

# HISTORY & PROFILE OF SOCIETE GENERALE

## HISTORY

Societe Generale was founded in 1864 by public subscription, with the aim of financing industrial investments and infrastructure projects.

During the Third Republic, the company progressively built up a nationwide network, and by 1940 had opened a total of 1,500 branches compared with just 32 in 1870.

Following the Franco-Prussian war in 1870, the Alsace-Moselle branches were transferred to a German law subsidiary, Societe Generale Alsacienna de Banque (Sogénal).

After opening its foreign office in London in 1871, Societe Generale rapidly developed an international network by extending Sogénal's activities into Central Europe (Germany, Austria, Switzerland, Luxembourg), and by establishing branches in north Africa in 1909-1911 and later in the United States (1940).

Societe Generale was nationalised in 1945, and played an active role in financing post-war construction. It helped to spread new financing techniques (such as medium-term discountable credit, off-balance sheet operations and lease finance).

Following the liberalization of the French banking system in 1966, Societe Generale diversified its activities and expanded its individual customer base.

It once more became a private banking group following its privatization in July 1987.

Societe Generale has considerably grown since 1997, thanks to the development of its franchises and also through acquisitions in its business in Europe and worldwide. With takeover of Crédit du Nord (by acquiring a majority stake in 1997 then buying out its minority shareholders in 2009), the Group expanded its Retail Banking activity on its domestic market, with a network of region banks. In 2001, Societe Generale absorbed Sogénal.

## PROFILE OF SOCIETE GENERALE

Societe Generale, a public limited company (*Société anonyme*), is the parent Company of the Societe Generale Group.

Societe Generale is one of the leading financial services groups in Europe, operating in 83 countries and employing 156,681 staff from 128 different nationalities. Its largest overseas entities in terms of their payroll are in Russia, the Czech Republic, Romania, Egypt, Morocco and the United States.

The Group is organised around five core businesses: French Networks / International Retail Banking / Specialised Financing and Assurance / Private Banking, Global Investment Management and services / Corporate and investment Banking.

On March 3, 2010 Societe Generale's long-term rating was Aa2 at Moody's, A+ at Fitch and A+ at Standard & Poor's.



**SOCIETE GENERALE**  
(Incorporated in France as a Public Limited Company)

INDIAN BRANCHES

**BALANCE SHEET AS ON 31 MARCH 2010**

(Rs.' 000s)

	Schedule No.	31-Mar-10	31-Mar-09
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	2,983,464	2,983,464
Reserves & Surplus	2	651,253	829,669
Deposits	3	8,364,979	8,246,363
Borrowings	4	11,009,647	9,190,659
Other Liabilities and Provisions	5	665,018	333,365
<b>TOTAL</b>		<b>23,674,361</b>	<b>21,583,520</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	492,746	462,494
Balances with Banks and money at call and short notice	7	56,009	47,566
Investments	8	17,880,067	15,397,459
Advances	9	4,151,329	3,658,409
Fixed Assets	10	298,718	331,292
Other Assets	11	795,492	1,686,300
<b>TOTAL</b>		<b>23,674,361</b>	<b>21,583,520</b>
Contingent Liabilities	12	847,663,005	806,702,619
Bills for collection		2,253,959	1,130,422
Significant accounting policies and notes to accounts	17&18		
Schedules referred to above form an integral part of the accounts			

As per our attached report of even date  
For S. R. Batliboi & Co.  
Firm Registration No. : 301003E  
Chartered Accountants

For Societe Generale – Indian Branches

Sd/-  
per Viren H. Mehta  
Partner  
Membership No. 048749

Sd/-  
S. Menda  
Chief Financial Officer  
India

Sd/-  
A. Pfeiffer  
Chief Country Officer  
India

Place : Mumbai  
Date : 28 June, 2010



**SOCIETE  
GENERALE**

**SOCIETE GENERALE**  
(Incorporated in France as a Public Limited Company)

**INDIAN BRANCHES**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 31 MARCH 2010**

(Rs.' 000s)

	Schedule No.	Year ended 31-Mar-10	Year ended 31-Mar-09
<b>I. INCOME</b>			
Interest earned	13	1,085,592	1,526,682
Other Income	14	90,621	687,840
<b>TOTAL</b>		<b>1,176,213</b>	<b>2,214,522</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	441,890	801,707
Operating expenses	16	623,466	655,240
Provisions and contingencies		66,926	361,710
<b>TOTAL</b>		<b>1,132,282</b>	<b>1,818,657</b>
<b>III. PROFIT/LOSS</b>			
Net Profit/(Loss) for the year		43,931	395,865
Profit/(Loss) brought forward		250,150	302,157
Remitted to HO during the year		(222,347)	(302,157)
<b>TOTAL</b>		<b>71,734</b>	<b>395,865</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserves		10,983	98,966
Transfer to Investment Reserve Account		29,563	46,749
Balance c/o to Balance Sheet		31,188	250,150
<b>TOTAL</b>		<b>71,734</b>	<b>395,865</b>
Significant accounting policies and notes to accounts	17&18		
Schedules referred to above form an integral part of the accounts			

As per our attached report of even date  
For S. R. Batliboi & Co.  
Firm Registration No. : 301003E  
Chartered Accountants

Sd/-  
per Viren H. Mehta  
Partner  
Membership No. 048749

Place : Mumbai  
Date : 28 June, 2010

For Societe Generale – Indian Branches

Sd/-  
S. Menda  
Chief Financial Officer  
India

Sd/-  
A. Pfeiffer  
Chief Country Officer  
India

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010**

(Rs. ' 000s)

	31-Mar-10	31-Mar-09
<b>Cash Flow from Operating Activities</b>		
Net profit before taxation and extraordinary items	122,055	695,370
<u>Adjustments for:</u>		
Depreciation	49,536	52,708
(Profit)/Loss on sale of fixed assets	(823)	(78)
Addition to/(Write-back of) provision for NPAs	12,124	-
Addition to/(Write-back of) General provision	39,910	(1,966)
Other Provisions	5,000	-
Provision for Investments	(68,232)	64,171
<b>Operating Profit before working capital changes</b>	<b>159,570</b>	<b>810,205</b>
(Increase)/Decrease in Investments	(3,264,812)	9,703,226
(Increase)/Decrease in Advances	(505,045)	186,960
(Increase)/Decrease in Other Assets	890,808	(718,211)
Increase/(Decrease) in Other Liabilities and Provisions	165,595	(155,821)
Increase/(Decrease) in Borrowings	1,818,987	(4,391,515)
Increase/(Decrease) in Deposits	118,616	(5,381,974)
Net Income Taxes (paid)/refund	43,026	(349,724)
<b>Net Cash Flow generated from/(used in) Operating Activities</b>	<b>(573,255)</b>	<b>(296,854)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(17,095)	(75,186)
Proceeds from sale of Fixed Assets	956	1,114
Proceeds from maturity of Held to Maturity Investments	850,437	-
<b>Net Cash Flow generated from/(used in) Investing Activities</b>	<b>834,298</b>	<b>(74,073)</b>
<b>Cash Flow from Financing Activities</b>		
Additional Capital introduced	-	-
Remittance of profit to Head office	(222,347)	(302,157)
<b>Net Cash Flow from Financing Activities</b>	<b>(222,347)</b>	<b>(302,157)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>38,696</b>	<b>(673,084)</b>
Cash and Cash equivalents at the beginning of the year	510,059	1,183,143
<b>Cash and Cash equivalents at the end of the year</b>	<b>548,755</b>	<b>510,060</b>
<b>Notes: Cash and Cash equivalents represent</b>		
Cash and Balances with Reserve Bank of India	492,746	462,494
Balances with Banks and money at call and short notice	56,009	47,566

