

Banking on Opportunities



Focus



Perseverance



Value

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Financial Statements

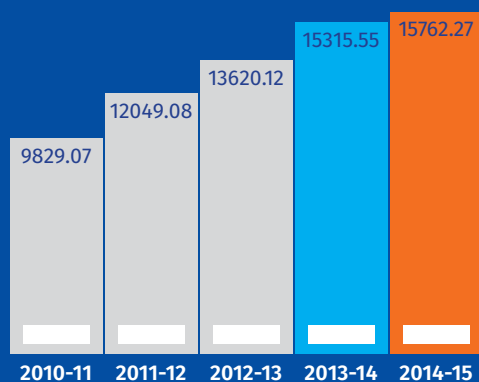
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For more details visit: <http://www.csb.co.in/>

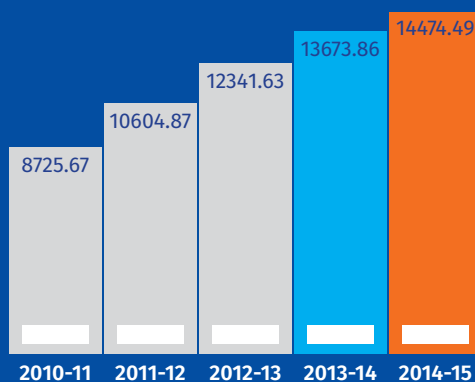


Total Assets (₹ in Crore)



▲ 12.53% CAGR

Total Deposits (₹ in Crore)



▲ 13.49% CAGR

India's economic fundamentals are sound and its demographic advantage is unique for a major global economy. That makes the country one of the best places in the world to bank on, literally.

For over nine decades, The Catholic Syrian Bank's evolution has been closely intertwined with the progress of the nation. Even today, at CSB, we are moving in step with India's onward march to progress and are taking several measures to emerge as a future-ready bank.

During the course of the year, we enriched our products and services to reach more people and retain existing customers. We fine-tuned our products and processes with focus on the SME segment, and developed propositions for Retail and NRI customers.

We reinforced our technology platform to enhance the quality of service delivery in our branches

across India. We have also strengthened our alternate (non-branch) channel delivery capability, specifically across the online/internet banking channels.

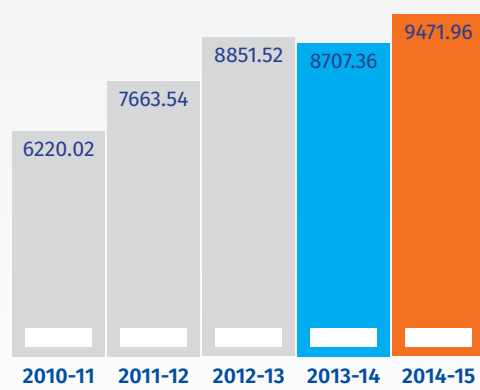
We put strong emphasis on developing talent to take the Bank to the next orbit of value creation. Today, we have a younger and more productive talent pool.

At the same time, we are consistently reinforcing our balance sheet and setting up a robust risk management framework. We are also seeking opportunities to expand our network and offer specialised margin-accretive products.

Overall, we are charting a well-defined path towards value creation, in line with the India growth story and the opportunities it promises. For all practical purposes, we are...

**Banking
on Opportunities.**

Net Advances (₹ in Crore)



11.09% CAGR

CSB at a Glance

The Catholic Syrian Bank Limited (CSB) is one of India's oldest private sector banks with headquarters in the Thrissur district of Kerala. For over nine decades, we have remained a preferred neighbourhood bank for our growing fraternity of customers. We have a strong base in Kerala, along with significant presence in Tamil Nadu, Karnataka and Maharashtra.

Key focus areas

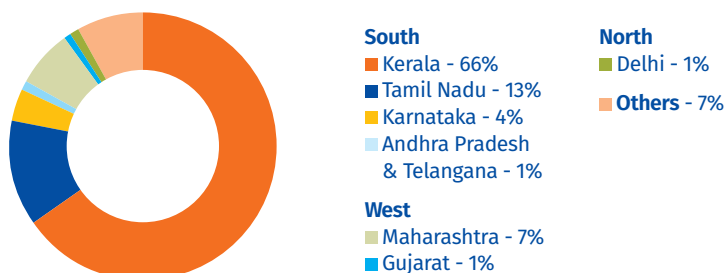
Our wide range of products and services cater to customers, who are often second and third generation customers. Our key focus areas are small and medium enterprises (SME), Retail clients and NRI customers. We have a strong deposit book, as most of our NRI customers and expatriates working in the Gulf remit their money back home to India.

Presence

We deliver our products and services through multiple channels, including 426 customer-facing branches (in addition to five service branches) and 233 ATMs across 18 states and two union territories. We have a strong foothold in southern India, and are also moving towards establishing our presence in the western region.

Of our 426 branches, 51 branches are in metropolitan cities, 101 branches in urban areas, 225 branches in semi-urban and 49 branches in rural areas. For efficient administration, we have organised our branches under ten zonal offices.

Strong Local Presence (%)



₹ 889 Cr.

Capital & Reserves

₹ 5,053 Cr.

Investments

3,031

Employees

₹ 14,475 Cr.

Deposits

426

Branches

11%

Capital Adequacy Ratio

₹ 9,472 Cr.

Advances

~ 1.6 Mn

Customers

Strengths

Our competitive strengths enable us to deliver superior value to our customers and all other stakeholder groups. These include:

Strong brand equity

Our brand is recognised and trusted, particularly in southern states like Kerala, Tamil Nadu and Karnataka as a result of our robust relationships with customers built over the years and our quality of service. Our focus on developing long-term customer relationships has played a significant role in enhancing customer service experience and maintaining customer loyalty.

Focus on the SME business

The Bank is focused on meeting the funding and banking requirements of SME customers. Such a strategy enables us to diversify our credit risk profile. SMEs offer comparatively

higher yields, cross-selling and associated business opportunities, and higher degree of secured and collateralised loans. It also provides us a good geographic spread and helps us meet our priority sector lending targets.

Focus on gold loans and NRI business

To strengthen our presence we have opened over 40 branches in strategic locations across Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana over the last three years. These locations help us cater to the growing demand for gold loans, which constitute a major portion of our advances. Apart from liquidity of the security and low probability of credit losses, gold loan advances offer benefits of hassle-free lending and lower operational costs. In addition, our network across Kerala provides us an opportunity to build

a strong portfolio of NRI deposits, specifically from the non-resident Keralite community, which has been a stable source of funding.

Professional and experienced management

We are a professionally managed bank. The Board's members have significant finance and banking experience and include associates of the Indian Institute of Banking, Chartered Accountants and retired IAS officers. Several of our key managerial personnel have been with the Bank since the 1980s; we have also brought on board experienced professionals from the industry.

Business Verticals



SME Banking

Caters to SME borrowing needs up to ₹ 250 Million
7,573 SME accounts as on March 31, 2015



Retail Banking

Caters to individuals, NRIs with numerous financial and advisory products
16,34,805 Retail accounts as on March 31, 2015



Corporate Banking

Caters to companies with an annual turnover of > ₹ 1,000 Million and borrowing requirement above ₹ 250 Million
417 Corporate accounts as on March 31, 2015



Treasury Operations

Caters to statutory reserves management, liquidity management, investment and trading & money market and foreign exchange activities

Offerings



Liabilities

Deposit products

- Current account
- Savings account
- Salary savings accounts for corporate employees
- Term deposit accounts for domestic customers
- Cumulative deposit accounts
- Products for NRI customers



Assets

SME products

- Term loans
- Working capital loans
- Export finance
- Import finance
- Letter of credit
- Buyers, Suppliers credit
- Bank guarantee
- Commercial vehicle loans
- Bills discounted under domestic letters of credit

Retail products

- Home loans
- Personal loan
- Vehicle loans
- Loan against property
- Agricultural loans
- Gold loans

Corporate products

- Working capital finance
- Corporate loans
- Term loans
- Bill finance
- Export, Import finance
- Buyers, Suppliers credit
- Bank guarantee
- Bills discounted under domestic letters of credit



Other products/services

- Distribution of insurance/other third party products
- Money transfers and remittances
- RTGS/NEFT
- Utility and bill payments
- Internet banking
- Foreign exchange
- Lockers
- Cash management

Chairman's Message



Dear shareholders,

On behalf of my colleagues on the board, I place on record our heartfelt appreciation for the support and trust you have extended to the Bank. I would also like to extend my heartfelt thanks to you for reposing faith in us and your response to our Rights Issue. The issue has been subscribed 1.17 times. Before I deliberate on the Bank's performance, I would like to share with you the economic and banking environment in which our Bank performed during the year 2014-15. Global economic growth has remained moderate in 2014 with disparate growth rates witnessed across the advanced and emerging economies. Among the advanced economies, the US has registered modest growth as the

European economies have continued to experience sluggish growth. Similarly, most of the emerging market economies, barring China and India, have registered slowdown in their growth momentum.

As the Indian economy grows, the country's inherent strengths, such as its youthful and aspiring population, skilled labour force and rising disposable income will generate optimism and create an environment conducive to investment. Against this backdrop, the prospects of the domestic banking industry remain robust. During the period under review, the Indian banking sector has displayed a high level of resilience and has significantly strengthened consumer credit sentiments by the

reduced repo rate by 50 bps and Statutory Liquidity Ratio (SLR) by 150 basis points. Progressive government initiatives like the 'Pradhan Mantri Jan Dhan Yojana' have further broadened the banking arena. In addition, the licensing of two new banks and increasing banking penetration by inviting payment banks to the unbanked corners of the country is expected to provide the desired impetus that the sector requires. However, during FY 2014-15, the operating environment for the banking system has continued to be challenging due to concerns over growing non-performing assets and a high incidence of assets being restructured, which has ultimately dented the profitability of many banks.



We are certain that with the hard work of our entire team and the support of our stakeholders, CSB will continue to achieve new milestones and grow sustainably in the years to come.

The year under review has been a challenging one for our Bank also. During the period, our Bank has posted an operating profit of ₹ 50.08 Crore and reported a Net Loss of ₹ 53.17 Crore. Total Assets have increased by ₹ 446.72 Crore and reached ₹ 15762.27 Crore as on March 31, 2015. Capital Adequacy Ratio as per the Basel III norms has stood at 11.00% as on March 31, 2015.

During the period under review, several steps were initiated in the organisation to recalibrate and consolidate our strengths. In the technology front, our Bank continues to adopt and implement new technologies. We believe that these initiatives will add significant value to various aspects of business and help us render quality service to customers and other stakeholders.

As part of the capital augmentation plan, our Bank has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of

India (SEBI) to make an initial public offering of its equity shares, and has received the final observations from SEBI vide its letter dated June 23, 2015. During the period under review, our Bank has successfully raised ₹ 174.44 Crore by way of issue of shares on preferential allotment basis and allotment of shares on rights basis. Furthermore, we are glad to inform that our Bank has obtained the approval of the Foreign Investment Promotion Board (FIPB) to increase the Non-resident holding in the Bank to 74% of its paid up capital from the permissible limit of 49% under the automatic route.

I would also like to highlight the appointment of Mr. Anand Krishnamurthy as the Managing Director & CEO of the Bank w.e.f. July 4, 2015. I am confident that Mr. Krishnamurthy's global experience of 22 years in the industry will help him play a critical role in enhancing the Bank's performance.

A culture of 'delighting customers' remains the central focus of all activities. Even as we cherish the trust that our customers place in us, we continue to work towards strengthening this faith. We are working to become more accessible by creating specialised branches and teams with regional personnel and marketing employees. We are strengthening our technology platform, so that we may ramp up the quality of service provided to its full potential. Over the years, we have continuously attempted to

add value to our existing portfolio by offering specialised products and services to address the specific requirements of customers. These initiatives have allowed us to effectively transition into a full-service contemporary bank.

I place on record our gratitude for the support and guidance extended by the Government of India, RBI, SEBI, FIPB, IBA, and other regulatory authorities.

Going forward, we intend to expand our network wherever relevant and offer specialised products and services, supported by targeted cross-selling initiatives to grow our retail segment. In addition, we will continue to invest in our employees to bring out the best in them. We believe that these actions will help build an out-and-out strong organisation; one that is ready to respond to customer requirements transparently and efficiently. We are certain that with the hard work of our entire team and the support of our stakeholders, CSB will continue to achieve new milestones and grow sustainably in the years to come.

S. Santhanakrishnan
Chairman

Managing Director & CEO's Message

Dear shareholders,

I am very pleased to write my first message as the Managing Director & CEO of the Catholic Syrian Bank. It is my pleasure and privilege to be a part and at the helm of this institution.

