordance with the applicable laws of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

6. In our opinion, as shown by the books of the Bank and to the best of our information and according to the explanations given to us:
  - The Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31<sup>st</sup> March, 2014 in conformity with accounting principles generally accepted in India;

- The Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India for the year covered by the account; and
- the Cash Flow Statement gives a true and fair view of the Cash flows for the year ended on that date.

### **Emphasis of Matter**

7. We draw attention to Note 9.4.1 to the financial statement, which describes deferment of Pension and Gratuity liability of the bank to the extent of Rs. 134.38 crores pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) -15, Employee Benefits vide its circular No. DBOD.BP.BC.80/21.04.018/2010-11 dated Feb 9, 2011 on Re-opening of pension option to employees of Public Sector Banks and enhancement in Gratuity limits – Prudential Regulatory Treatment.

### **Report on Other Legal and Regulatory Requirements**

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms “A” and “B” respectively of the Third Schedule to the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the State Bank of India (Subsidiary Banks) Act, 1959 and subject also to the limitations of disclosure required therein, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
  - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

(c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

10. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the applicable Accounting Standards.

For Abraham & Jose  
Chartered Accountants.

For G.K.Rao & Co  
Chartered Accountants.

Mukesh.K.P.  
Partner  
Membership No.214773  
FRN:000010S

B.Suryanarayana Reddy  
Partner  
Membership No.021071  
FRN:003124S

For R.G.N.Price & Co  
Chartered Accountants

For Kumar Vijay Gupta & Co  
Chartered Accountants.

P.M.Veeramani  
Partner  
Membership No.023933  
FRN:002785S

Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN:07814N

Date : 25.04.2014  
Place : Bengaluru

**ATTENDANCE SLIP**

(Please complete this attendance slip and hand over at the entrance of the Meeting Hall)

I hereby record my presence at the FIFTY FOURTH ANNUAL GENERAL MEETING held at 10.30 A.M on the 5<sup>th</sup> of June 2014, in the A.K.G. Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram – 695 034.

SIGNATURE OF THE SHAREHOLDER / PROXY:

FULL NAME AND REGISTERED  
ADDRESS OF THE SHAREHOLDER :

CLIENT I D / FOLIO NO. : NO OF SHARES :

NAME OF THE PROXY :

CLIENT I D / FOLIO NO. :

Please Note:

1. In case a shareholder is attending the Meeting by proxy, he is requested to hand over the slip duly filled in, to the proxy.
  2. Members are requested to bring their copies of the Annual Report (Abridged Version) to the meeting.
  3. Registration of members will be closed at 10.45 A.M.
  4. Entry of members into the Meeting Hall will be stopped at 11.00 A.M.
-

**STATE BANK OF TRAVANCORE**  
(Associate of the State Bank of India)  
**HEAD OFFICE : THIRUVANANTHAPURAM**  
KERALA PIN 695012.

**PROXY FORM**

I / We \_\_\_\_\_ of-  
\_\_\_\_\_ (place)

being shareholder (s) of the State Bank of Travancore holding number of shares on the share register do hereby appoint

(a) Shri \_\_\_\_\_ (Folio No/ ID \_\_\_\_\_) of \_\_\_\_\_ or failing him

(b) Shri \_\_\_\_\_ (Folio No/ ID \_\_\_\_\_) of \_\_\_\_\_ as my / our proxy to attend and vote for me / us

on my / our behalf at the 54<sup>th</sup> Annual General Meeting of the shareholders of State Bank of Travancore to be held in the A.K.G. Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram – 695 034 on Thursday the 5<sup>th</sup> June, 2014 and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Affix 15 ps.  Rev.stamp
-------------------------------

Signature  
(Please see overleaf)

Client ID / Folio No.



NOTE:

(1) No proxy in any other format or which is not duly filled up, dated and stamped, will be accepted.

(2) No instrument of proxy shall be valid unless in the case of an individual shareholder it is signed by him or by his attorney duly authorised in writing, or in the case of joint holders, it is signed by the shareholder first named in the share register or his attorney duly authorised in writing or in the case of a company it is executed under its common seal, if any, or signed by its attorney duly authorised in writing:

(3) An instrument of proxy shall be deemed to be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Registrar or Sub-Registrar of Assurances, or other Government Gazetted officer or an officer of the State Bank of India or State Bank of Travancore.

(4) No person shall be appointed as a proxy unless he is entitled to attend the general meeting otherwise than as a proxy, provided that this shall not apply to a proxy appointed by a company. Further, no officer or employee of State Bank of Travancore shall be appointed as proxy.




(5) No proxy shall be valid unless the power of attorney or other authority, if any, under which it is signed, or a copy of that power of attorney or authority certified by a notary public or a Magistrate is also deposited along with it or not less than four clear days before the date fixed for the Annual General Meeting, unless it shall have already been registered with the Bank.

(6) The completed proxy should be deposited at the Head Office of State Bank of Travancore not less than four clear days before the date fixed for the Annual General Meeting (i.e. on or before 30<sup>th</sup> May 2014, 5 p.m.)

**THE LAST THREE YEARS.....**

	Rs. in crore		
	March 2012	March 2013	March 2014
1. Paid up Capital & Reserves	3,866	4,365	4,960
2. Deposits	71,470	84,624	89,337
3. <u>Advances (Net)</u>	55,346	67,484	69,405
4. NRI Deposits	15,309	19,312	24,963
5. Export Finance	1,506	2,064	2,398
6. Priority Sector Lendings	20,287	24,378	<u>27,526</u>
7. Gross Investment	22,473	27,273	28,035
8. Total Income	7,477	9,288	10,559
9. Total Expenses	6,228	7,937	9,189
10. Operating Profit	1,248.80	1,351.00	1,370.00
11. Net Profit	510.46	<u>615.04</u>	<u>304.34</u>
12. Business Per Employee	10.66	12.59	11.46
13. Credit Deposit Ratio (%)	77.44	79.75	77.69
14. Number of Employees (Actuals)	12,597	12,150	<u>14,491</u>

FORM A  
Format of Covering Letter of the Annual Audit Report to be filed with the  
Stock Exchanges.


1	Name of the Company	State Bank of Travancore
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	Emphasis of Matter
4	Frequency of observation.	Three years
5	Signed by	
i	JEEVANDAS NARAYAN Managing Director	
ii	S. CHANDRASEKHARAN Chief Financial Officer	
lii	Auditor of the Bank	As below
iv	V. KALIAPPAN Audit Committee Chairman.	

For Abraham & Jose  
Chartered Accountants

  
Mukesh K.P.  
Partner  
Membership No.214773  
FRN:000010S




For G.K. Rao & Co  
Chartered Accountants

  
B. Suryanarayana Reddy  
Partner  
Membership No.021071  
FRN:003124S



For R.G.N.Price & Co.  
Chartered Accountants

  
P.M. Veeramani  
Partner  
Membership No.023933  
FRN:002785S



For Kumar Vijay Gupta & Co  
Chartered Accountants

  
Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN:07814N