Schedules referred to above form an integral part of the accounts

As per our attached report of even date

 For S. R. Batliboi & Co.  
 Firm Registration No.: 301003E  
 Chartered Accountants

For Societe Generale – Indian Branches

 Sd/-  
 per Viren M. Mehta  
 Partner  
 Membership No. 048749

 Sd/-  
 S. Menda  
 Chief Financial Officer - India

 Sd/-  
 A. Pfeiffer  
 Chief Country Officer - India

 Place : Mumbai  
 Date : 28 June, 2010

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs.'000s)

	31-Mar-10	31-Mar-09
<b>SCHEDULE 1 – CAPITAL</b>		
For Banks Incorporated Outside India		
<b>A Capital</b>	2,697,781	2,697,781
Remittable Surplus retained as Capital for CRAR	285,683	285,683
<b>TOTAL</b>	<u>2,983,464</u>	<u>2,983,464</u>
<b>B Face Value of Securities deposited with the Reserve Bank of India u/s 11(2)(b) of the Banking Regulation Act, 1949.</b>	600,000	450,000
<b>SCHEDULE 2 – RESERVES &amp; SURPLUS</b>		
<b>I. Statutory Reserves</b>		
(i) Opening Balance	532,770	433,804
(ii) Additions during the year	10,983	98,966
(iii) Deductions during the year	–	–
<b>TOTAL</b>	<u>543,753</u>	<u>532,770</u>
<b>II. Investment Reserve Account</b>		
(i) Opening Balance	46,749	–
(ii) Additions during the year	29,563	46,749
(iii) Transferred to P&L Appropriation A/c	–	–
(iv) Transfer to Profit and Loss Account	–	–
<b>TOTAL</b>	<u>76,312</u>	<u>46,749</u>
<b>III. Balance in Profit and Loss A/c Balance carried forward from Profit and Loss Account</b>	31,188	250,150
<b>TOTAL</b>	<u>31,188</u>	<u>250,150</u>
<b>GRAND TOTAL</b>	<u>651,253</u>	<u>829,669</u>
<b>SCHEDULE 3 – DEPOSITS</b>		
<b>A. I. Demand Deposits</b>		
(i) From Banks	5,085	5,891
(ii) From others	571,311	558,283
<b>TOTAL</b>	<u>576,396</u>	<u>564,174</u>
<b>II. Savings Bank Deposits</b>	123,813	98,209
<b>III. Term Deposits</b>		
(i) From Banks	–	–
(ii) From others	7,664,770	7,583,980
<b>TOTAL</b>	<u>7,664,770</u>	<u>7,583,980</u>
<b>TOTAL (I+II+III)</b>	<u>8,364,979</u>	<u>8,246,363</u>
<b>B (i) Deposits of Branches in India</b>	8,364,979	8,246,363
<b>B (ii) Deposits of Branches outside India</b>	–	–
<b>TOTAL</b>	<u>8,364,979</u>	<u>8,246,363</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
**(Rs.'000s)**

	31-Mar-10	31-Mar-09
<b>SCHEDULE 4 – BORROWINGS</b>		
<b>I. Borrowings in India</b>		
(i) Reserve Bank of India	–	–
(ii) Other Banks	1,150,000	4,087,280
(iii) Other institutions and agencies	8,054,667	5,098,682
<b>TOTAL</b>	<u>9,204,667</u>	<u>9,185,962</u>
<b>II. Borrowings outside India</b>	1,804,980	4,697
<b>TOTAL (I+II)</b>	<u>11,009,647</u>	<u>9,190,659</u>
Secured borrowings included in I & II above	8,054,667	5,098,682
<b>SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS</b>		
<b>I. Bills Payable</b>	8,028	15,932
<b>II. Inter-Office adjustments (net)</b>	1,595	–
<b>III. Interest accrued</b>	104,730	88,317
<b>IV. Others (including provisions)*</b>	550,665	229,116
<b>TOTAL</b>	<u>665,018</u>	<u>333,365</u>
* Includes provision on standard assets Rs. 54,544; (P.Y. Rs. 14,634) Includes Deferred Tax Liability Rs. 289; (P.Y. Nil)		
<b>SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
<b>I. Cash in hand (including foreign currency notes)</b>	<u>1,846</u>	<u>1,506</u>
<b>II. Balances with Reserve Bank of India</b>		
(i) in Current Account	490,900	460,988
(ii) in Other Accounts	–	–
<b>TOTAL</b>	<u>490,900</u>	<u>460,988</u>
<b>TOTAL (I+II)</b>	<u>492,746</u>	<u>462,494</u>
<b>SCHEDULE 7 – BALANCES WITH BANKS &amp; MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. In India</b>		
(i) Balances with banks in India		
(a) in Current Accounts	2,567	1,073
(b) in Other Deposit Accounts	–	–
<b>TOTAL</b>	<u>2,567</u>	<u>1,073</u>
(ii) Money at call and short notice		
(a) With banks	–	–
(b) With other institutions	–	–
<b>TOTAL</b>	<u>–</u>	<u>–</u>
<b>TOTAL (i+ii)</b>	<u>2,567</u>	<u>1,073</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
**(Rs.' 000s)**

	31-Mar-10	31-Mar-09
<b>SCHEDULE 7 (Contd.)</b>		
<b>II. Outside India</b>		
(i) In Current Accounts	53,442	46,493
(ii) In Deposit Accounts	–	–
(iii) Money at call and short notice	–	–
TOTAL (i+ii+iii)	<u>53,442</u>	<u>46,493</u>
TOTAL (I+II)	<u>56,009</u>	<u>47,566</u>
<b>SCHEDULE 8 – INVESTMENTS</b>		
<b>I. Investments in India</b>		
(i) Government Securities*	13,621,309	9,194,737
(ii) Other Approved Securities	–	–
(iii) Shares	–	–
(iv) Debentures and Bonds	–	–
(v) Others	4,258,758	6,202,722
	<u>17,880,067</u>	<u>15,397,459</u>
<b>II. Investments outside India</b>	–	–
TOTAL (I+II)	<u>17,880,067</u>	<u>15,397,459</u>
* Includes Securities kept with CCIL as margin for Securities Segment (Book Value) - Rs. 305,581; (P.Y. Rs. 150,107) CCIL as margin for CBLO - Rs. 8,595,255; (P.Y. Rs. 5,336,367) RBI as margin towards RTGS Rs. 2,205,901; (P.Y. Rs. 1,768,313)		
<b>SCHEDULE 9 – ADVANCES</b>		
<b>A. (i) Bills purchased and discounted</b>	501,366	211,118
(ii) Cash credits, overdrafts and loans repayable on demand	2,486,815	2,187,796
(iii) Term loans	1,163,148	1,259,495
TOTAL	<u>4,151,329</u>	<u>3,658,409</u>
<b>B. (i) Secured by tangible assets</b>	1,773,390	1,233,509
(ii) Covered by Bank/ Govt. Guarantees	1,221,798	977,632
(iii) Unsecured	1,156,141	1,447,268
TOTAL	<u>4,151,329</u>	<u>3,658,409</u>
<b>C. I. Advances in India</b>		
(i) Priority Sectors	1,267,840	1,303,660
(ii) Banks	495,813	146,846
(iii) Others	2,387,676	2,207,903
TOTAL	<u>4,151,329</u>	<u>3,658,409</u>
<b>C. II. Advances outside India</b>	Nil	Nil
GRAND TOTAL: (C I + C II)	<u>4,151,329</u>	<u>3,658,409</u>



# SOCIETE GENERALE

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INDIAN BRANCHES

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs.' 000s)