Over the past year, the Indian economy has fared well, benefitting from the optimism generated from improving macroeconomic fundamentals. A stable government at the Centre, decreasing inflation and a GDP rate of 7.4%, all contributed to a positive medium to long term outlook for the economy. The banking sector, in contrast, continued to function in a challenging environment registering only a moderate growth in the past year, affected by increasing non-performing assets and slowing credit growth. However, the implementation of a more supportive policy framework and the Government's initiatives to bring more people into the fold of the banking sector is expected to usher in an era of stable growth.

Against this scenario, the year under review turned out to be an enabling one for us. I believe that the Bank implemented progressive steps to become more accessible, contemporary and innovative to remain relevant to all stakeholders.

The year under review

The Bank's aggregate deposits increased by ₹ 801 Crore to reach ₹ 14,474 Crore, during the year. Of this, the NRI Deposits constituted 19.8% of total deposits. The CASA deposits registered a growth of 10.4%, as against 9.1% in the previous period. The NRI deposits of the bank have

increased from ₹ 2,361.62 Crore to ₹ 2,871.54 Crore, recording a growth of 21.59% over the year.

Similarly, net advances grew by ₹ 765 Crore supported by a cautious approach for customer selection, which allowed us to achieve sustainable credit growth. Our Credit to Deposit Ratio stood at 65.4%, as against 63.7% in the corresponding period of FY 2013-14.

The net growth in our core focus area of SME lending was ₹ 786 Crore, an increase of 22% over the past financial year. For the year ended, the SME lending book stands at ₹ 4,343 Crore, which is nearly 46% of total advances.

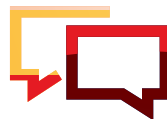
Our retail loans business has been identified as a key growth area for our business. For the year under review, the portfolio stood at ₹ 943 Crore and comprised 9.7% of the Bank's total advances by adding a net volume of ₹ 306 Crore during FY 2014-15, registering a growth rate of 48%. Our Gold loan book de-grew by 11.46% from ₹ 2,836.54 Crore as on March 31, 2014 to ₹ 2,544.90 Crore as on March 31, 2015 primarily on account of fall in gold prices. The Priority Sector Advances extended by our Bank stood at ₹ 4,204 Crore at the end of March 2015, as against ₹ 3,135.34 Crore at the end of March 2014 constituting 44.8% of Adjusted Net Bank Credit, as against 34.23% at the end of March 2014. Total Agricultural Advances stood at ₹ 1,244 Crore at the end of March 2015, as against ₹ 766.45 Crore at the end of March 2014, constituting

13.3% of Adjusted Net Bank Credit as against 8.37% at the end of March 2014.

Focus on quality

During the year, we maintained a close watch on strengthening our Balance Sheet by implementing prudent risk management measures. We believe that we were able to create value through increased focus on fees and commission income, which increased by 16.27% from ₹ 16.69 Crore as on March 31, 2014 to ₹ 19.41 Crore as on March 31, 2015. Our capital adequacy has been sustained by equity infusion through private placement of shares and the rights issue.

We continued our focus on NPA Recovery Management and successfully recovered an aggregate amount of ₹ 213 Crore. However, due to adverse market conditions, Gross NPA Ratio and Net NPA Ratio have increased to 4.96% and 3.85% respectively, against 3.77% and 2.22% respectively, in the previous year. Our



During the year, we maintained a close watch on strengthening our Balance Sheet by implementing prudent risk management measures. We believe that we were able to create value through increased focus on fees and commission income.



We are looking to develop a healthy loan mix guided by a more structured approach to lending where we focus on our preferred client segments.

NPA and stressed asset management programme is supported by the close monitoring of assets and other control measures as well as recovery measures, such as disposal of collateral assets, compromise settlements and working closely with borrowers with stressed assets to revive their businesses. Further, stressed asset sale to Asset Recovery Companies was also undertaken. In addition, we have set in place special monitoring and recovery teams to proactively arrest fresh slippages, enhance monitoring and process recoveries speedily.

The road ahead

We will continue to pay close attention on our identified focus areas and geographies to establish the business on strong fundamentals.

We are looking to develop a healthy loan mix guided by a more structured approach to lending where we focus on our preferred client segments. Retail and SME segments will continue to drive portfolio growth. On the liability side, we will look to increase CASA and NRI deposits.

We intend to strengthen our fee and non-fund based income to enhance



profitability. We will continue to leverage technology to enhance service delivery through online and mobile platforms, while driving productivity and efficiency at every stage. Our focus will remain on providing quality service to retain and improve relationships with our customers, while enhancing brand image. This will allow us to create lasting value for our organisation.

I also take this opportunity to express my sincere gratitude to all our stakeholders who have reposed their trust in CSB, notwithstanding the

challenging environment. With their continued support, I am confident that CSB will regain its place within the banking system, along with upholding the highest standards of professionalism to our customers and supporting the unique needs of the communities that we serve.

Best wishes,
Anand Krishnamurthy
Managing Director & CEO



The SME business continues to be one of the key focus areas for growth.



We are focusing on expanding our NRI business.

BANKING WITH CONSISTENT



Our focus is on widening our retail loan product portfolio beyond gold loans.



We seek to augment our CASA deposits in order to reduce cost of funds and improve our core capital.



For non-performing loans, special teams for recovery and collections have been created across specific geographies.

Building on the firm foundation of our legacy, we are focusing on a transformational agenda to emerge as a full-service contemporary bank. Accordingly, we have undertaken multiple initiatives to strengthen our operations by focusing on key business segments. As we drive growth in our asset portfolio, we are concentrating our resources and energies to generate value through our SME and Retail businesses, with an emphasis on the NRI segment.

The SME business continues to be one of the key focus areas for growth. With the government's focus on 'Make in India' and attractive margins, the outlook for the segment seems encouraging. To make the most of the SME opportunity, we

have reorganised the business with SME branches supported by dedicated credit hubs in all zones. To ensure quicker turnaround, efficient service and continued monitoring of relationships to meet client needs, we have introduced SME relationship managers as single points of contacts for key customers. These initiatives will allow us to strengthen our SME business further.

We are also focusing on expanding our NRI business, which provides a stable source of funding for us and constitutes nearly one-fifth of our total deposits. Our extensive branch network in Kerala gives us the opportunity to build robust relationships with NRIs – the non-resident Keralite customers, in particular. Our NRI team drives acquisition, retention and growth of our clientele with an emphasis on increasing our share of inward remittances and deposits from the Middle East. We are aided in this endeavour through remittance and rupee drawing arrangements with 14 exchange houses in the Middle East and tie-ups with major money transfer agents, which we plan to expand further.

Our focus is on widening our retail loan product portfolio beyond gold loans. In the past year, we introduced new products, such as loan against property, which have given a fillip to this portfolio. Growth of this portfolio will continue to gain importance and we plan to enhance our retail loans product suite to meet growing needs of customers.

We continue to strengthen our product and delivery capabilities to grow our low cost deposits (CASA base). CASA is the prime source of low cost funds for us. We seek to augment our CASA deposits in order to reduce cost of funds and improve our core capital. We propose to increase our CASA by launching deposit products across businesses, enhancing our brand presence, attracting new retail customers, appointing Relationship Managers for high net worth customers, introducing loyalty programmes, expanding our ATM coverage and enhancing mobile and internet banking platforms.

With respect to non-performing loans, special teams dedicated to recovery and collections of overdue and non-performing loan accounts have been created across specific geographies. In addition, we are continuously enhancing our capability to strengthen our early warning and detection capabilities across products/customer segments.

We believe that our increased focus on retail and SME customers, integrated branch network, technology-led channels and increasingly diversified product mix will enable us to increase our fee and non-fund based revenues. Growth of fee income through distributed products like bancassurance and growth of foreign exchange and trade-related businesses will remain areas of focus.

With a clear product strategy in place, we are working diligently to ensure that our processes are fine-tuned to deliver top-notch services to our customers across operations. Streamlined business processes and robust due diligence and credit processes enable us to continue to offer relevant products and services, while maintaining a strong balance sheet.

We are re-engineering business processes across branches to accelerate decision-making and are centralising back-end functions. Such a strategy will enable us to enhance productivity of our Branch and Relationship managers, while allowing for improved customer service. In addition, we implemented processes such as the Instant Welcome Kits to reduce turnaround time for on-boarding new customers. We are also rolling out a Document Management System (DMS) for quicker account opening and to minimise data maintenance-related activities at our branches, so that they can focus primarily on sales and services to enhance client engagement.

Our risk management framework necessitates streamlined credit processes. We have implemented prudent risk management procedures to control our credit exposures by using a rating mechanism for all exposures above ₹ 25 Lac. We consistently evaluate and monitor credit risk to ensure that our business is conducted in line with

our credit appetite. A key element to this is the review of our credit, rating and monitoring processes. For this purpose, we have partnered with a reputed external agency to review our existing process and validate our rating models.

Besides, we are refining our credit processes. We are implementing a Loan Origination System (LOS), which streamlines our retail and SME loan process and creates end-to-end visibility. The LOS not only reduces the turnaround time for the

models will enable us to efficiently manage, closely monitor and carefully reduce non-performing and other stressed assets.

perse

loan processes but also standardises the approval processes, allowing for objective decision-making.

Over the past few years, the banking sector has been affected by the declining quality of assets. The implementation of the LOS and the comprehensive review of our credit process, monitoring process and ratings



We are re-engineering business processes across branches to accelerate decision-making and are centralising back-end functions.



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BANKING WITH

verance

BANKING FOR SUSTAINABLE



Value



We are enhancing our capabilities across alternate delivery channels to ensure that our customers have access to banking services at their convenience.



We are strengthening our technology platform to leverage the full potential of our branch network.



We are regularly training our people to ensure that customer welfare remains at the core of the services we offer.



Our consistent emphasis on customer service enables us to deliver relevant and targeted products.

The quality of processes and delivery of superior products and services is contingent on a robust technology platform and a motivated team.

At CSB, we are augmenting our technology capabilities to enhance access and making processes hassle-free. At the same time, we are investing in our talent pool to ensure that the delivery of services remains at par with industry benchmarks. These ongoing initiatives will help us generate long-term value for our customers and build a more trusted and preferred organisation.

We are enhancing our capabilities across alternate delivery channels to ensure that our customers have access to banking services at their convenience. Our new internet banking site has been carefully redeveloped to enhance client experience and enable e-commerce and utility bill payments. In addition, we are in the process of upgrading our phone banking and mobile banking facilities.

We are strengthening our technology platform to leverage the full potential of our branch network. Our branches are linked through Core Banking, easing branch banking activities. We are in the process of upgrading the existing platform to include critical modules and add-on features. Technology up-gradation is a continuous process at CSB to enhance efficiency, reduce costs, increase convenience for our

customers and make our offerings more competitive. Additionally, the adoption of technology to centralise operations will drive productivity by improving work flows and reducing workload.

We provide regular training to our people to ensure that customer welfare remains at the core of the services we offer. Skill development, re-skilling and knowledge enhancement remain critical to the success of the workforce. We have a dedicated staff training college to design and deliver training modules through in-house and external faculty. Our new recruits are inducted through a structured orientation and training programme. In addition, we have targeted programmes for our Relationship Managers across business segments. These initiatives are supplemented with regular newsletters and circulars which help our employees keep abreast of the latest developments in the banking sector.

Our consistent emphasis on customer service enables us to deliver relevant and targeted products. As a preferred neighbourhood bank, we believe that the consistency and quality of our service, supported by local knowledge and experience, is crucial to maintaining loyalty and ensuring customer delight. Therefore, we have put in place a well-defined customer service policy to address the varied requirements of our customers promptly and effectively.

India needs a strong banking sector to sustain and grow the economy and cater to the aspirations of its billion-plus population. The new government at the Centre is implementing reforms to fast-track the economy and the country's macro-economic fundamentals are gradually becoming stronger and stable.

Crucial parameters such as current account deficit, fiscal deficit and levels of inflation are steadily improving. Government initiatives to promote skills, entrepreneurship, employment in the rural and weaker sections of our economy will augment the necessity of innovative financial products and services targeted at inclusive growth. At CSB, we are excited by these opportunities and are implementing relevant initiatives to grow our customer base and deliver more value to them consistently.

We actively participated in the Pradhan Mantri Jan Dhan Yojana, increasing our focus on financial inclusion and lending to priority sectors in the economy. During the year, we met overall priority sector lending targets and are working towards strengthening our lending services to the agriculture sector.

We will continue to consolidate our network in the southern and western regions of the country. This will allow us to strengthen our presence, while increasing our visibility through effective brand

positioning. We will focus on our SME customer base by continuing to provide financial solutions that meet their varied requirements. We aim to offer a range of specialised products and services based on their requirements, across the life cycle of their businesses.

To promote our retail loan portfolio and diversify our loan portfolio mix, we intend to increase marketing campaigns, launch new products (including new variants for loan against properties and gold loans) and continue to offer specialised financial products.