	31-Mar-10	31-Mar-09
<b>SCHEDULE 10 – FIXED ASSETS</b>		
<b>I. Premises</b>		
At cost as at 31st March of the preceding year	603,253	583,695
Additions during the year	5,299	29,301
Deductions during the year	–	(9,743)
Depreciation to date	(370,239)	(342,697)
<b>TOTAL</b>	<b>238,313</b>	<b>260,556</b>
<b>II. Other Fixed Assets (including furniture and fixtures)</b>		
At cost as at 31st March of the preceding year	138,291	115,871
Additions during the year	11,795	45,885
Deductions during the year	(6,661)	(23,465)
Depreciation to date	(83,020)	(67,555)
<b>TOTAL</b>	<b>60,405</b>	<b>70,736</b>
<b>TOTAL: (I+II)</b>	<b>298,718</b>	<b>331,292</b>
<b>SCHEDULE 11 – OTHER ASSETS</b>		
<b>I. Inter-Office adjustments (net)</b>	–	–
<b>II. Interest accrued</b>	418,100	223,342
<b>III. Tax paid in advance/tax deducted at source (net)</b>	–	–
<b>IV. Stationery and stamps</b>	9	17
<b>V. Deferred tax asset</b>	–	30,724
<b>VI. Others</b>	377,383	1,432,217
<b>TOTAL</b>	<b>795,492</b>	<b>1,686,300</b>
<b>SCHEDULE 12 – CONTINGENT LIABILITIES</b>		
<b>I. Claims against the bank not acknowledged as debt</b>	–	–
<b>II. Liability for partly paid investments</b>	–	–
<b>III. Liability on account of outstanding forward exchange contracts</b>	57,572,281	159,336,641
<b>IV. Liability on account of outstanding derivative contracts</b>	780,598,607	639,735,375
<b>V. Guarantees given on behalf of constituents</b>		
(a) In India	8,812,252	5,797,417
(b) Outside India	–	–
<b>VI. Acceptances, endorsements and other obligations</b>	578,865	877,611
<b>VII. Other items for which the bank is contingently liable</b>	101,000	955,575
<b>TOTAL</b>	<b>847,663,005</b>	<b>806,702,619</b>





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INDIAN BRANCHES

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs.'000s)

	31-Mar-10	31-Mar-09
<b>SCHEDULE 13 – INTEREST EARNED</b>		
<b>I. Interest/discount on advances/bills</b>	296,127	475,674
<b>II. Income on investments</b>	784,574	1,040,936
<b>III. Interest on balances with Reserve Bank of India and other inter-bank funds</b>	3,529	5,342
<b>IV. Others</b>	1,362	4,730
<b>TOTAL</b>	<b>1,085,592</b>	<b>1,526,682</b>
<b>SCHEDULE 14 – OTHER INCOME</b>		
<b>I. Commission, exchange and brokerage</b>	116,727	281,314
<b>II. Profit/(Loss) on sale of investments</b>	(41,432)	(86,342)
<b>III. Profit/(Loss) on revaluation of investments</b>	–	–
<b>IV. Profit/(Loss) on sale of land, buildings and other assets</b>	823	78
<b>V. Profit/(Loss) on foreign exchange transactions</b>	72,543	226,639
<b>VI. Miscellaneous Income*</b>	(58,040)	266,151
* Includes:		
1) Mark-to-market Gain/(Loss) on Trading IRS Rs. (148,870); P.Y. Rs. (15,526)		
2) Net Interest Income on Hedging IRS Rs. NIL; P.Y. Rs. (13,179)		
3) Net Interest Income on Trading IRS Rs. 14,393 P.Y. Rs. (144,384)		
4) Recovery from Network Rs. 75,231; P.Y. Rs. 121,715		
<b>TOTAL</b>	<b>90,621</b>	<b>687,840</b>
<b>SCHEDULE 15 – INTEREST EXPENDED</b>		
<b>I. Interest on Deposits</b>	381,543	578,113
<b>II. Interest on Reserve Bank of India/Inter-bank borrowings</b>	16,707	122,691
<b>III. Others</b>	43,640	100,903
<b>TOTAL</b>	<b>441,890</b>	<b>801,707</b>



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INDIAN BRANCHES

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs.' 000s)

	31-Mar-10	31-Mar-09
<b>SCHEDULE 16 – OPERATING EXPENSES</b>		
<b>I. Payments to and provision for employees</b>	333,921	320,682
<b>II. Rent, taxes and lighting</b>	97,445	91,850
<b>III. Printing and stationery</b>	3,140	3,955
<b>IV. Advertisement and Publicity expenses</b>	17	2,846
<b>V. Depreciation on bank's property</b>	49,536	52,708
<b>VI. Directors' fees, allowances and expenses</b>	–	–
<b>VII. Auditor's fees and expenses</b>	907	375
<b>VIII. Law charges</b>	301	1,878
<b>IX. Postage, Telegrams, Telephones etc.</b>	16,340	21,924
<b>X. Repairs and maintenance</b>	8,532	6,327
<b>XI. Insurance</b>	9,881	14,498
<b>XII. Head Office Charges</b>	10,257	34,336
<b>XIII. Other expenditure</b>	93,189	103,861
<b>TOTAL</b>	<b>623,466</b>	<b>655,240</b>

**SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES**

All amts in Rs.' 000s, unless otherwise stated

**I. Principal Accounting Policies**

**1. Background**

The accompanying financial statements for the year ended 31 March 2010 comprise the accounts of the Indian branches of Societe Generale, which is incorporated in France as a Public Limited Company. The Indian operations are located in Mumbai and New Delhi.

**2. Basis of Preparation and Use of Estimates**

The financial statements have been prepared and presented under the historical cost convention and on accrual basis of accounting, unless otherwise stated, and are in accordance with generally accepted accounting principles and statutory provisions prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') and Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006 (amended) ('CASR'), to the extent applicable and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure

of contingent liabilities as at the date of the financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to the accounting estimates is recognized prospectively in the current and future period.

### 3. Significant Accounting Policies

#### 3a. Transactions involving foreign exchange

- Foreign currency assets, liabilities and off balance sheet items are translated at the Balance Sheet date at exchange rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). The resulting gains or losses are taken to the Profit and Loss Account.
- Foreign exchange positions are revalued at the rates notified by FEDAI. The resulting gains or losses are recognized in the Profit and Loss Account.
- Income and Expenditure in foreign currency is translated at the exchange rates prevailing on the date of the transaction.

#### 3b. Investments

##### Classification & income recognition

As per the guidelines for investments laid down by the Reserve Bank of India ('RBI'), the investment portfolio of the Bank is classified under "Held to Maturity", "Available for Sale" and "Held for Trading" categories.

##### Valuation & provisioning

- Treasury Bills and Certificate of Deposit are valued at carrying cost.
- Held to Maturity: Investments under this category are valued at cost of acquisition, adjusted for the premium, which is amortized over the residual maturity of the security.
- Available for Sale & Held for Trading: Investments in both of these categories are valued in aggregate for each category at lower of cost of acquisition or market value as declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'). Net depreciation in aggregate for each category is recognized in the Profit and Loss Account.
- Market value of investments where current quotations are not available is determined as per the norms laid down by the RBI as under:
  - Market value of unquoted Government Securities, where interest is received regularly, is derived based on the 'yield to maturity' rates for Government Securities of equivalent maturity put out by FIMMDA.
  - In case of unquoted bonds and debentures, where interest is received regularly, the market price is derived based on the 'yield to maturity' for Government Securities as suitably marked up for credit risk applicable to the credit rating of the instrument.
  - Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet (which is not more than one year prior to the date of valuation). In case the latest balance sheet is not available, the shares are valued at Re 1 per company.

Transfer between categories: Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the lower of acquisition cost / book value / market value, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

Provision for non-performing investments is made based on a periodic review of investments as per Bank's policy and after having considered the provisioning guidelines issued by the RBI.

Repurchase and reverse repurchase transactions are accounted for on outright sale and outright purchase basis respectively in line with RBI guidelines. The difference between clean price of first leg and the clean price of the second leg is recognized as interest income/ expense over the period of the transaction.

#### 3c. Advances

Advances are stated net of provisions for non-performing advances. Provisions for non-performing advances have been made based on a periodic review of advances as per the Bank's policy, which comply with the provisioning guidelines issued by the RBI.

General loan loss provision on Standard Advances has been made as prescribed by RBI and disclosed in Schedule 5 – "Other liabilities and provisions"

The bank does not have a policy of creating floating provisions.

#### 3d. Fixed Assets

- Fixed assets are stated at historical cost less accumulated depreciation.
- Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

Assets	Rates ( SLM)	Schedule VI Rates
Premises	4.34 %	1.63%
Furniture and Fixtures	10.00 %	6.33%
Office Equipments	14.29%	5.28%
Computers	33.33%	16.21%
Software	25.00%	16.21%
Motor Vehicles	25.00%	9.50%
Leasehold Improvements	Over the life of the lease	6.33%

- Depreciation on improvements to leased premises is based on the primary period of the lease of such premises
- All fixed assets individually costing less than Rs. 30,000/- are fully charged to the profit and loss account in the year of purchase.



#### **3e. Staff Retirement Benefits**

- (a) **Provident Fund**  
The Bank has its own recognized Provident fund which is classified as a defined contribution plan. The contributions to the fund are accounted for on an accrual basis and charged to the profit and loss account.
- (b) **Gratuity**  
The Bank provides for gratuity liability which is a defined benefit based on actuarial valuation at the balance sheet date carried out by an independent actuary.
- (c) **Pension**  
The Bank has a pension scheme, which is a defined contribution plan for employees participating in the scheme. The contributions are accounted for on an accrual basis and charged to the profit and loss account.
- (d) Short term compensated absences are provided for based on estimates, by charging to the Profit and Loss Account.

#### **3f. Net Profit/ (Loss)**

The net profit/ (loss) disclosed in the Profit and Loss Account is after provisions, if any, for:

- taxes (including deferred tax)
- non-performing advances
- standard assets and derivatives
- diminution in the value of investments
- other necessary provisions

#### **3g. Derivatives**

Derivatives consist of Interest rate swaps, currency swaps and options which are segregated as trading or hedge transactions. Trading transactions are revalued on the balance sheet date and the unrealized gain/loss on the revaluation is recognized in the Profit and Loss account. Hedge transactions are accounted for on accrual basis.

#### **3h. Taxes on Income**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Bank re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Bank writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Wealth tax liability is determined in accordance with the provisions of the Wealth Tax Act, 1957.

#### **3i. Revenue Recognition**

- (i) Interest income is recognized in the profit and loss account as it accrues, except in the case of interest on non-performing assets which is recognized on receipt basis as per income recognition and asset classification norms of RBI
- (ii) Fee and commission income is recognized when due, except for income on guarantee and letters of credit up to Rs. 50,000 are accounted for on receipt basis.

#### **3j. Lease transactions**

Lease of assets under which all the risks and benefits of ownership are actively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account over the lease term.

#### **3k. Provisions and contingent liabilities**

The Bank creates a provision, when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized.

**Schedule 18 – NOTES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2010**
**All amts in Rs.' 000s, unless otherwise stated**
**1. Capital:**

In terms of its guidelines for implementation of the new capital adequacy framework issued on 27 April, 2007, RBI has directed foreign banks to migrate to the revised framework for capital computation (under Basel II) with effect from 31 March 2008. The migration is proposed in a phased manner over a three-year period during which banks are required to compute their capital requirements in terms of both Basel I and Basel II. The minimum capital to be maintained by banks under the Revised Framework is subject to a prudential floor of 100%, 90% and 80% of the capital requirement under Basel I over the years March 2008, 2009 and 2010 respectively.

The Bank's Capital Adequacy Ratio calculated in accordance with RBI Guidelines (Basel I) is as follows -

Particulars	Rs.' 000s	
	31.03.2010	31.03.2009
<b>Capital Adequacy</b>		
Tier I	3,516,319	3,465,724
Tier II	130,856	61,383
<b>Total Capital</b>	<b>3,647,175</b>	<b>3,527,107</b>
<b>Total Risk weighted assets and contingents</b>	<b>12,438,290</b>	<b>10,851,059</b>
<b>Capital Ratios</b>		
Total Capital	29.32%	32.50%
Tier I Capital	28.27%	31.94%
Tier II Capital	1.05%	0.56%
Amount raised by issue of upper Tier II instruments	Nil	Nil

The Bank's Capital Adequacy Ratio calculated in accordance with RBI Guidelines - Basel II requirement is as follows:

Particulars	Rs.' 000s	
	31.03.2010	31.03.2009
<b>Capital Adequacy</b>		
Tier I	3,516,319	3,465,724
Tier II	130,856	61,383
<b>Total Capital</b>	<b>3,647,175</b>	<b>3,527,107</b>
<b>Total Risk weighted assets and contingents</b>	<b>16,014,798</b>	<b>15,694,898</b>
<b>Capital Ratios</b>		
Total Capital	22.77%	22.47%
Tier I Capital	21.96%	22.08%
Tier II Capital	0.81%	0.39%
Amount raised by issue of upper Tier II instruments	Nil	Nil

**2. Investments in India**

Value of Investments:

	Rs.' 000s	
	31.03.2010	31.03.2009
Gross value of investments in India	17,914,351	15,499,975
Provision for depreciation	34,284	102,516
Net value of investments in India	17,880,067	15,397,459

*The Bank has not made any investment outside India*

Movement in provision for depreciation on investments:

	Rs.' 000s	
	2009-10	2008-09
Opening Balance at beginning of the year	102,516	38,345
Add: Provisions made during the year	34,284	102,516
Less: Write-off/write-back of excess provisions during the year	102,516	38,345
Closing Balance at end of the year	34,284	102,516

**3. Disclosure in respect of Repos and Reverse Repos including Liquidity Adjustment Facility: `**

	Rs.' 000s			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31.03.2010
Securities sold under repos	-	11,080,800	2,326,496	1,620,000
Securities purchased under reverse repos	-	1,946,100	42,208	-

**Rs.' 000s**

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31.03.2009
Securities sold under repos	-	6,870,000	614,620	1,750,000
Securities purchased under reverse repos	-	750,000	2,055	-

**4. Non-SLR Investment Portfolio**
**(i) Issuer Composition of Non SLR investments as at 31.03.2010**
**Rs.' 000s**

No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' Securities	Extent of 'unrated' Securities	Extent of 'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	4,258,758	-	-	-	4,258,758
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others *	1,216,189	-	-	-	-
7	Provision held towards depreciation	(356)	-	-	-	-
	<b>Total</b>	<b>5,474,591</b>	-	-	-	-

\* Includes 6.10% UTI SPL Bonds 2011 and 7.44% SPL Oil Bonds 2012 and 7.00% SPL Oil Bonds 2012 which are rated and listed securities. The amount is net of securities sold under repo of Rs. 1,496,026 (Face Value Rs. 1,520,000).

**Issuer Composition of Non SLR investments as at 31.03.2009**
**Rs.' 000s**

No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' Securities	Extent of 'unrated' Securities	Extent of 'unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	6,202,721	-	-	-	6,202,721
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint Ventures	-	-	-	-	-
6	Others *	20,235	-	-	-	-
7	Provision held towards depreciation	(15,516)	-	-	-	-
	<b>Total</b>	<b>6,207,440</b>	-	-	-	-

\* Includes 6.20% UTI SPL Bonds 2010 and 7.00% SPL Oil Bonds 2012 which are rated and listed securities. The amount is net of securities sold under repo of Rs. 1,760,590 (Face Value Rs. 1,750,000)  
The Bank has not made any investment outside India.