We will also invest in growing our fee and non-fund based revenues through a combination of various initiatives. For our retail customers, we intend to provide differentiated third party product offerings, such as mutual funds and insurance products, wealth management services, money transfer and foreign exchange services. We have already taken the first step in this direction by entering into a corporate agency agreement with Edelweiss Tokio Life Insurance Company to distribute life insurance products. For our NRI customers, we aim to increase our share of inward remittances and deposits through focused services.



We are increasing our focus on financial inclusion and lending to priority sectors in the economy.



We will continue to consolidate our network in the southern and western regions of the country.



We will also invest in growing our fee and non-fund based revenues through a combination of various initiatives.





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BANKING ON

The Board of Directors



Seated, from left to right: Mr. M. Madhavan Nambiar, Mr. K. Subrahmanya Sarma, Mr. Anand Krishnamurthy, Mr. S. Santhanakrishnan, Mrs. Radha Unni, Mr. K. Neethi Ragavan

Standing, from left to right: Mr. S. Ramamkrishnan, Mr. V. G. Venkatachalapathy, Mr. Sumeer Bhasin, Mr. C. K. Gopinathan, Mr. Bobby Jos C., Mr. T. S. Anantharaman



S. Santhanakrishnan *Chairman*

Mr. Santhanakrishnan has been on the Board of the Bank since 2009 and was appointed as Part-time Chairman of the Bank with effect from August 17, 2010. He holds a bachelor's degree in science and in law. He has been a fellow of the Institute of Chartered Accountants of India. He has over 35 years of experience as a practising Chartered Accountant and specialised in Accounting Standards, Corporate Laws and Information Technology. He is a Central Council member of The Institute of Chartered Accountants of India (ICAI) and also member of many other committees of the Institute. He also has industry exposure and experience in banking, insurance and manufacturing sectors.



Anand Krishnamurthy
Managing Director & CEO

Mr. Krishnamurthy holds a bachelor's degree in technology (mechanical engineering) from the Indian Institute of Technology, Madras and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He has about 22 years of experience in the field of banking and has worked with the Hongkong and Shanghai Banking Corporation Limited for that period.



C. K. Gopinathan
Non-executive Director

Mr. Gopinathan has been on our Board since 2008. He has an experience of approximately 25 years in co-operation, agriculture and rural economy. Mr. Gopinathan has been representing co-operation, agriculture and rural economy as per section 10 A (2) of the Banking Regulation Act, 1949.



T. S. Anantharaman
Non-executive Director

Mr. Anantharaman has been a Director of our Bank since 2009. He holds a bachelor's degree in commerce from the University of Kerala. He has been a fellow of the Indian Institute of Chartered Accountants for over 40 years, and has previously worked for the United Nations.



Sumeer Bhasin
Non-executive, Independent Director

Mr. Bhasin has been a Director of our Bank since 2009. He holds a bachelor's degree in commerce (honours) from the University of Delhi. He has more than 22 years of experience spanning roles in business promotion and development, investment evaluation, investment and merchant banking, mergers and acquisitions and international trading.

The Board of Directors (Contd.)



K. Subrahmanya Sarma

Non-executive Director

Mr. Sarma has been on our Board since 2010. He holds a bachelor's degree in arts (honours) and a master's degree in arts as well as in science from the Andhra University. He also holds a diploma in computer applications from the National Institute for Training in Industrial Engineering, Mumbai and another diploma in development administration from the University of Birmingham. He is a retired IAS officer, and has held various administrative posts with the Government of Andhra Pradesh. He retired as the Chief Executive Officer of Prasara Bharti in 2004.



Bobby Jos C.

Non-executive, Independent Director

Mr. Jos has been a Director of our Bank since 2010. He holds a bachelor's degree in commerce from the University of Calicut and a master's degree in business administration from the Bharathiar University.



S. Ramakrishnan

Non-executive, Independent Director

Mr. Ramakrishnan has been on our Board since 2011. He is a partner of M/s S. Ramakrishnan Associates, which is a firm of Chartered Accountants. He is a fellow member of the Institute of Chartered Accountants of India and commerce graduate from the Madras University. He has more than two decades of experience in the fields of financial consulting, corporate audits, treasury and forex audit of banks, project finance and evaluation/monitoring large borrowers of banks.



Radha Unni

Non-executive, Independent Director

Mrs. Unni has been a Director of our Bank since 2011. She holds a bachelor's degree in arts (honours) and a master's degree in arts from the University of Delhi. She also holds a bachelor's degree in education from the Annamalai University. She has been a certified associate of the Indian Institute of Bankers since 1982. Prior to joining our Bank, she held various positions at the State Bank of India, including a two-year deputation to SBI Capital Markets Limited, and retired as the Chief General Manager of State Bank of India.

**M. Madhavan Nambiar***Non-executive, Independent Director*

Mr. Nambiar has been associated with our Bank since 2013. He is a fellow of the Judge Business School, Cambridge University. He has taught at Oxford University and Columbia University, and has been an officer of the Indian Administrative Service since 1974.

**K. Neethi Ragavan***Additional Director – RBI Nominee*

Mr. Ragavan has been on our Board since 2013. He holds a bachelor's degree in business administration and a master's degree in commerce from the Madurai Kamaraj University. He has been an associate of the Indian Institute of Bankers for about 30 years. He is currently the General Manager of the Reserve Bank of India at Chennai.

**V. G. Venkatachalapathy***Additional Director – RBI Nominee*

Mr. Venkatachalapathy has been on our Board since 2015. He holds a bachelor's degree in arts (economics) and a master's degree in arts from the Madras University. He also holds a master's degree in science (with a major in financial markets) from the Illinois Institute of Technology, Chicago. He is a certified associate of the Indian Institute of Bankers, and holds a diploma in bank management from the Indian Institute of Bankers. He has about five years of experience in commercial banking. He is the General Manager, Foreign Exchange Department of the RBI at Chennai.

Senior Management



Anand Krishnamurthy
Managing Director & CEO

Mr. Krishnamurthy holds a bachelor's degree in technology (mechanical engineering) from the Indian Institute of Technology, Madras and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He has about 22 years of experience in the field of banking and has worked with the Hongkong and Shanghai Banking Corporation Limited for that period.



Prem Kumar Thampi
Head - Strategy & Chief of Staff

Mr. Thampi holds a bachelor's degree in science (honours) and a master's degree in physics from the Banaras Hindu University, and is a fellow of the Institute of Directors. He has about 29 years of experience in the field of banking. Prior to joining our Bank in 2015, he was associated with ICICI Bank, State Bank of India and Bank M (Tanzania).



P. V. Antony
Chief Financial Officer

Mr. Antony holds a bachelor's degree in commerce from the University of Calicut. He has been admitted as a certified associate of the Indian Institute of Banking and Finance, an associate member of the Institute of Company Secretaries of India and a fellow of the Institute of Cost Accountants of India. He has about 31 years of experience in the field of banking. Prior to joining our Bank in 1983, he was associated with Canara Bank.



Jiz P. Kottukappally
Head of Operations

Mr. Kottukappally holds a bachelor's degree in commerce from the University of Calicut and a post graduate diploma in financial advising. He is also an associate of the Indian Institute of Banking and Finance. He has been associated with our Bank since 1996, and has about 19 years of experience in the field of banking.



Mohan Menon T.
Head - Human Resources

Mr. Mohan holds a bachelor's degree in commerce from the University of Calicut, and is an associate of the Indian Institute of Bankers. He has about 33 years of experience in the field of banking. Prior to joining our Bank in 1981, he was associated with Mohan & Mohan Associates, Chartered Accountants.

**Mr. Bharath Mani****Head – Retail Marketing & Product Management**

Mr. Mani holds a post graduate diploma in business management from the Institute of Management Technology, Ghaziabad and a bachelor of arts degree in Economics from the University of Delhi. He has around 22 years of experience in the field of banking and financial services. Prior to joining our Bank in 2014, he was associated with The Royal Bank of Scotland, ABN AMRO and Bank of America, among others.

**Sekhar Rao****Head – Retail Distribution Strategy**

Mr. Rao holds a bachelor's degree in engineering and a master's in business administration from the University of Pune. He has about 11 years of experience in the field of banking. Prior to joining our Bank in 2014, he was associated with ING Vysya Bank, Ratnakar Bank and ICICI Bank.

**Ajit Kumar K.****Chief Credit Officer**

Mr. Kumar holds a master's degree in Commerce from the University of Calicut and is an Associate of Indian Institute of Bankers. He has more than three decades of banking experience, which includes his association with Exim Bank and State Bank of India.

**Kurian George****Business Head – Kerala**

Mr. George holds a bachelor's degree in science from the University of Calicut and a diploma in End-User Computing and Executive Skills from the Council of Education and Training, First Computers. He is an associate of the Indian Institute of Banking and Finance. He has been associated with our Bank since 1981 and has about 34 years of experience in the field of banking.

**Ajith Prabhakar****Business Head – Chennai & Coimbatore**

Mr. Prabhakar holds a bachelor's degree in commerce from the University of Calicut and a master's degree in commerce from the University of Kerala. He has been an associate of the Indian Institute of Bankers since 1988. He has about 34 years of experience in the field of banking and is associated with our Bank since 1981.

Senior Management (Contd.)



Subhasis Banerjee

Head - SME

Mr. Banerjee holds bachelor of science and bachelor of arts degrees from University of Calcutta. He has several years of experience in the field of banking. Prior to joining our Bank, he was associated with China Trust Commercial Bank as Country Head, India. He has been associated with our Bank since 2013.



Rabin Rajeev Stephen

Head - Transaction Banking & Structured Lending

Mr. Stephen holds a bachelor's degree in chemical engineering from Annamalai university and a master's in business management from University of Madras. He has about 15 years of experience in commercial banking/financial industry. His past associations include ING Vysya Bank Ltd, Royal Bank of Scotland, ICICI Lombard and CitiBank, among others.



Mr. Sijo Varghese

Company Secretary

Mr. Varghese holds a bachelor's degree in commerce from the University of Calicut, and a bachelor's degree in law from the Mahatma Gandhi University. He is an associate of the Institute of Company Secretaries of India. He has about seven years of experience in the field of banking. Prior to joining our Bank in 2007, he was associated with M/s Kerala Ayurveda Limited.

Directors' Report

Dear Members,

We, the Directors of The Catholic Syrian Bank present herewith the 94th Annual Report of our Bank along with the Audited Balance Sheet as at 31st March, 2015 and Profit and Loss Account for the financial year ended 31st March, 2015.

Business Overview

In FY 2014-15, the Bank has posted an Operating Profit of ₹ 50.08 Crore (FY 2013 – 14 ₹ 95.34 Crore) and reported a Net Loss of ₹ 53.17 Crore (Net Profit for FY 2013 – 14 ₹ 26.88 Crore).

Total Assets have increased by ₹ 446.72 Crore and reached ₹ 15762.27 Crore as on 31st March, 2015 (₹15315.55 Crore as on 31st March, 2014).

Total Deposits have increased by ₹ 800.63 Crore and Net Advances have increased by ₹ 764.60 Crore. The Bank has achieved the overall Priority Sector Lending (PSL) target as prescribed by the Reserve Bank of India (RBI).

The Net Interest Margin (NIM) has decreased to 2.27% in FY 2014-15 from 2.58% in FY 2013-14, and the Current and Savings Accounts (CASA) ratio stood at 18.00% as on 31st March, 2015.

The Bank's total cost increased due to the increase in wage arrears provision, increase in depreciation as per Companies Act, 2013, and increase in the number of staff. Although the stock market sentiment has improved, the overall economic conditions are yet to reflect an uptrend. The Banking industry continues to be under pressure due to rising NPAs and restructured loans which have dented our profitability during the period under review.

There is no change in the nature of business of the Bank for the year under review.

Financial Summary

The financial performance of the Bank for the fiscal 2014-15 is as given below:

(₹ in Crore)		
Particulars	March 31 st , 2015	March 31 st , 2014
Deposits	14474.49	13673.86
Borrowings	45.45	555.54
Advances	9471.96	8707.36
Total Assets/Liabilities	15762.27	15315.55
Net Interest Income (NII)	355.98	379.20
Non Interest Income	127.34	117.33
Operating Profit	50.08	95.34
Provisions and Contingencies	132.24	54.60
Profit before Tax	(82.16)	40.74
Provision for taxes	(28.99)	13.86
Net Profit	(53.17)	26.88
Add: Surplus/(Deficit) brought forward from last period	1.42	0.00
Amount available for appropriation	(51.75)	26.88
Appropriation		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	0.00	6.72
Capital Reserve	15.26	13.26
Investment Reserve	0.00	(1.58)
General Reserve	0.00	1.58
Charity Fund	0.00	0.03
Proposed Dividend and Tax thereon	0.00	4.90
Balance carried over to Balance Sheet	(67.01)	1.97

Directors' Report Continued

Particulars	(₹ in Crore)	
	March 31 st , 2015	March 31 st , 2014
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – II	11.05	11.25
Capital Adequacy Ratio (CRAR)% Basel – III	11.00	11.00
Earnings per share (in ₹)	(10.50)	5.52
Book value per share (in ₹)	147.25	184.01
Net Interest Margin%	2.27	2.58
Cost-Income Ratio%	89.64	80.80
Return On Assets (ROA)%	(0.34)	0.18
Return On Equity (ROE)%	(8.18)	4.49

Dividend

In view of the loss reported for the period under review, the Board of Directors of the Bank express their inability to recommend a dividend for the same period.