(ii) Non performing Non-SLR Investments: Nil (P.Y. – Nil)

**5. Derivatives**
**(i) Forward rate agreements/Interest Rate Swaps outstanding:**
**Rs.' 000s**

Items	31.03.2010	31.03.2009
The Notional principal of swap agreements	777,780,800	638,790,000
Loss which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,028,830	1,988,627
Collateral required by the bank upon entering into swaps	Note (a)	Note (a)
Concentration of credit risk arising from the swaps %		
– Banks and Financial Institutions	99.88%	100.00%
– Others	0.12%	-
Fair value of the swap book	-66,948	81,923

(a) As per prevailing market practice, the Bank does not insist on collateral from the counterparties to these contracts.

**Nature and terms of interest rate swaps:**

Outstanding as at 31.03.10:

Nature	No.	Notional principal Rs.' 000s	Terms
Trading Swaps	761	384,260,000	Floating Receivable v/s Fixed Payable linked to NSE MIBOR
Trading Swaps	741	366,935,000	Fixed Receivable v/s Floating Payable linked to NSE MIBOR
Trading Swaps	43	12,850,000	Floating Receivable v/s Fixed Payable linked to 6M MIFOR
Trading Swaps	40	11,850,000	Fixed Receivable v/s Floating Payable linked to 6M MIFOR
Trading Swaps	2	942,900	Floating Receivable v/s Fixed Payable linked to 6M USD LIBOR
Trading Swaps	2	942,900	Fixed Receivable v/s Floating Payable linked to 6M USD LIBOR
	<b>1,589</b>	<b>777,780,800</b>	

Outstanding as at 31.03.09:

Nature	No.	Notional principal Rs.' 000s	Terms
Trading swaps	625	303,320,000	Floating Receivable v/s Fixed Payable linked to NSE MIBOR
Trading swaps	610	290,720,000	Fixed Receivable v/s Floating Payable linked to NSE MIBOR
Trading swaps	70	22,500,000	Floating Receivable v/s Fixed Payable linked to 6M MIFOR
Trading swaps	68	22,250,000	Fixed Receivable v/s Floating Payable linked to 6M MIFOR
	<b>1,373</b>	<b>638,790,000</b>	

**Nature and terms of forward rate agreements:**

Outstanding as at 31.03.10: Nil (P.Y. Nil)

**(ii) Risk Exposure in Derivatives:**
**Qualitative Disclosures**

The Bank undertakes transactions in Derivatives, namely, Foreign exchange forward contracts, Interest rate swaps, Options, Currency interest rate swaps within the limits approved.

There is a clear segregation of duties between the front and back offices and each function independently.

The global risk management systems of the Societe Generale group are adopted by the Indian branches for both market and credit risk. The monitoring of these risks is undertaken by the Banks Regional Office.

*Accounting policy:* All outstanding derivative transactions are booked as Off-Balance Sheet items. The trading positions are Marked to market on a daily basis whereas for hedging deals the accrual basis of accounting is followed.

**Quantitative Disclosure as at 31.03.2010:**

S. No.	Particulars	Rs.' 000s	
		Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal amount)		
	a) For hedging	1,408,904	942,900
	b) For trading	58,981,185	776,837,900
2	Marked to Market Positions		
	a) Assets (+)	-	-
	b) Liability (-)	(203,592)	(66,948)
3	Credit Exposure	2,067,919	7,140,604
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	(30)	-
	b) on trading derivatives	(10)	3,119
5	Maximum of 100*PV01 observed during the year		
	a) on hedging	10	-
	b) on Trading	12	4,301
6	Minimum of 100*PV01 observed during the year		
	a) on hedging	(33)	-
	b) on Trading	(90)	646

**Quantitative Disclosure as at 31.03.2009:**

S. No.	Particulars	Rs.' 000s	
		Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal amount)		
	a) For hedging	472,688	-
	b) For trading	159,809,328	638,790,000
2	Marked to Market Positions		
	a) Assets (+)	842,241	81,923
	b) Liability (-)	-	-
3	Credit Exposure	7,744,265	6,929,227
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	-	-
	b) on trading derivatives	(47)	2,141
5	Maximum of 100*PV01 observed during the year		
	a) on hedging	1	-
	b) on Trading	64	2,681
6	Minimum of 100*PV01 observed during the year		
	a) on hedging	(2)	(39)
	b) on Trading	135	273

**(iii) Exchange Traded Interest Rate Derivatives:**

No transactions were undertaken during the year in exchange traded derivatives (P.Y. – Nil).

**6. Asset Quality**
**(i) Non-Performing Assets**

Particulars	Rs.' 000s	
	2009-10	2008-09
<b>Net NPAs to Net Advances (%)</b>		
<b>Gross Non-Performing Advances</b>	-	-
Opening Balance at beginning of the year		
Additions during the year	12,124	-
Less: Amounts recovered	-	-
Less: Amounts written off	-	-
<b>Closing Balance at end of the year</b>	<b>12,124</b>	<b>-</b>
<b>Provisions for Non-Performing Advances (excluding provision for standard assets)</b>		
Opening Balance at beginning of the year	-	-
Add: Provisions made during the year	12,124	-
Less: Write-off/write-back of excess provisions during the year	-	-
<b>Closing Balance at end of the year</b>	<b>12,124</b>	<b>-</b>
<b>Net Non-Performing Advances</b>		
Opening Balance at beginning of the year	-	-
Additions during the year	-	-
Less: Amounts recovered	-	-
Less: Amounts written off	-	-
<b>Closing Balance at end of the year</b>	<b>-</b>	<b>-</b>

**(ii) Particulars of Accounts Restructured**

No standard/sub-standard assets were subject to restructuring (including corporate debt restructuring) during the year (P.Y. – Nil)

**(iii) Details of financial assets sold to Securitization/Reconstruction Company for Asset Reconstruction**

No financial assets have been sold to Securitization/Reconstruction Company for Asset Reconstruction during the year (P.Y. – Nil)

**(iv) Details of non-performing financial assets purchased/sold**

No non-performing financial assets have been purchased/sold from other banks during the year (P.Y. – Nil)



**(v) Provision on Standard Assets (Advances) and Derivatives**
**Rs.' 000s**

	31.03.2010	31.03.2009
Standard Assets	16,605	14,634
Credit Exposure on Derivatives	37,939	-
<b>TOTAL</b>	<b>54,544</b>	<b>14,634</b>

**7. Business Ratios:**

Particulars	2009-10	2008-09
Percentage of Net Non-Performing Advances to Net Advances	0.00%	0.00%
Interest Income as a percentage to Working Funds**	7.60%	7.99%
Non-Interest Income as a percentage to Working Funds	0.63%	3.60%
Operating profit as a percentage to Working Funds	0.78%	3.97%
Return on assets	0.31%	2.07%
Business per employee (Rs.' 000s)#	109,854	101,700
Profit per employee (Rs.' 000s)#	385	3,383

\*\* Working Funds represents the average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

# Productivity ratios are based on average employee numbers.

**8. Asset Liability Management**
**Maturity Pattern of certain items of assets and liabilities as at 31.03.2010**
**Rs.' 000s**