Transfer to Reserve

The Bank has transferred the following amounts to various reserves during the financial year ended March 31st, 2015.

Amount transferred to	₹ in Crore
Statutory Reserve	0.00
Capital Reserve	15.26
Investment Reserve	0.00

Material Changes and Commitments Affecting The Financial Position of the Bank

There are no material changes and commitments, affecting the financial position of the bank which has occurred between the end of the financial year of the Bank i.e. March 31st, 2015 and the date of the Directors' report i.e. July 28th, 2015.

Paid-Up Capital and Free Reserves

As on March 31st, 2015, the Paid-up Equity Capital of the Bank stood at ₹ 60.34 Crore consisting of 60337625 shares of ₹ 10/- each.

The free reserves and surplus stood at ₹ 600.95 Crore as on March 31st, 2015 as against ₹ 430.67 Crore as on March 31st, 2014.

During the period under review, an amount of ₹ 0.93 Crore has been appropriated from the share premium account to write off the expenses incurred in connection with the issue

of shares in the same period. The appropriation from share premium was made as per Section 17(2) of the Banking Regulation Act, 1949 and Section 52(2)(c) of the Companies Act, 2013.

Capital Adequacy

As per the Basel II Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2015, is 11.05%. This is as against the minimum CRAR of 9% stipulated by the Reserve Bank of India. The Tier I CRAR stood at 9.27%, well above the minimum of 6%.

As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2015, is 11.00%. This is as against the minimum CRAR of 9% stipulated by the Reserve Bank of India. The Tier I and Common Equity CRAR stood at 9.26%, well above the minimum of 7% and 5.5%.

Further Issue of Share Capital

Issue Shares on Preferential Allotment Basis

On October 14th, 2014, the Bank had successfully allotted under preferential allotment basis 3406094 equity shares @ ₹ 180/- per share (inclusive of premium of ₹ 170/- per share) to eleven investors aggregating ₹ 61,30,96,920/-.

Allotment of Shares on Rights Basis

On March 27th, 2015, the Bank had successfully allotted 15084406 equity shares of ₹ 10/- each to its existing shareholders in the ratio of 1 rights equity share for every 3 shares of the face value of ₹ 10/- each held by such equity shareholders, at a price of ₹ 75/- per share (inclusive of premium of ₹ 65/- per share), aggregating ₹ 113.13 Crore.

The Bank has utilised the proceeds of the issue of equity shares to augment the long term Tier I capital base of the Bank to meet the business plan requirements and to comply with the regulatory requirements on capital adequacy.

Initial Public Offering and Listing of Shares

Our Bank is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its equity shares and has filed a Draft Red Herring Prospectus (DRHP) dated March 30th, 2015 with the Securities and Exchange Board of India (SEBI) and has received the final observations from SEBI vide its letter dated 23rd June, 2015.

The Bank has also sought approval of the Foreign Investment Promotion Board (FIPB), Government of India for increasing the limit of aggregate foreign shareholding (from all Non-residents including FPIs, FIIs, FVCIs and NRIs) up to 74% of its paid up share capital as permissible under the present DIPP guidelines, in view of the proposed IPO (and pre-IPO placement, if undertaken).

Issue of Equity Shares with Differential Voting Rights

As on the date of this Report, our Bank has not issued any equity shares with differential voting rights.

Issue of Sweat Equity Shares

As on the date of this Report, your Bank has not issued any sweat equity shares.

Employees Stock Option Scheme

Pursuant to the requisite approval, our Bank has formulated a stock option scheme called “CSB Employees Stock Option Scheme 2013”(“ESOS 2013” or “Scheme”). The scheme is to offer long-term share-based employee benefits as performance incentive to select employees, enable value creation for shareholders by aligning employees’ interests with that of the Bank, and to attract, retain, and motivate high-quality talent.

The scheme will be administered by the Nomination & Remuneration Committee of the Board of Directors. Under the Scheme, the Bank can offer, issue, and allot Equity Shares not exceeding 5% of the issued Equity Shares of the Bank at any point of time.

As on March 31st, 2015, no options have been granted under the Scheme. Hence the disclosure required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are not applicable to our Bank for the current year. No stock options were issued to the directors of the Bank during the year.

Buy-Back of Shares or Provision of Financial Assistance for purchase of the Bank’s Shares

The Bank has not effected any buy-back of its shares or provided any financial assistance for purchase/ subscription of its shares, to any persons including directors and employees of the Bank in terms of Section 67 of the Companies Act, 2013.

Redemption of CSBL Bonds

During the period under review, three series of CSBL bonds aggregating ₹ 65.70 Crore were due for redemption and the same were redeemed on the respective due dates

Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to our Bank.

Subsidiary Company

The Bank does not have any subsidiaries, joint ventures or associate companies.

Risk Management Policy

In conformity with RBI guidelines, our Bank has evolved a robust Operational Risk Management Policy. This policy provides the framework to identify, assess, monitor, control, and report operational risks which arise out of the failure of internal processes, people, systems, and on account of external events. The policy is implemented in an uninterrupted, reliable and comprehensive manner across the entire Bank.

Vigil Mechanism

The Audit Committee of the Board shall oversee the vigil mechanism through the Committee processes and the Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns.

Directors' Report Continued

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

Internal Financial Control Systems and their Adequacy

Our Bank had laid down a set of standards, processes and structure which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively.

Corporate Governance

Our Bank continues its endeavour to adopt the best prevalent Corporate Governance Practices.

A separate section on Corporate Governance standards followed by our Bank is enclosed as an Annexure to this report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

Particulars of Loans, Guarantees or Investments by the Bank

Not applicable being a banking company.

Particulars of contracts or arrangements with related parties

All transactions with related parties are in the ordinary course of business and on arm's length basis; and there are no material contracts or arrangements or transactions which are not on an arm's length basis and requiring disclosure in form AOC-2.

Corporate Social Responsibility (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Bank has constituted the Corporate Social Responsibility (CSR) Committee.

The Corporate Social Responsibility Committee shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (b) recommend the amount of

expenditure to be incurred on the activities as part of the CSR activities of the Bank and (c) monitor the Corporate Social Responsibility Policy of the Bank from time to time.

The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities form part of this report as [Annexure- I](#).

Auditors

a) Statutory Auditors

The Joint Statutory Central Auditors viz. M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai and M/s. Varma & Varma, Chartered Accountants, Kochi, who were appointed at the 93rd Annual General Meeting held on September 26th, 2014 are retiring at the ensuing Annual General Meeting and are eligible for re-appointment as per the guidelines of the Reserve Bank of India (RBI).

M/s. Varma & Varma, Chartered Accountants have expressed their desire to step down as auditors of the bank at the conclusion of the ensuing Annual General Meeting, in tune with the rotation policy of the RBI as applicable to PSU banks, and intimated that they may not be considered for re-appointment for the year 2015-16.

The Bank has received the consent from M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made hereunder. Accordingly, the Board of Directors has recommended the re-appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Statutory Auditors of the Bank to hold office from the conclusion of the AGM till the conclusion of the next AGM on remuneration to be decided by the Board or Committee thereof subject to the shareholders' approval.

There are no Audit Qualifications in the Statutory Auditors' Report as annexed elsewhere in this Annual Report.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, our Bank appointed M/s SVJS & Associates, Company Secretaries, Kochi as its Secretarial Auditors to conduct the secretarial audit of the Bank for the FY 2014-15. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report as [Annexure II](#).

Explanation for Secretarial Auditors observation in the Secretarial Audit Report

The Secretarial Auditors of the Bank have made the following observation in their Report:

“Basis of observation

Clause 29 A of the Listing Agreement for Debt Securities states that the unaudited or audited financial results shall be furnished within 45 days from the end of the half-year to the exchange. Clause 29B of the Listing Agreement states that the annual audited results shall be furnished within 60 days from the end of the financial year to the exchange.

Observation

- a) *Half-yearly audited financial results not furnished to the stock exchange within 45 days from the end of the half-year.*
- b) *Annual audited results not furnished to stock exchange within 60 days from the end of the financial year. “*

Board's Explanation on The Above Observation

The delay in furnishing the results to the National Stock Exchange was already intimated to them in advance, prior to the respective due dates and extension of time had been sought. Necessary steps will be taken to avoid similar instances of delay in the future.

Investor Education and Protection Fund (IEPF)

As per Section 205 (B) of the Companies Act, 1956, dividend unclaimed for more than seven years from the date of declaration has to be transferred to Investor Education and Protection Fund. On 3rd November, 2014, the Bank had transferred ₹ 7,56,601/-to the above Fund, being the unclaimed dividend for the financial year 2006-07.

Details of Directors/Employees Remuneration

The details of Directors/Employees remuneration, etc. as required under Sec 197(12) of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as [Annexure-III](#).

Directors**Re-appointment Directors**

At the 93rd Annual General Meeting of the Bank held on September 26th, 2014, Shri. C.K. Gopinathan was re-appointed as Director of the Bank liable to retire by rotation.

Appointment of Independent Directors

At the 93rd Annual General Meeting of the Bank held on September 26th, 2014, Directors Shri. K. Ipe Peter, Shri. Bobby Jose C, Shri. S. Ramakrishnan, Smt. Radha Unni, Shri. Sumeer Bhasin and Shri. M. Madhavan Nambiar were appointed as Independent Directors for a period of two years effective from the date of the Annual General Meeting to comply with the provisions of Section 149 of the Companies Act, 2013. The performance of the Independent Directors is subject to evaluation as per Section 149(8) of the Companies Act, 2013 and read with Schedule IV to the said Act. All Independent Directors have confirmed having complied with the criteria of independence as provided in 149(7) of the Companies Act, 2013.

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, a company is required to have at least one woman Director on the Board. Our Bank has appointed Ms. Radha Unni as Director on the Board of the Bank since September, 2011.

Resignation of Directors

Shri. K. Ipe Peter and Shri. Ajay Lal resigned as Directors of the Bank on September 26th, 2014 and June 10th, 2015 respectively. Shri. Ajay Lal had been on the Board of our Bank since September 13th, 2007 and he was the senior-most director in the Bank.

Directors' Report Continued

The Board places on record its appreciation of the commendable services and guidance rendered by Shri. K. Ipe Peter and Shri. Ajay Lal during their tenure as Directors of the Bank.

RBI Nominee Directors

Reserve Bank of India has appointed Shri. V.G.Venkatachalapathy as Additional Director (RBI Nominee) on the Board of the Bank with effect from March 13th, 2015 in place of Shri. V.Seshadri who ceased to be Additional Director on the Board of the Bank since January 23rd, 2011.

The Board places on record its appreciation of the valuable guidance and support extended by Shri. V. Seshadri during his tenure as Additional Director (RBI Nominee).

Reserve Bank of India vide order dated May 18th, 2015 has extended the term of appointment of Shri. K. Neethi Ragavan as Additional Director with effect from May 23rd, 2015 till further orders as his earlier tenure of appointment as Additional Director expired on May 22nd, 2015.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Shri. T. S. Anantharaman, Director, being longest in the office since the last re-appointment shall retire at the ensuing AGM. He being eligible for re-appointment, offers himself for re-appointment.

The detailed profile of all the directors recommended for appointment/reappointment in this Annual General Meeting are mentioned in the Report on Corporate Governance / notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013.

Managing Director & CEO

Shri. Anand Krishnamurthy, Head of Wholesale Banking & Treasury of the Bank has been appointed as the Managing Director & CEO of the Bank for a period of one year effective from July 4th, 2015 with the approval of the Reserve Bank of India, in the place of Shri. Rakesh Bhatia who had resigned as Managing Director & CEO of the Bank with effect from March 20th, 2015. During the interregnum, the Board of Directors had authorised Shri. Anand

Krishnamurthy, Head of Wholesale Banking & Treasury to look after the day-to-day administrative affairs of the bank under a sub-committee of the Board. The Committee had been empowered to exercise the powers of the Managing Director & CEO till the new incumbent assumed office. The said interim arrangement made as per Section 10(B)(9) of the Banking Regulation Act, 1949 had been approved by Reserve Bank of India, and was discontinued from July 4th, 2015 onwards upon the new incumbent Shri. Anand Krishnamurthy assuming office as Managing Director & CEO of the Bank.

The Board places on record its appreciation of the valuable contributions and services of Shri. Rakesh Bhatia during his tenure as the Managing Director & CEO of the Bank.