	1-14 Days	15-28 Days	29-Days- 3 Months	Over 3 Months to 6 Months	Over 6 Months to 12 Months	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Loans and Advances	879,134	54,720	1,316,592	758,429	539,464	505,760	-	97,230	4,151,329
Investment Securities	13,286,229	1,620,165	177,125	142,305	69,975	2,584,265	2	-	17,880,067
Deposits	4,193,551	1,402,423	1,087,408	841,257	430,522	409,808	10	-	8,364,979
Borrowings	11,009,647	-	-	-	-	-	-	-	11,009,647
Foreign Currency Assets	373,034	-	31,535	173,898	-	-	-	-	578,467
Foreign Currency Liabilities	1,945,635	-	3,171	52,739	-	-	-	-	2,001,545

**Maturity Pattern of certain items of assets and liabilities as at 31.03.2009**
**Rs.' 000s**

	1-14 Days	15-28 Days	29-Days- 3 Months	Over 3 Months to 6 Months	Over 6 Months to 12 Months	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Loans and Advances	416,607	418,634	1,410,946	113,173	275,861	877,164	29,333	116,691	3,658,409
Investment Securities	8,867,655	1,170,266	3,767,352	1,276,971	258,531	56,682	2	-	15,397,459
Deposits 983,541	959,292	1,016,120	2,414,320	2,527,448	345,632	10	-	8,246,363	
Borrowings	9,090,659	-	100,000	-	-	-	-	-	9,190,659
Foreign Currency Assets	183,593	60,864	823,595	62,841	-	-	-	-	1,130,893
Foreign Currency Liabilities	1,459,471	-	2,839	2,028,800	2,145,232	-	-	-	5,636,342

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of foreign currency assets and liabilities is excluding forward contracts.

**9. Exposures**
**(i) Exposure to Real Estate Sector**
**Rs.' 000s**

Category	31.03.2010	31.03.2009
<b>a) Direct exposure:</b>		
(i) Residential mortgages	-	-
(ii) Commercial real estate	-	-
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures:		
a) Residential	-	-
b) Commercial Real Estate	-	-
<b>b) Indirect exposure:</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and housing finance companies (HFCs)	450,000	450,000
<b>Total Real Estate Exposure</b>	<b>450,000</b>	<b>450,000</b>

**(ii) Exposure to Capital Market**
**Rs.' 000s**

No	Particulars	31.03.2010	31.03.2009
1	Investments made 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	-	-
2	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in equity shares (including IPO's/ESOPS), convertible bonds or convertible debentures, units of equity oriented mutual funds	-	-
3	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	700	4,700
4	Advances for any other purposes to the extent secured by 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	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	400,000	400,000
6	Loans sanctioned to corporates 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	-	-
7	Bridge loans to companies against expected equity flows/issues	-	-
8	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9	Financing to stockbrokers for margin trading	-	-
10	All exposures to venture capital funds (both registered and unregistered) deemed to be on par with equity and hence reckoned for capital market exposure.	-	-
	<b>Total Exposure to Capital Market</b>	<b>400,700</b>	<b>404,700</b>

**(iii) Country Risk Exposure**

No provision has been made in respect of country risk since the Bank does not have net funded exposure to any foreign country in excess of 1% of its total assets as on 31 March, 2010. (P.Y. – Nil)

**Rs.' 000s**

Risk Category	Exposure (net) as at 31.03.10	Provision held as at 31.03.10	Exposure (net) as at 31.03.09	Provision held as at 31.03.09
Insignificant	354,160	-	273,631	-
Low	-	-	-	-
Moderate	1,942	-	47,398	-
High	-	-	51,290	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
<b>Total</b>	<b>356,102</b>	<b>-</b>	<b>372,319</b>	<b>-</b>

**(iv) Disclosure on Single/Group Borrower Limits:**

During the year, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed by Reserve Bank of India except in the cases mentioned below where the single borrower limits were exceeded. The Bank had relevant approvals for the said excess in respect of these exposures, which were within the ceiling of 20% of capital funds.

**Rs.' 000s**

Name of the Borrower	Period	Original Exposure Ceiling	Limit Sanctioned	% of excess limit sanctioned over ceiling	Exposure ceiling as on 31 March 2010	Exposure as on 31 March 2010
ALD Automotive Private Limited	31-Mar-10	529,066	650,000	3.43%	529,066	650,000
HCL Comnet Systems & Services Limited	31-Mar-10	529,066	634,700	2.99%	529,066	634,700
EGIS India Consulting Engineering Private Limited	31-Mar-10	529,066	631,180	2.90%	529,066	631,180
HCL Infosystems Limited	31-Mar-10	529,066	610,750	2.32%	529,066	610,750
TECHNIP KT India Limited	31-Mar-10	529,066	600,000	2.01%	529,066	600,000

**(v) Unsecured Advances**

There are no advances which are secured by intangible security (P.Y. Nil)



**(vi) Provisioning Coverage Ratio**

				Rs.' 000s
	As at 31.03.2010	Gross NPA	Specific Provision	Ratio
1	Sub standard advances	-	-	-
2	Doubtful Advances	-	-	-
	--<1 year	-	-	-
	--1-3 years	-	-	-
	-->3 years	-	-	-
3	Advances classified as Loss Assets	12,124	12,124	100%
4	<b>Total</b>	<b>12,124</b>	<b>12,124</b>	<b>100%</b>
5	Floating Provisions for Advances	-	-	-
6	DICGC/ECGC claims received and held pending against adjustment	-	-	-
7	Part payment received and kept in Suspense account or any other similar account	-	-	-
8	Total	-	-	-
9	<b>Provision Coverage Ratio</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

				Rs.' 000s
	As at 31.03.2009	Gross NPA	Specific Provision	Ratio
1	Sub standard advances	-	-	-
2	Doubtful Advances	-	-	-
	--<1 year	-	-	-
	--1-3 years	-	-	-
	-->3 years	-	-	-
3	Advances classified as Loss Assets	-	-	-
4	<b>Total</b>	-	-	-
5	Floating Provisions for Advances	-	-	-
6	DICGC/ECGC claims received and held pending against adjustment	-	-	-
7	Part payment received and kept in Suspense account or any other similar account	-	-	-
8	Total	-	-	-
9	<b>Provision Coverage Ratio</b>	-	-	-

**(vii) Concentration of Deposits, Advances, Exposures and NPAs**

**(a) Concentration of Deposits**

			Rs.' 000s	
			31.03.2010	31.03.2009
Total deposits of twenty largest depositors			8,109,978	7,896,376
% of deposits of twenty largest depositors to total deposits			96.95%	95.76%

**Concentration of Advances\***

			Rs.' 000s	
			31.03.2010	31.03.2009
Total advances to twenty largest borrowers			8,873,770	9,393,020
% of advances of twenty largest borrowers to total advances			85.56%	86.11%

\* Advances computed based on definition of Credit Exposure including derivatives as per Master Circular on Exposure Norms DBOD.No.Dir.BC.15/13.03.00/2009-10 dated 01 July, 2009

**(b) Concentration of Exposures\*\***

			Rs.' 000s	
			31.03.2010	31.03.2009
Total exposure to twenty largest borrowers/customers			8,873,770	9,393,020
% of exposures to twenty largest borrowers/customers to total advances			85.56%	86.11%

\*\* Exposures computed based on credit and investment exposure as prescribed in Master Circular on Exposure Norms DBOD.No.Dir.BC.15/13.03.00/2009-10 dated 01 July, 2009

**(c) Concentration of NPAs**
**Rs.' 000s**

	31.03.2010	31.03.2009
Total exposure to top four NPA accounts	12,124	Nil

**(d) Sector Wise NPAs**

Sr. No	Sector	% of NPAs to total advance in that sector-31.03.2010	% of NPAs to total advance in that sector-31.03.2009
1	Agriculture & allied activities	Nil	Nil
2	Industry (Micro & small, medium and large)	0.29%	Nil
3	Services	Nil	Nil
4	Personal Loans	Nil	Nil

**(e) Movement of NPAs**
**Rs.' 000s**

Particulars	31.03.2010	31.03.2009
Gross NPAs – Opening Balance	Nil	Nil
Additions during the year	12,124	Nil
Sub-total (A)	12,124	Nil
Less:		
-- Upgradations	Nil	Nil
-- Recoveries (excl. recoveries from upgraded accounts)	Nil	Nil
-- Write Offs	Nil	Nil
Sub-total (B)	Nil	Nil
Gross NPAs-Closing Balance	12,124	Nil

**(f) Overseas Assets, NPAs and Revenue**
**Rs.' 000s**

Particulars	31.03.10	31.03.09
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenues	Nil	Nil

**(g) Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)-Domestic and Overseas: Nil (P.Y. Nil)**
**10. Miscellaneous**
**(i) Amount of provisions made for Income-Tax during the year**
**Rs.' 000s**

Particulars	2009-10	2008-09
- Current tax expense	47,000	307,000
- Fringe benefit tax expense	-	5,155
- Deferred tax expense/(benefit)	31,013	(12,716)
- Wealth tax	111	66
<b>TOTAL</b>	<b>78,124</b>	<b>299,505</b>

**(ii) Disclosure of Penalties imposed by RBI**

No penalties were levied by Reserve Bank of India under section 46 (4) of the Banking Regulation Act, 1949 during the year.

**(iii) Bancassurance Business**
**Rs.' 000s**

Nature of Income	2009-10
Selling life insurance policies	615
Selling non life insurance policies	-
Selling mutual fund products	28,041
Others (to be specified)	-

**(iv) Subordinated Debt:**

The bank has not raised any subordinated debt during the year nor is there any previous subordinated debt outstanding on the books as at 31 March 2010.

**11. Disclosure Requirement as per Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI)**
**(i) Employee Benefits- AS15**

Provident Fund: The contribution to the employee's provident fund amounted to Rs. 8,557 for the year ended 31 March, 2010 (P.Y. – Rs. 9,669)

Pension Fund: The contribution to the employee's pension fund amounted to Rs. 4,225 for the year ended 31 March, 2010 (P.Y. – Rs. 5,781)

Gratuity: The bank's gratuity scheme is managed by Life Insurance Corporation of India Ltd. Based on an actuarial valuation the insurance company claims the difference between the present value of the gratuity obligation and the fund value. The following tables give the disclosure regarding the gratuity scheme in accordance with AS 15 (R).

**Rs.' 000s**

<b>Reconciliation of Defined Benefit Obligations</b>	<b>2009-10</b>
Present Value of the Obligation at the beginning of the year	26,308
Interest cost	2,225
Current service cost	3,699
Benefits paid	(6,426)
Actuarial loss on obligations	514
Present Value of the Obligation at the end of the year	26,319

<b>Reconciliation of Fair Value of Plan Assets</b>	<b>2009-10</b>
Fair Value Plan Assets at the beginning of the year	19,093
Expected return on Plan Assets	1,530
Employer's contribution	5,210
Benefits paid	(6,426)
Actuarial gain /(loss) on obligations	138
Assets distributed on settlements	-
Fair Value Plan Assets at the end of the year	19,545

<b>Amount to be recognized in Balance Sheet</b>	<b>2009-10</b>
Present Value of funded obligations	26,319
Fair value of Plan Assets	(19,545)
Present Value of unfunded obligations	-
Unrecognized past service cost	-
Amt not recognized as an asset	-
Net Asset/Liability in Balance sheet under "Other Assets/Other Liabilities and Provisions"	6,774

<b>Amount to be recognized in Profit and Loss Account</b>	<b>2009-10</b>
Current service cost	3,699
Interest on defined benefit obligation	2,225
Expected Return on Plan Assets	(1,530)
Net Actuarial losses/(gains) recognized during the year	376
Past service cost	-
Total expense recognized in the Profit & Loss Account under "Payments to and Provision for Employees"	4,770
Actual Return on Plan Assets	1,668

<b>Asset Information</b>	<b>2009-10</b>
Government of India Securities	0%
Corporate Bonds	0%
Special Deposit Scheme	0%
Equity Shares of Listed Companies	0%
Property	0%
Insurer Managed Funds-%	100%
Insurer Managed Funds- Rs.	19,545

Experience Adjustments	2009-10
Defined Benefit Obligation	26,319
Plan Assets	19,545
Surplus/(Deficit)	(6,774)
Exp. Adj. on plan liabilities	514
Exp. Adj. on plan assets	138

Summary of Principle Actuarial Assumptions	2009-10
Discount Rate (p.a.)	7.75%
Expected rate of return on assets (p.a.)	7.50%
Salary Escalation rate (p.a.)	7.00%
Mortality rate	LIC (1994-1996)

The disclosures for gratuity in accordance with AS 15 (Revised) for the previous year have not been provided as the same are not available with the Bank.

Total expense recognized in the Profit & Loss Account under "Payments to and Provision for Employees" for the P.Y. - Rs. 2,020.

Net Asset/Liability in Balance sheet under "Other Assets/Other Liabilities and Provisions for the P.Y. - Rs. 447.

Leave Encashment: The Bank charged an amount of Rs. 1,591 as liability for leave encashment for the year ended 31 March, 2010 (P.Y. - Rs. 931)

**(ii) Segment Reporting- AS17**

- The bank in India operates as a single unit and there are no identifiable geographical segments.
- The Bank has classified its business into the following segments, namely:
  - Treasury – primarily comprising of trading in bonds, government securities and derivative products.
  - Commercial banking - comprising of Corporate Banking, Trade Finance and Private Banking.
  - Others comprising specific investment of Capital and recoveries from SG network
- The above segmentation is based on the nature of services provided, the risks and returns, overall organization structure of the Bank and the internal financial reporting system.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts apportioned/allocated on a reasonable basis.

**Rs.' 000s**

Business Segments/ Particulars	Treasury		Commercial Banking		Others		Total	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Revenue	489,051	1,207,291	411,749	670,997	275,413	336,234	1,176,213	2,214,522
Unallocated Revenue							-	-
Results	110,816	540,718	(163,149)	(25,033)	211,648	236,943	159,314	752,628
Unallocated Expenses							37,258	57,258
Operating Profit							122,056	695,370
Income Tax							(78,124)	(299,505)
Extraordinary Profit / Loss								
<b>Net profit</b>							<b>43,931</b>	<b>395,865</b>
<b>OTHER INFORMATION</b>								
Segment Assets	16,028,054	14,304,130	4,294,596	3,841,366	3,054,441	3,012,581	23,377,090	21,158,077
Unallocated assets							297,272	425,443
<b>Total Assets</b>							<b>23,674,362</b>	<b>21,583,520</b>
Segment Liabilities	11,454,243	9,203,405	8,516,921	8,426,955	3,365,216	2,983,464	23,336,380	20,613,824
Unallocated Liabilities							337,982	969,696
<b>Total Liabilities</b>							<b>23,674,362</b>	<b>21,583,520</b>

**(iii) Related Party Disclosures- AS18**

- The transactions of the Bank with related parties as defined in Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are detailed below except where there is only one related party or where the Bank has an obligation under law to maintain confidentiality in respect of its customer transactions.
- The details of related parties are as under:

**Parent**

Société Générale, France - Head Office and its branches:

The bank has considered transactions between itself and its Parent and other branches of the Parent as 'one entity' and accordingly as per the guidance on compliance with the accounting standards by banks issued by the Reserve Bank of India, has not disclosed details pertaining to them.