Appointment/ Changes in Key Managerial Personnel

Shri. Anand Krishnamurthy, Managing Director & CEO, Shri. P.V.Antony, Chief Financial Officer and Shri. Sijo Varghese, Company Secretary of the Bank are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

None of the Key Managerial Personnel other than Shri. Rakesh Bhatia, Managing Director & CEO resigned during the year under review. The resignation of Shri. Rakesh Bhatia had been accepted by the Board with effect from March 20th, 2015.

Shri. P.V. Antony, Chief Financial Officer and Shri. Sijo Varghese, Company Secretary of the Bank have been holding the respective offices before the commencement of the Companies Act, 2013. To meet the requirements to appoint Key Managerial Personnel as per the Companies Act, 2013, the necessary forms have been filed with the Ministry of Corporate Affairs pursuant to the resolution passed by the Board appointing both of them as Key Managerial Personnel.

Board and Its Committees

Number of Meetings of The Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain decisions are taken by Board through circulation from time to time.

The Board met eighteen (18) times (which includes three adjourned meetings) during the FY 2014-15. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

Committees of The Board

The Bank has various sub-committees of the Board which have been formed as part of the best corporate governance practices and/or in compliance with the requirements of the relevant provisions of applicable laws and the regulatory prescriptions.

The Bank has the following Sub-Committees of the Board:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Corporate Social Responsibility Committee
4. Risk Management Committee
5. IT Strategy Committee
6. Stakeholders Relationship Committee
7. Customer Service Committee
8. Credit Committee
9. Management Committee
10. NPA Management Committee
11. IPO & Capital Raising Committee
12. Committee for Monitoring Large Value Frauds (CMF)
13. Performance Appraisal Committee

The details with respect to the compositions, powers, roles, terms of reference, etc. of the above committees are given in detail in the 'Report on Corporate Governance' of the Bank which forms part of this Annual Report.

Performance evaluation of the Board

The performances of the members of the Board other than independent Directors and the Board as a whole were evaluated at the meeting of the Independent Directors. The performance of the independent Directors will be reviewed by the Board as provided for under Section 149 (8) read with Schedule IV of the Companies Act, 2013.

The Statement indicating the manner in which formal annual evaluation of the Directors and the Board are given in detail in the report on Corporate Governance, which forms part of this Annual Report.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Considering the nature of activities of the Bank, with respect to the provisions of Section 134 (3) (m) of the Companies Act, 2013 relating to conservation of energy and technology adoption, the Bank is constantly pursuing and making all-out efforts to achieve the desired goals as contained in the Act.

a) Conservation of Energy

All attempts are being made to reduce energy consumption to the maximum extent possible. As part of these measures, a few branches of the Bank have been switched over to solar power which is aimed at optimum utilisation of power in a cost-effective manner.

b) Technology Absorption

The required technology absorption is being made considering the nature of activities.

c) Foreign Exchange Earnings and Outgo

Foreign Exchange earnings and outgo are part of the normal banking business of the Bank. Being an Authorised Dealer in Foreign Exchange, the Bank has been taking all possible steps to augment export credit.

Other Disclosures

- a) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Bank's operations in future.
- (b) Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Our Bank has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman working in the Bank. The Policy provides for protection against sexual harassment of women at the workplace and for prevention and redressal of such complaints.

Number of complaints pending as on the beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the year	Nil
Number of complaints pending as on the end of the financial year	Nil

Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31st, 2015 forms part of this report as **Annexure IV**.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013, it is hereby confirmed that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis.

(e) The directors have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.

(f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board of Directors places on record its gratitude to the Reserve Bank of India, Ministry of Corporate Affairs, The Securities and Exchange Board of India, and other Government and regulatory authorities for their continued support and guidance.

The Board acknowledges with thanks its esteemed shareholders, bondholders and business associates for their encouragement, support and assistance.

The Board of Directors wishes to place on record its appreciation for the dedicated services rendered by the members of the staff at all levels. The Board looks forward to their continued dedicated and sincere services to take the Bank to greater heights.

The Directors wish to record their deep sense of obligation and gratitude to all the customers and well-wishers of the Bank for their patronage and look forward to continuing this mutually supportive relationship in future as well.

Thrissur
July 28, 2015

By Order of the Board
Sd/-
S. Santhanakrishnan
Chairman
(DIN: 00032049)

ANNEXURE I

The Annual Report on CSR Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

(a) CSR policy

The CSR policy of the Bank aims to identify and support all projects/programs undertaken as part of the Bank's Corporate Social Responsibilities within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

(b) Overview of projects or programs proposed to be undertaken

The Bank will undertake projects/programs in line with Schedule VII of the Act as detailed below.

1. Empowering through Sustainable Livelihood Initiatives (SLI)
2. Financial Literacy and Inclusion
3. Promoting Education
4. Skill Training and Livelihood Enhancement
5. Promoting Blood Donation
6. Environmental Sustainability
7. Eradicating Poverty
8. Rural Development
9. Slum Area Development

(c) Web-link to the CSR policy

<http://www.csb.co.in/uploadedfiles/customimages/CSB - CSR Policy.pdf>

2. The Composition of the CSR Committee

Our Bank has constituted a Corporate Social Responsibility Committee to monitor the CSR activities. Members of the committee are:

1	Shri. S. Ramakrishnan	Chairman of the Committee (Independent Director)
2	Shri. C. K. Gopinathan	Non-Independent Director
3	Shri. T. S. Anantharaman	Non-Independent Director
4	Shri. Bobby Jose C	Independent Director

3. Average Net Profit of the Company for the Last 3 Financial Years.

₹ 28.48 Crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

₹ 56.96 Lakhs

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year:
₹ 56.96 Lakhs

(b) Amount unspent, if any: ₹ 50.96 Lakhs

(c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency *
1.	Setting up homes for the weaker sections	Slum area development	Local Area, Thrissur District, Kerala	6 Lakhs	6 Lakhs	6 Lakhs	Implementing agency - Slum Service Centre, Archdiocese of Thrissur, Kerala

* Bank contributed to the project undertaken by the Slum Service Centre, Archdiocese of Thrissur, Kerala.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

In the FY 2014-15, the Bank could not identify many projects/nor received proposals from institutions with an established track record of at least 3 financial years in undertaking similar projects or programs. Our Bank is in the process of identifying more projects/

Sd/-
Anand Krishnamurthy
Managing Director & CEO
(DIN: 01514838)

activities as part of the CSR policy adopted by the Bank. Having spent towards CSR as detailed above as per Section 135 of the Companies Act, 2013, this year our Bank remains committed to increase its CSR reach and spend over the coming years, supplemented by its continued focus towards sustainable development and responsible banking.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and the policy of the Bank.

Sd/-
S. Ramakrishnan
(Chairman-CSR Committee)
(DIN: 02255401)

ANNEXURE II

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
THE CATHOLIC SYRIAN BANK LTD.
Head Office, "CSB Bhavan",
Post Box No.502, St. Mary's College Road,
Thrissur - 680020

We, SVJS & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. The Catholic Syrian Bank Ltd. [CIN: U65191KL1920PLC000175] (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the M/s. The Catholic Syrian Bank Ltd.'s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. The Catholic Syrian Bank Ltd. ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

(i) The Companies Act, 2013 and the Companies Act, 1956 (to the extent applicable) (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder to the extent applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

(vi) As informed to us, the following other laws are specifically applicable to the Company.

1. Banking Regulation Act, 1949 and Banking Regulation (Companies) Rules, 1949 (as amended from time to time).
2. Master Circular on exposure norms and financial statements.
3. Reserve Bank of India Act, 1934
4. The Banking Ombudsman Scheme, 2006
5. The Bankers' Books Evidence Act, 1891
6. The Banking Companies (Period of Preservation of Records) Rules, 1985

7. The Negotiable Instruments Act, 1881
8. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002
9. The Limitation Act, 1963
10. Prevention of Money Laundering Act, 2002 and The Prevention of Money-laundering (Maintenance of Records) Rules, 2005

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards relating to General and Board Meeting Minutes issued by The Institute of Company Secretaries of India. (not applicable during the period under review)
- (ii) Listing Agreement for Debt Securities entered into by the Company with National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (a) *Half yearly audited financial results not furnished to stock exchange within 45 days from the end of the half year*
- (b) *Annual audited results not furnished to stock exchange within 60 days from the end of the financial year*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of public issue of securities or preferential issue of debentures/sweat equity, buy back of securities, Merger / amalgamation / reconstruction, etc. or Foreign technical collaborations.

During the period, the following issues have taken place:

Sr. No.	Method of Issue	Mode of approval	Date of publication of results/issue	Number of Shares Issued/ Amount
1	Preferential Issue	Postal Ballot	Date of publication of results: 18.08.2014	87,44,090 shares (Actual shares allotted : 3406094)
2	Rights Issue	Extraordinary General Meeting	Date of EGM - 19.02.2015	To issue or allot all or any of the remaining unissued shares being 74746781 equity shares. (Actual number of shares offered :15084406)

The following securities were redeemed during the period:

Sr. No.	Nature of Bonds	Principal Amount	Rate of Interest	Date of Issue	Date of Redemption
1	CSBL Bonds 2005	₹ 4000 Lakhs	8.75%	21.12.2005	21.04.2014
2	CSBL Bonds 2004 Series I	₹ 1000 Lakhs	7.35%	30.06.2004	30.06.2014
3	CSBL Bonds 2004 Series II Option II	₹ 1570 Lakhs	8.00%	08.11.2004	08.11.2014

A resolution was passed under Section 180 (1) (c) of the Companies Act, 2013, through a postal ballot conducted in August, 2014 authorizing the Board of Directors to borrow upto ₹ 1000 Crore over and above the paid up capital and free reserves of the Company.

For SVJS & Associates
Company Secretaries

Sd/-
CS Vincent P.D.
Partner
CP No: 7940
FCS: 3067

Kochi
June 30, 2015

ANNEXURE III

Particulars Pursuant to Section 197(12) of The Companies Act, 2013 Read with Companies (Appointment And Remuneration of Managerial Personnel), Rules 2014

Disclosure as per Rule 5(1) –The ratio of the remuneration of each director to the median employee's remuneration and other details:

Sr. No.	Requirements	Disclosure
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the financial year 2014-15	Managing Director & CEO Shri. Rakesh Bhatia 13.32 : 1 (From 01.04.2014 to 19.03.2015)
(ii)	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year 2014-15	Managing Director & CEO Shri. Rakesh Bhatia (6.57%) (From 01.04.2014 to 19.03.2015) Shri. P.V Antony (CFO) 16.59% Shri. Sijo Varghese (CS) 21.11%
(iii)	The percentage increase in the median remuneration of employees in the financial year 2014-15	2.11
(iv)	The number of permanent employees on the rolls of the Bank as on March 31 st , 2015	There were 3,031 employees as on March 31 st , 2015.
(v)	The explanation on the relationship between average increase in remuneration and performance of the Bank	The Bank follows a holistic performance review mechanism. The all-round performance of the employees is factored in while recommending any increase in remuneration.
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank	The Bank incurred a net loss for the year. However, the remuneration of the Key Managerial Personnel also takes into account the overall performance of the individual.
(vii)	Variations in the market capitalisation of the Bank, price earnings ratio as on 31 st March, 2015 and 31 st March, 2014 at the closing date of the current FY and previous FY and the variations in the networth of the Bank as on 31 st March, 2015 and 31 st March, 2014. Percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer.	Since the Bank's shares are not listed, the price earnings ratio is not available. However, the Earnings Per Share (EPS) of the Bank for the year 2013-14 was ₹ 6.24. The Bank incurred a net loss for the year 2014-15. Over the same period, net worth of the Bank has moved from ₹ 619.55 Crore to ₹ 679.86 Crore mainly on account of the share capital issue
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2014-15 and its comparison with the percentile increase in the managerial remuneration and justification thereof point out if there are any exceptional circumstances for increase in the managerial remuneration.	The percentage increase in the remuneration of the managerial personnel is often more than the percentage increase in the salary of the employees other than the managerial personnel, mainly on account of the managerial role and responsibilities shouldered by the former category.
(ix)	Comparison of the remuneration of each Key Managerial Personnel against the performance of the Bank	The Bank has incurred a net loss for the year and hence a remuneration paid to Key Managerial Personnel is not comparable with the performance of the Bank.
(x)	The key parameters for any variable component of remuneration availed by the directors	Bonus paid to the Managing Director & CEO is linked to the Bank's performance in terms of profits.
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No employee of the Bank has received remuneration in excess of the highest paid director (Managing Director & CEO) during the year.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Affirmed

The remuneration for the purpose of this table includes Gross Salary only.

ANNEXURE III

Disclosure as per Rule 5(2) –List of employees drawing remuneration of not less than ₹ 60 lakhs per annum or ₹ 5 lakhs per month

Sr	Name of the employee	Date of Joining	Designation	Qualification	Age	Experience Years	Remuneration ₹	Last employment	No. of shares held if any	Relationship with Director
1.	Rakesh Bhatia (Demitted office w.e.f.20.03.2015)	1/4/2013	Managing Director & CEO	B.Com (Hons.), PGDBM (IIM-Ahmedabad), AISSCE (Cambridge School, New Delhi)	52	27	7007143.00*	Senior Executive, Special Projects, Latin America-HSBC, Hong Kong	265277	Nil
2.	Anand Krishnamurthy	7/4/2014	Head - Wholesale Banking And Treasury	B. Tech., Post Graduate Diploma in Management	47	21	6360200.00*	HSBC Bank as Head of Balance Sheet Management - Asia Pacific	4444444	Nil
3.	Bharath Mani	4/4/2014	Head - Retail Marketing and Product Management	B A, P G D B M	44	18	6416075.40*	Royal Bank of Scotland as Head - Branch Banking, India	666	Nil

*Employed for a part of the year only

1. Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Bonus (if any), Bank's contribution towards Provident Fund, Gratuity and Monetary value of perquisites as per Income Tax Rules.
2. Nature of employment in all the above cases, is contractual.

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details

i) CIN	U65191KL1920PLC000175
ii) Registration Date	November 26 th , 1920
iii) Name of the Company	The Catholic Syrian Bank Limited
iv) Category / Sub-Category of the Company	Public Company Limited by Shares
v) Address of the Registered Office and contact details	'CSB Bhavan', St. Mary's College Road, Post Box No. 502, Thrissur – 680 020, Kerala, India. Tel.: 0487 2333020 Fax: 0487 2338764, 2333435 Email: board@csb.co.in Website: www.csb.co.in
vi) Whether listed company Yes / No	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	S.K.D.C. Consultants Limited Category I Registrars and Share Transfer Agents CIN: U74140TZ1998PLC008301 Kanapathy Towers, 3 rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Tel.: 422 6549995, 2539835-836 Fax: 422 2539837 Email: info@skdc-consultants.com Website: www.skdc-consultants.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	BANKING	64191	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks/ FI	-	-	-	-	-	-	-	-	-
(f) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/ FI	-	-	-	-	-	-	-	-	-
(e) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/ FI	2089246	-	2089246	4.99	2785661	-	2785661	4.62	(0.37)
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs and QFI	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
(a) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
(b) Trust	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	2089246	-	2089246	4.99	2785661	-	2785661	4.62	(0.37)
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	9663947	871237	10535184	25.18	15094825	1290621	16385446	27.15	1.97
(ii) Overseas	-	6256179	6256179	14.95	-	6256179	6256179	10.37	(4.58)
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakhs	802936	7284503	8087439	19.33	1394758	8523239	9917997	16.44	(2.89)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakhs	3434841	1243936	4678777	11.18	7538609	2276249	9814858	16.26	5.08

Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Others (specify)									
(c-i) Trusts	-	183860	183860	0.44	-	265144	265144	0.44	0.00
(c-ii) Directors & Relatives	2145885	41060	2186945	5.22	3521439	66733	3588172	5.95	0.73
(c-iii) Non Resident Indians	184256	7628449	7812705	18.67	2261211	9004557	11265768	18.67	0.00
(c-iv) Hindu Undivided Families	16790	-	16790	0.04	58400	0	58400	0.10	0.06
Sub-total (B) (2)	16248655	23509224	39757879	95.01	29869242	27682722	57551964	95.38	0.37
Total Public Shareholding (B) = (B)(1)+(B)(2)	18337901	23509224	41847125	100	32654903	27682722	60337625	100	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18,337,901	23,509,224	41,847,125	100	32,654,903	27,682,722	60,337,625	100	-

ii. Shareholding of Promoters

Not applicable since our Bank does not have an identifiable promoter.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Not applicable since our Bank does not have an identifiable promoter.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason for change			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	YUSUFF ALI M.A.			2083792	4.980	2083792	4.980
	Add	14.10.2014	Preferential Issue	172000	0.380	2255792	4.985
	Add	27.03.2015	CSB Rights Issue 2015	751930	1.246	3007722	4.985
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			-	-	3007722	4.985
2	THE FEDERAL BANK LIMITED			2089246	4.993	2089246	4.993
	Add	27.03.2015	CSB Rights Issue 2015	696415	1.154	2785661	4.617
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			-	-	2785661	4.617
3	A T INVOFIN INDIA PVT LTD			1873672	4.477	1873672	4.477
	Add	27.03.2015	CSB Rights Issue 2015	624557	1.035	2498229	4.140
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			-	-	2498229	4.140
4	AIF CAPITAL DEVELOPMENT LTD			2085393	4.983	2085393	4.983
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			N.A	N.A	2085393	3.456
5	GPE III MOURITIUS DIRECT INVESTMENT LTD			2085393	4.983	2085393	4.983
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			N.A	N.A	2085393	3.456
6	SIGULER GUFF BRIC MAURITIUS			2085393	4.983	2085393	4.983
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			N.A	N.A	2085393	3.456

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason for change			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	AGNUS CAPITAL LLP			Nil	N.A	Nil	N.A
	Add	14.10.2014	Preferential Issue	627333	1.386	627333	1.386
	Add	27.03.2015	CSB Rights Issue 2015	1454521	2.411	2081854	3.450
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			-	-	2081854	3.450
8	EDELWEISS FINANCE AND INVESTMENTS LTD			1913452	4.572	1913452	4.572
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			N.A	N.A	1913452	3.171
9	ANITHA P V			847	0.002	847	0.002
	Add	27.03.2015	CSB Rights Issue 2015	1840954	3.051	1841801	3.052
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			-	-	1841801	3.052
10	LAL ARAKULATH SANKAPPA			Nil	N.A	Nil	N.A
	Add	06.06.2014	Transfer	1317681	3.149	1317681	3.149
	Add	27.03.2015	CSB Rights Issue 2015	439227	0.728	1756908	2.912
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)			-	-	1756908	2.912

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and Key Managerial Personnel - Name, Date & Reason for change			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	S. Santhanakrishnan			6800	0.016	6800	0.016
	Add	27.03.2015	CSB Rights Issue 2015	2266	0.004	9066	0.015
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					9066	0.015
2	Ajay Lal			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					Nil	N.A
3	S. Ramakrishnan			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					Nil	N.A
4	C. K. Gopinathan			858043	2.050	858043	2.050
	Add	14.10.2014	Preferential Issue	920000	2.033	1778043	3.929
	Add	27.03.2015	CSB Rights Issue 2015	592681	0.982	2370724	3.929
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					2370724	3.929
5	Bobby Jose C			876	0.002	876	0.002
	Add	19.02.2015	Transmission	11280	0.025	12156	0.027
	Add	27.03.2015	CSB Rights Issue 2015	6000	0.010	18156	0.030
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					18156	0.030

Sr. No.	For Each of the Directors and Key Managerial Personnel - Name, Date & Reason for change			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	T. S. Anantharaman			241520	0.577	241520	0.577
	Add	27.03.2015	CSB Rights Issue 2015	90000	0.149	331520	0.549
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					331520	0.549
7	Sumeer Bhasin			17000	0.041	17000	0.041
	Add	27.03.2015	CSB Rights Issue 2015	10000	0.017	27000	0.045
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					27000	0.045
8	K. Subrahmanya Sarma			730	0.002	730	0.002
	Add	27.03.2015	CSB Rights Issue 2015	10000	0.017	10730	0.018
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					10730	0.018
9	Radha Unni			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					Nil	N.A
10	M. Madhavan Nambiar			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					Nil	N.A
11	V.G Venkatachalapathy, Addl. Director - RBI Nominee			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2015)					Nil	N.A
12	K. Neethi Ragavan, Addl. Director - RBI Nominee			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					Nil	N.A
13	K. Ipe Peter			730	0.002	730	0.002
	At the end of the year (or on the date of separation, if separated during the year) (resigned on 26.09.2014)					730	0.002
14	V. Seshadri			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (ceased to be a director on 13.03.2015)					Nil	N.A
15	Rakesh Bhatia			198958	0.475	198958	0.475
	At the end of the year (or on the date of separation, if separated during the year) (resigned on 19.03.2015)					198958	0.44
16	P.V Antony, Chief Financial Officer			400	0.001	400	0.001
	Add	27.03.2015	CSB Rights Issue 2015	133	0.0002	533	0.001
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					533	0.001
17	Sijo Varghese, Company Secretary			Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2015)					Nil	N.A

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Crore

Particular	Secured Loan excluding deposit	Unsecured Loan	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	555.54	-	555.54
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	8.38	-	8.38
Total		563.92	-	563.92
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction (net)	-	515.19	-	515.19
Net Change	-	515.19	-	515.19
Indebtedness at the end of the financial year				
i. Principal Amount	-	45.45	-	45.45
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	3.28	-	3.28
Total	-	48.73	-	48.73

*Deposits received by the Bank are in the ordinary course of business does not amount to deposits in terms of the provisions of the Companies Act, 2013, hence, not included hereinabove.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

Sr. No	Particulars of Remuneration	Total Amount
	Name of Managing Director & CEO : Rakesh Bhatia	
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (including Bonus)	6,322,715.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil
2.	Stock Option (Nos)	Nil
3.	Sweat Equity	Nil
4.	Commission	Nil
	- as% of profit	
	- others, specify...	
5.	Others	
	- LFC	300,000.00
	- PF	384,428.00
	Total	7,007,143.00
Ceiling as per the Act		Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.

* For the period from 01.04.2014 to 19.03.2015.

B. Remuneration to other directors:

(₹)			
Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Fee for attending Board/ Committee Meetings	Shri. Bobby Jose C	480,000
		Shri. Sumeer Bhasin	240,000
		Smt. Radha Unni	550,000
		Shri. S Ramakrishnan	600,000
		Shri. Madhavan Nambiar M	370,000
		Shri. Ipe Peter (up to 26.09.2014)	210,000
	• Commission		-
	• Others		-
	Total (1)		24,50,000
2	Other Non-Executive Directors		
	• Fee for attending Board/ Committee Meetings	Shri. S Santhanakrishnan	590,000
		Shri. Ajay Lal	320,000
		Shri. T.S. Anantharaman	510,000
		Shri. C.K Gopinathan	500,000
		Shri. K. Subrahmanya Sarma	760,000
		Shri. V. Seshadri (Addl. Director - RBI Nominee) (up to 13.03.2015)	510,000
		Shri. K. Neethi Ragavan (Addl. Director - RBI Nominee)	-
		Shri. V.G. Venkatachalapathy (Addl. Director - RBI Nominee)	-
	• Commission		-
	• Others		-
	Total (2)		31,90,000
	Total (B) = (1)+(2)		56,40,000
	Total Managerial Remuneration (A)+(B)		1,26,47,143.00
Overall Ceiling as per the Act		Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.	

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹)

Sr. No	Particulars of Remuneration	CFO	Company Secretary	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (including bonus)	13,57,733.00	9,44,441.00	23,02,174.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option (Nos)	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as% of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	13,57,733.00	9,44,441.00	23,02,174.00

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalties / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. Company					
Penalty			Nil		
Punishment					
Compounding					
B. Directors					
Penalty			Nil		
Punishment					
Compounding					
C. Other officers in default					
Penalty			Nil		
Punishment					
Compounding					

Report on Corporate Governance

Bank's Philosophy on Code of Governance

The Corporate Governance Philosophy of the Bank is to promote corporate fairness, transparency and accountability so as to maximise long-term value for all stakeholders. This philosophy is realised through the Bank's endeavour in working towards portfolio, operational and reputation excellence. Our Bank believes that sound corporate governance is critical to enhance and retain investor confidence. The Bank always seeks to follow the best practices in international corporate governance and in tune with the regulatory prescriptions. The Bank recognises the fact that they are the custodians of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and goodwill of the public at large. This approach will be central to the day-to-day functioning of our Bank and in implementation of its business strategy.

Board of Directors

Our Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013 and in accordance with best practices in Corporate Governance. The Board functions either as a full Board or through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational issues assigned to them by the Board.

The Bank, as on March 31, 2015, has a non-executive Part-time Chairman and eleven (11) other directors on its Board. Of the total directors on Board, 5 directors are Non-Executive Non-Independent Directors, 5 Directors are Non-Executive Independent Directors and 2 are RBI Nominee Directors. As on March 31, 2015, the position of the Managing Director & CEO was vacant as Shri. Rakesh Bhatia had resigned as Managing Director & CEO of the Bank with effect from March 20, 2015. However, in terms of Section 10 (B) (9) of the Banking Regulation Act, 1949, our Bank formed a committee of Directors to oversee the operations and administration of the Bank. The day-to-day management of the Bank was entrusted to Mr. Anand Krishnamurthy, Head of Wholesale Banking and Treasury Operations of our Bank under the superintendence, direction and control of the Committee of Directors. Shri. Anand Krishnamurthy was since appointed as Managing Director & CEO of the Bank

with effect from July 4, 2015 with the approval of Reserve Bank of India. Brief descriptions of the Directors as on 31st March, 2015 are furnished hereunder:

Mr. S. Santhanakrishnan (DIN 00032049) is the part-time Chairman of our Bank. He has been associated with our Bank as a Director since January 16, 2009 and as our part-time Chairman since August 17, 2010. He holds a bachelor's degree in science and a bachelor's degree in law. He has been a fellow of the Institute of Chartered Accountants of India for over 30 years and is a practicing Chartered Accountant. He is also a member of the Council (southern region) of the Institute of Chartered Accountants of India. He is currently associated with entities in the financial services, insurance and manufacturing sectors. He is also a member of various panels of the Ministry of Corporate Affairs. Prior to joining our Board, he was associated with Federal Bank Limited as a director till 2009. He is also a partner of PKF Sridhar & Santhanam LLP, Chennai, a firm of practicing Chartered Accountants.