**Subsidiaries/Joint ventures of the parent (with whom the Bank has transactions during the year)**

1. ALD Automotive Pvt Ltd
2. Bank Republic
3. BFV-SG
4. BRD -Groupe SG
5. Family Credit Ltd
6. Indiabulls LIC Ltd
7. Société Générale de Banques en Cote d'Ivoire
8. National Société Générale Bank
9. Rosbank
10. Société Générale de Banques Au Sénégal
11. Société Générale Cyprus
12. SG Asia Holding (India) Pvt Ltd
13. SG Global Solution Centre Pvt Ltd
14. SG Hambros Trust Ltd
15. Société Générale Marocaine de Banques
16. SG Wealth Management Solution Pvt Ltd
17. Société Générale De Banque Jordanie
18. Société Générale Algérie
19. Societe Generale (China) Ltd.
20. SG Bank And Trust Singapore
21. Splitska Bank
22. Union Intl De Banque, Tunis
23. SG SSB Ltd.
24. Newedge Broker India Pvt Ltd
25. Sogecap

**Key Management Personnel:**

Eric Dhoste – Chief Country Office – India up-to August 31, 2009  
 Alain Pfeiffer – Chief Country Officer – India from October 16, 2009

**Disclosure in respect of transactions with subsidiaries of Head Office:**
**Rs.' 000s**

Particulars	31-03-2010	Maximum Outstanding during the year	31-03-2009	Maximum Outstanding during the year
Deposits	5,236,079	7,056,305	2,608,640	2,906,211
Advances	295,548	493,849	391,502	1,050,707
Non-Funded Commitments	4,472,581	4,970,201	295,213	327,416

**Rs.' 000s**

Particulars	2009-10	2008-09
Interest paid	179,610	278,500
Interest received	27,850	63,075
Rendering of Services*	25,932	9,762

\* includes fee income on Non-funded Commitments and Foreign Exchange transactions

**(iv) Lease Accounting- AS 19:**

- (a) Nature of Lease – Operating Lease for motor cars, office premises and residential premises for staff
- (b) Minimum Lease Payments over the non-cancelable period of the lease: Rs. 16,500 (P.Y.- Nil)

	Rs.' 000s	
	2009-10	2008-09
Upto 1 year	7,800	-
1-5 years	8,700	-
Above 5 years	-	-
<b>TOTAL</b>	<b>16,500</b>	<b>-</b>

(c) Lease payments recognized in the Profit and Loss Account during the year: Rs. 77,074 (P.Y. Rs. 78,074)

(d) The lease agreements do not have any undue restrictive or onerous clauses other than those normally prevalent in similar agreements regarding use of assets, lease escalation clauses, renewals and a restriction on sub-leases.

**(v) Taxes on Income-AS 22**

Components of deferred tax liability (net) as included in Schedule 5 – “Other Liabilities and Provisions” as at 31 March, 2010 are given below:

	Rs.' 000s	
Particulars	31.03.2010	31.03.2009
<b>Deferred Tax Asset</b>		
- Accumulated Losses	-	-
- Provision for doubtful debts	-	-
- Amortization of Premium on HTM Securities	1,461	49,877
- Provision for employee benefits	20,184	8,304
<b>Deferred Tax Liability</b>		
- Fixed Assets	21,934	27,458
<b>Net Deferred Tax (Liability)/Asset</b>	<b>(289)</b>	<b>30,724</b>

**(vi) Impairment of Assets- AS28**

The Bank considers fixed assets as corporate assets of the banking business (cash-generating unit) as a whole. Consequently the recoverable amount of the banking business is more than the carrying amount and hence no provision is required as per Accounting Standard 28 on ‘Impairment of Assets’ issued by the Institute of Chartered Accountants of India.

**(vii) Intangible assets- AS26**

	Rs.' 000s	
Application Software	31.03.2010	31.03.2009
At cost as at 31st March of the preceding year	10,883	9,200
Additions during the year	1,228	1,683
Deductions during the year	-	-
Depreciation to date	(8,131)	(5,833)
<b>TOTAL:</b>	<b>3,980</b>	<b>5,050</b>

**12. Additional Disclosures**

**(i) Termination Benefits**

Payments to and provision for employees includes Rs. 8,330 (P.Y. Nil) towards termination benefits.

**(ii) Employee Stock Options**

Société Generale (Parent) provides its employees worldwide the opportunity to become shareholders of the company on preferential terms as part of the annual capital increase reserved for the employees. All eligible employees can participate in the “International Group Savings Plan” and subscribe to Societe Generale shares within their individual entitlement during the limited period of subscription.

The preferential terms includes a discount to the reference price and a “Employers Matching Contribution” upto the specified limit per employee. Payments to and provision for employees includes Rs. 3,411 (P.Y. Rs. 5,240) towards this scheme. There is no future liability in respect of this scheme.

**(iii) Provisions and Contingencies:**

**Description of Contingent Liabilities**

**Claims against the Bank not acknowledged as debt**

These represent various legal claims filed against the Bank in its normal course of business. It also includes claims/demands raised by Income tax authorities, which are disputed by the Bank.



No disclosure of the disputed income tax claim is warranted in the Bank's view, which is duly supported by an expert legal opinion/judicial pronouncements and is also based on the decisions in favour of the Bank in its own earlier appeals.

**Liability on account of forward exchange and derivative contracts**

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps, interest rate swaps and interest rate options on its own account and for customers. The notional amounts that are recorded as contingent liabilities form the basis for the calculation of the interest component on the contracts where applicable.

**Guarantees given on behalf of constituents, Acceptances, Endorsements and other obligations**

As a part of its normal banking activities the Bank issues documentary credit and guarantees on behalf of its customers.

Provisions and Contingencies recognized in the profit and loss account include:

**Rs.' 000s**

<b>PROVISIONS AND CONTINGENCIES</b>	<b>2009-10</b>	<b>2008-09</b>
I. Taxation Charge	78,124	299,505
- Current tax expense	47,000	307,000
- Fringe benefit tax expense	-	5,155
- Deferred tax expense/ (benefit)	31,013	(12,716)
- Wealth tax	111	66
- Excess tax provision written back (earlier years)	-	-
II. Provision / (Write back) for loan losses	12,124	-
III. Provision for Standard Assets	39,909	(1,966)
IV. Write-off of Bad Debts	-	-
V. Provision for depreciation on Investments	(68,231)	64,171
VI. Others	5,000	-
<b>TOTAL</b>	<b>66,926</b>	<b>361,710</b>

**(iv) Floating Provisions: Nil (P.Y. Nil)**

**(v) Draw down from Reserves:**

There has been no drawdown from Reserves during the FY 2009-10. (Drawdown from Investment Reserve Account during the FY 2008-09: Rs. 27,803)

**(vi) Disclosure of Complaints:**

Analysis and Disclosure of complaints – Disclosure of complaints/unimplemented awards of Banking Ombudsmen.

**A. Customer Complaints**

a) No. of complaints pending at the beginning of the year	1
b) No. of complaints received during the year	2
c) No. of complaints redressed received during the year	2
d) No. of complaints pending at the end of the year	1

**B. Awards passed by the Banking Ombudsman**

a) No. of unimplemented awards at the beginning of the year	Nil
b) No. of awards passed by the Banking Ombudsmen during the year	Nil
c) No. of awards implemented during the year	Nil
d) No. of unimplemented awards at the end of the year	Nil

**(vii) Disclosure of Letters of Comfort:**

The Bank has not issued any Letter of Comfort regarding their subsidiaries during the year. The assessed cumulative financial obligation under the Letters of Comfort issued and outstanding is Nil. (P.Y. Nil)

**(viii)** Previous year's figures have been regrouped or rearranged, wherever necessary, to conform to current year's presentation.

For Societe Generale – Indian Branches

**S. MENDA**  
Chief Financial Officer

**A. PFEIFFER**  
Chief Country Officer-India

Place: Mumbai  
Date: 28 June, 2010