Mr. Ajay Lal (DIN 00030388) is a non-executive Director of our Bank. He holds a bachelor's degree in technology (chemical engineering) from the Indian Institute of Technology, Delhi, a post graduate diploma in management from the Indian Institute of Management, Kolkata and has completed an advanced management program at the Harvard Business School in 2008. Mr. Lal has served as a director on the Board of Yes Bank Limited and Bharti Airtel Limited and is currently on the boards of AIF Capital (India) Private Limited and AIF Capital Partners Limited. He has been a Director of our Bank since September 13, 2007. Mr. Ajay Lal has since resigned as Director of the Bank on June 10, 2015.

Mr. T. S. Anantharaman (DIN 00480136) is a non-executive Director of our Bank. He holds a bachelor's degree in commerce from the University of Kerala. He has been a fellow of the Institute of Chartered Accountants of India for over 40 years and has previously worked for the United Nations. He has been a Director of our Bank since August 28, 2009.

Mr. Bobby Jose C (DIN 03270042) is a non-executive independent Director of our Bank. He holds a bachelor's degree in commerce from the University of Calicut and

a master's degree in business administration from the Bharathiar University. He has been a Director of our Bank since September 30, 2010.

Mr. C. K. Gopinathan (DIN 01236752) is a non-executive Director of our Bank and has been on our Board since September 26, 2008.

Mr. K. Subrahmanya Sarma (DIN 01505787) is a non-executive Director of our Bank and has been on our Board since September 30, 2010. He holds a bachelor's degree in arts (honours), a master's degree in arts and a master's degree in science, all from Andhra University. He also holds a diploma in computer applications from the National Institute for Training in Industrial Engineering, Mumbai and a diploma in development administration from the University of Birmingham. He is a retired officer of the Indian Administrative Services, has held various administrative posts with the Government of Andhra Pradesh and retired as the chief executive officer of Prasara Bharti in 2004.

Mr. Sumeer Bhasin (DIN 00952238) is a non-executive independent Director of our Bank. He holds a bachelor's degree in commerce (honours) from the University of Delhi. He has been a Director of our Bank since August 28, 2009.

Ms. Radha Unni (DIN 03242769) is a non-executive independent Director of our Bank. She holds a bachelor's degree in arts (honours) and a master's degree in arts, both from the University of Delhi as well as a bachelor's degree in education from the Annamalai University. She has been a certified associate of the Indian Institute of Bankers since 1982. Prior to joining the Board of our Bank, she had held various positions at State Bank of India, including a two year deputation to SBI Capital Markets Limited and retired as the Chief General Manager of State

Bank of India. She has been a Director of our Bank since September 29, 2011.

Mr. S. Ramakrishnan (DIN 02255401) is a non-executive independent Director of our Bank and has been on our Board since September 29, 2011. He is a partner of M/s S. Ramakrishnan Associates which is a firm of Practising Chartered Accountants.

Mr. M. Madhavan Nambiar (DIN 03487311) is a non-executive independent Director of our Bank and has been associated with our Bank since September 23, 2013. He is a fellow of the Judge Business School, Cambridge University, has taught at Oxford University and Columbia University and has been an officer of the Indian Administrative Service since 1974.

Mr. K. Neethi Ragavan (DIN 06617935) has been a nominee of the RBI on our Board since May 23, 2013. He holds a bachelor's degree in business administration and a master's degree in commerce, both from the Madurai Kamaraj University. He has been an associate of the Indian Institute of Bankers for about 30 years. He is currently the General Manager of the Reserve Bank of India at Chennai.

Mr. V. G. Venkatachalapathy (DIN 07137366) has been a nominee of the RBI on our Board since March 13, 2015. He holds a bachelor's degree in arts (economics) and master's degree in arts from the Madras University, a master's degree in science (with a major in financial markets) from the Illinois Institute of Technology, Chicago and is a certified associate of the Indian Institute of Bankers and holds a diploma in bank management from the Indian Institute of Bankers. He has about five years of experience in commercial banking. He is the General Manager, Foreign Exchange Department of the RBI at Chennai.

Report on Corporate Governance Continued

The Composition of the Board of Directors of the Bank as on March 31, 2015, was as follows:

Name of Director	Executive /Non-Executive Director	Independent / Non-Independent Director
Chairman (Part-time)		
Mr. S. Santhanakrishnan	Non-Executive	Non – Independent
Managing Director & CEO *		
Directors		
Mr. Ajay Lal**	Non-Executive	Non – Independent
Mr. T S Anantharaman	Non-Executive	Non – Independent
Mr. C K Gopinathan	Non-Executive	Non – Independent
Mr. K Subrahmanya Sarma	Non-Executive	Non – Independent
Mr. Bobby Jose C	Non-Executive	Independent
Mr. Sumeer Bhasin	Non-Executive	Independent
Ms. Radha Unni	Non-Executive	Independent
Mr. S Ramakrishnan	Non-Executive	Independent
Mr. M Madhavan Nambiar	Non-Executive	Independent
Mr. K Neethi Ragavan	Additional Director	RBI Nominee
Mr. V G Venkatachalapathy	Additional Director	RBI Nominee

* Post of the Managing Director & CEO was vacant as on March 31, 2015

** Resigned w.e.f. June 10, 2015

Board Meetings

During the year ended 31st March, 2015, 18 Board Meetings were held including 3 adjourned meetings on 08.04.2014, 06.06.2014 (Adjourned to 26.06.2014), 07.07.2014, 17.07.2014, 21.08.2014, 13.09.2014, 26.09.2014, 14.10.2014, 20.11.2014, 22.12.2014 (Adjourned to 09.01.2015), 19.01.2015, 19.02.2015 (Adjourned to 27.02.2015), 23.03.2015, 27.03.2015 and 30.03.2015.

Details of attendance at the Bank's Board Meetings (including adjourned meetings), Directorship, Membership and Chairmanship in other companies for each director of the Bank are as follows:

Sl. No	Name of Director	No. of Board Meetings		Attendance of last AGM on 26.09.2014	No. of Directorship in other Companies		Number of Committee memberships (Chairmanship) in other companies**
		Held during the tenure	Attended		Public Company	Private Company	
1	Mr. S Santhanakrishnan (Part-time Chairman)	18	18	Present	9	2	4
2	Mr. Rakesh Bhatia# (Managing Director & CEO)	15	13	Present	-	-	Nil
3	Mr. Ajay Lal	18	11	Present	1	3	Nil
4	Mr. T S Anantharaman	18	15	Present	3	1	Nil
5	Mr. Bobby Jose C	18	17	Present	2	2	Nil
6	Mr. C K Gopinathan	18	17	Present	1	-	Nil
7	Mr. K Subrahmanya Sarma	18	17	Present	1	-	Nil
8	Mr. Sumeer Bhasin	18	9	Absent	-	6	Nil
9	Ms. Radha Unni	18	14	Present	4	-	4
10	Mr. S Ramakrishnan	18	18	Present	-	1	Nil
11	Mr. M Madhavan Nambiar	18	13	Absent	6	1	2
12	Mr. K Neethi Ragavan	18	16	Absent	-	-	Nil
13	Mr. V G Venkatachalapathy@	3	3	N.A	-	-	Nil

Sl. No	Name of Director	No. of Board Meetings		Attendance of last AGM on 26.09.2014	No. of Directorship in other Companies		Number of Committee memberships (Chairmanship) in other companies**
		Held during the tenure	Attended		Public Company	Private Company	
14	Mr. V Seshadri ^	15	14	Present	-	-	Nil
15	Mr. K. Ipe Peter *	9	7	Present	-	-	Nil

Resigned w.e.f. 20th March, 2015.

^ Ceased to be the additional director - RBI Nominee w.e.f. 13th March, 2015.

@ Appointed as additional director - RBI Nominee w.e.f. 13th March, 2015

* Resigned w.e.f. 26th September, 2014.

** Membership in other committees denotes Audit Committee and Stakeholders Relationship Committee

Board's Committees

Various Committees of Directors have been constituted by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their respective terms of reference. Some of the Committees of the Board were reconstituted, renamed and terms of reference were revised to align with the provisions of the Companies Act, 2013 and The Banking Regulation Act, 1949.

The Board's Committees are as follows:

Audit Committee

Terms of reference

- To oversee the operations of the total audit function in the Bank, review of internal inspections/audit functions and quality and effectiveness in terms of follow-up;
 - To review the inspection reports of specialised and extra-large branches and all branches with unsatisfactory ratings, to obtain and review half-yearly reports from the compliance officers appointed in the Bank, follow up on all the issues raised in the long form audit report and to follow up on all the issues/concerns raised in the inspection reports of RBI;
 - To closely monitor the inspection/audit functions of the Bank, including the follow up and compliance of inspection/audit reports;
 - To provide suggestions/directions to further streamline systems and procedures; and
 - To make periodical reviews of returns/statements placed before it as per the approved calendar of items.
- Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommending to the Board, the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;
 - Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
 - Approval of payments to the statutory auditors for any other services rendered by statutory auditors, reviewing with the management, the quarterly, half-yearly and annual financial statements and the auditors' report thereon before submission to the Board for approval;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Bank, wherever it is necessary;
 - Evaluation of internal financial controls and risk management systems;
 - Approval or any subsequent modification of transactions of the Bank with related parties;
 - Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice

Report on Corporate Governance Continued

- and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
15. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
 16. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 17. Discussion with internal auditors any significant findings and follow up thereon;
 18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 20. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 21. Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate;
 22. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and
 23. To have an oversight over the vigil mechanism established by the Bank and the chairman of audit committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns.
 24. Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee.

Composition of Audit Committee:

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Directors	Category	No of meetings held during the tenure **	Meetings attended
Mr. S Ramakrishnan, Chairman	Non-Executive Independent Director	11	11
Mr. K Subrahmanya Sarma	Non-Executive Non-Independent Director	11	11
Mr. Sumeer Bhasin @	Non-Executive Independent Director	7	0
Mr. M Madhavan Nambiar	Non-Executive Independent Director	11	6
Mr. K Neethi Ragavan	Additional Director –RBI Nominee	11	9
Mr. Bobby Jose C #	Non-Executive Independent Director	4	3
Mr. V Seshadri ##	Additional Director –RBI Nominee	9	9
Mr. V G Venkatachalapathy @@	Additional Director –RBI Nominee	2	2

The Company Secretary acts as the Secretary to ACB.

The Chairman of the Audit Committee was present at the last Annual General Meeting

** including 2 adjourned meetings.

@ Joined as member of the Committee w.e.f. 26th September, 2014 consequent to the re-constitution of the Committee

ceased to a member of the Committee w.e.f. 26th September, 2014 consequent to the re-constitution of the Committee

ceased to be the additional director -RBI Nominee w.e.f. 13th March, 2015.

@@ appointed as Additional Director (RBI Nominee) and joined as member of the Committee w.e.f. 13th March, 2015

During the year under review, there were no instances of non-acceptance of the recommendation of the Audit Committee, by the Board of Directors

Credit Committee

Terms of reference

The Committee has the power to sanction all the credit proposals except the credit proposals of top 20 (twenty) single borrowers with highest exposure, reckoned on an on-going basis, as decided by the Board besides, the Committee also reviews the irregular and suit filed advances of Zones and gives appropriate directions for follow up, regularisation and recovery. The Committee also reviews the periodical Reviews/Returns/Statements placed before it as per the approved Calendar of items.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Ms. Radha Unni, Chairperson	Non-Executive Independent Director	8	8
Rakesh Bhatia ^	Managing Director & CEO	7	4
Mr. S Santhanakrishnan >	Part time Chairman, Non-Executive Non-Independent Director	2	2
Mr. K Subrahmanya Sarma@	Non-Executive Non-Independent Director	5	5
Mr. Neethi Ragavan	Additional Director –RBI Nominee	8	7
Mr. V G Venkatachalapathy@@	Additional Director –RBI Nominee	1	1
Mr. C K Gopinathan##	Non-Executive Non-Independent Director	3	3
Mr. K.Ipe Peter###	Non-Executive Independent Director	3	2
Mr. T S Anantharaman####	Non-Executive Non-Independent Director	3	3
Mr. V Seshadri \$	Additional Director –RBI Nominee	7	7

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

> joined as member of the Committee w.e.f. 19th February, 2015

@ joined as member of the Committee w.e.f. 26th September, 2014

@@ appointed as Additional Director (RBI Nominee) and joined as member of the Committee w.e.f. 13th March 2015

\$ ceased to be the additional director -RBI Nominee w.e.f. 13th March 2015.

ceased to be a member of the committee w.e.f. 26th September, 2014

resigned w.e.f. 26th September, 2014

joined as a member of the committee w.e.f. 26th September, 2014. However, he ceased to be a member of the Committee with effect from February 19, 2015

Management Committee

Terms of reference

The Management Committee inter alia, shall discharge and exercise the powers and functions already delegated to it, inter alia administrative, IT (including financial matters) and staff including human resource management related matters.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. S Santhanakrishnan, Chairman	Part time Chairman, Non-Executive Non-Independent Director	9	9
Mr. Rakesh Bhatia^	Managing Director & CEO	9	7
Mr. K Subrahmanya Sarma#	Non-Executive Non-Independent Director	7	6
Mr. C K Gopinathan@	Non-Executive Non-Independent Director	4	4
Mr. T S Anantharaman##	Non-Executive Non-Independent Director	8	7

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

ceased to be a member of the committee w.e.f. 26th September, 2014 and re-joined w.e.f. 19.02.2015 as a member

@ joined as member of the Committee w.e.f. 26th September, 2014

ceased to be a member of the Committee with effect from February 19, 2015

Report on Corporate Governance Continued

Risk Management Committee

Terms of reference

RMC, the apex body of the Bank's risk management architecture, is responsible for aligning various risk management policies of the Bank with the risk appetite and risk philosophy articulated by the Board. It approves specific risk management policies, including the Credit Risk Management Policy, Investment Policy, Asset Liability Management Policy, Outsourcing Policy, Operational Risk Management Policy, KYC Standards and Anti-Money Laundering measures, etc.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. M Madhavan Nambiar, Chairman *	Non-Executive Independent Director	1	1
Mr. Rakesh Bhatia ^	Managing Director & CEO	2	2
Mr. Bobby Jose C @	Non-Executive Independent Director	1	1
Mr. S Ramakrishnan @	Non-Executive Independent Director	1	1
Mr. Sumeer Bhasin	Non-Executive Independent Director	2	1
Mr. Ajay Lal#	Non-Executive Non-Independent Director	1	0
Mr. Ipe Peter##	Non-Executive Independent Director	1	1
Mr. T S Anantharaman ###	Non-Executive Non-Independent Director	1	1

* appointed as the Chairman of the Committee w.e.f. 26th September, 2014

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

@ joined as a member of the Committee w.e.f. 26th September, 2014

ceased to be a member of the Committee w.e.f. 26th September, 2014

resigned w.e.f. 26th September, 2014

ceased to be the chairman of the Committee w.e.f. 26th September, 2014

NPA Management Committee

Terms of reference

NPA Management Committee has been formed exclusively for considering and sanctioning compromise settlement proposals of NPA accounts, for a speedy consideration and quick disposal of such proposals. The Committee shall be vested with discretion to consider and sanction all compromise settlement proposals of NPA accounts falling under the discretionary powers of the Credit Committee and the Board of Directors.

The Committee also reviews the periodical Reviews/Returns/Statements placed before it as per the approved Calendar of items.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. Sumeer Bhasin, Chairman \$	Non-Executive Independent Director	6	3
Mr. Rakesh Bhatia ^	Managing Director & CEO	6	6
Ms. Radha Unni \$\$	Non-Executive Independent Director	6	6
Mr. M Madhavan Nambiar@	Non-Executive Independent Director	0	0
Mr. C K Gopinathan #	Non-Executive Non-Independent Director	5	4

\$ Appointed as a Chairman of the committee w.e.f. 26th September, 2014

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

\$\$ Ceased to be Chairman of the committee but continued as a member of the committee w.e.f. 26th September, 2014

@ joined as a member of the committee w.e.f. 19th February, 2015

ceased to be a member of the Committee w.e.f. 26th September, 2014

IPO & Capital Raising Committee

Terms of reference

The Committee has been formed to, inter alia, formulate capital raising plans of the Bank to take necessary steps to raise Tier I and Tier II capital of the Bank, identify intermediaries, etc.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. S Santhanakrishnan, Chairman	Part time Chairman, Non-Executive Non-Independent Director	10	10
Mr. Rakesh Bhatia ^	Managing Director & CEO	9	7
Mr. S Ramakrishnan #	Non-Executive Independent Director	5	5
Mr. Ajay Lal	Non-Executive Non-Independent Director	10	8
Ms. Radha Unni @	Non-Executive Independent Director	6	4
Mr. M Madhavan Nambiar >	Non-Executive Independent Director	4	2
Mr. Sumeer Bhasin >	Non-Executive Independent Director	4	2
Mr. T S Anantharaman \$	Non-Executive Non-Independent Director	10	9

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

Ceased to be a member of the committee w.e.f. 26th September, 2014 and re-joined w.e.f. 19.02.2015 as a member.

@ joined as a member of the committee w.e.f. 26th September, 2014

> Ceased to be a member of the Committee w.e.f. 26th September, 2014

\$ Ceased to be a member of the Committee w.e.f. 19th February, 2015.

Stakeholders Relationship Committee

Terms of reference

- a) Issue and allot shares subject to the provisions of the section 39 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Company
- b) To transfer, transposition and transmission of securities
- c) To consider and approve, split consolidation and duplication of shares or other securities
- d) To approve dematerialization and re-materialization of shares
- e) To seek any information it requires from the employees, Directors of the Company in order to perform its functions
- f) To do all such other things as are necessary thereto pursuant to and in accordance with the ESOP Scheme and the decision of the Board in connection with allotment of shares under the scheme.
- g) Investor relations and redressal of shareholder grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc., in particular.
- h) To resolve the grievances of security holders of the Company
- i) Such other matters as may be, from time to time, required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Composition:

The name of the 'Shareholders /Investors Grievance Committee' was changed to 'Stakeholders Relationship Committee' to comply with the provisions of Section 178 of the Companies Act, 2013.

Report on Corporate Governance Continued

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. K Subrahmanya Sarma, Chairman	Non-Executive Non-Independent Director	2	2
Mr. S Ramakrishnan	Non-Executive Independent Director	2	2
Mr. Bobby Jose C @	Non-Executive Independent Director	1	1
Mr. Ipe Peter#	Non-Executive Independent Director	1	1

@ joined as a member of the committee w.e.f. 26th September, 2014

ceased to a member of the Committee w.e.f. 26th September, 2014

Committee for Monitoring Large Value Frauds

Terms of reference

Pursuant to the directives of the RBI, the Bank has constituted a Committee for Monitoring Large Value frauds (CMF) for monitoring the cases of fraud involving amounts of ₹ 1 Crore and more.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. Rakesh Bhatia, Chairman ^	Managing Director & CEO	3	3
Mr. S Ramakrishnan @	Non-Executive Independent Director	2	2
Mr. Bobby Jose C	Non-Executive Independent Director	4	4
Mr. Sumeer Bhasin	Non-Executive Independent Director	4	2
Mr. M Madhavan Nambiar #	Non-Executive Independent Director	2	1

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

@ joined as a member of the committee w.e.f. 26th September, 2014

ceased to a member of the Committee w.e.f. 26th September, 2014

Customer Service Committee

Terms of reference

The Committee shall, inter alia, not only oversee the functioning of the Standing Committee on Customer Services, including compliance with recommendations of the CPPAPS (Committee on Procedures and Performance Audit on Public Services constituted by the RBI), but shall also mount innovative measures for enhancing the quality of Customer Service and improving the level of customer satisfaction for all categories of Clientele.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. C K Gopinathan @, Chairman	Non-Executive Non-Independent Director	1	1
Mr. Rakesh Bhatia ^	Managing Director & CEO	2	2
Mr. Bobby Jose C @@	Non-Executive Independent Director	1	1
Mr. Ipe Peter #	Non-Executive Independent Director	1	1
Mr. S Ramakrishnan ##	Non-Executive Independent Director	1	1

@ appointed as a Chairman of the committee w.e.f. 26th September, 2014

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

@@ joined as a member of the committee w.e.f. 26th September, 2014

resigned w.e.f. 26th September, 2014

ceased to a member of the Committee w.e.f. 26th September, 2014

Corporate Social Responsibility Committee

Terms of reference

As required by Section 135 of the Companies Act, 2013, Bank constituted the Corporate Social Responsibility Committee of the Board. The Committee is entrusted to formulate and recommend to the Board the CSR Policy as per the applicable provisions of the Companies Act, 2013 and the rules thereunder. Further, the committee also recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR policy implementation by the Bank.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. S Ramakrishnan, Chairman @	Non-Executive Independent Director	1	1
Mr. C K Gopinathan	Non-Executive Non-Independent Director	1	1
Mr. Bobby Jose C @@	Non-Executive Independent Director	1	1
Mr. T S Anantharaman	Non-Executive Non-Independent Director	1	1
Mr. S Santhanakrishnan #	Non-Executive Non-Independent Director	0	0
Mr. Rakesh Bhatia ^	Managing Director & CEO	0	0

@ joined as a chairman of the committee w.e.f. 26th September, 2014

@@ joined as a member of the committee w.e.f. 26th September, 2014

Ceased to be the chairman of the committee w.e.f. 26th September, 2014

^ Ceased to be member w.e.f. 26th September, 2014.

Performance Appraisal Committee

Terms of reference

The Committee approves the overall compensation structure of the executives at top level of management, conducts annual review of their performance, to review the compensation structure, etc.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. K Subrahmanya Sarma, Chairman	Non-Executive Non-Independent Director	Nil	Nil
Mr. Ajay Lal @	Non-Executive Non-Independent Director	Nil	Nil
Ms. Radha Unni	Non-Executive Independent Director	Nil	Nil
Mr. M Madhavan Nambiar @	Non-Executive Independent Director	Nil	Nil
Mr. Bobby Jose C #	Non-Executive Independent Director	Nil	Nil
Mr. Ipe Peter ##	Non-Executive Independent Director	Nil	Nil
Mr. Rakesh Bhatia ^	Managing Director & CEO	Nil	Nil
Mr. T S Anantharaman #	Non-Executive Non-Independent Director	Nil	Nil

@ joined as a member of the committee w.e.f. 26th September, 2014

ceased to a member of the Committee w.e.f. 26th September, 2014

resigned w.e.f. 26th September, 2014

^ ceased to be member w.e.f. 26th September, 2014.

Report on Corporate Governance Continued

Nomination & Remuneration Committee

Terms of reference

NRC, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors, evaluation of performance of Directors, remuneration, ESOPs, etc. to MD & CEO and other key managerial personnel of the Bank, monitoring of the compensation policy of the Bank, etc.

Composition:

The nomination committee and the remuneration committee were originally constituted separately pursuant to resolutions of our Board dated August 10, 2004 and September 30, 2010, respectively, with the remuneration committee being re-designated as the remuneration and compensation committee pursuant to a resolution of our Board dated March 12, 2014. Both committees were merged and re-designated as the Nomination and Remuneration Committee of our Board, pursuant to a resolution of our Board dated March 23, 2015 in compliance with provisions of Section 178 of the Companies Act, 2013.

Name of the Directors	Category	No of meetings held during the tenure		Meetings attended	
		NC	RCC	NC	RCC
Mr. S Ramakrishnan, Chairman ^	Non-Executive Independent Director	0	0	0	0
Mr. Bobby Jose C @	Non-Executive Independent Director	2	3	2	3
Mr. S. Santhanakrishnan >	Non-Executive Non-Independent Director	4	1	4	1
Ms. Radha Unni @@	Non-Executive Independent Director	0	2	0	2
Mr. Ajay Lal #	Non-Executive Non-Independent Director	4	N.A	3	N.A
Mr. C K Gopinathan ##	Non-Executive Non-Independent Director	4	N.A	3	N.A
Mr. K Subrahmanya Sarma ###	Non-Executive Non-Independent Director	2	2	2	2
Mr. T S Anantharaman ^^	Non-Executive Non-Independent Director	N.A	3	N.A	3
Mr. Ipe Peter K ^^^	Non-Executive Independent Director	N.A	2	N.A	2

^ joined as member/Chairman of the committee w.e.f. 23rd March, 2015

@ joined as member of the Nomination Committee w.e.f. 26th September, 2014 and was a member in Remuneration and Compensation Committee throughout the year.

> joined as a member of the Remuneration and Compensation Committee w.e.f. 26th September, 2014

@@ ceased to be the member of the Remuneration and Compensation Committee w.e.f. 26th September, 2014 and joined as member of the Nomination and Remuneration committee w.e.f. 23rd March, 2015.

Appointed as the chairman of the Nomination Committee w.e.f. 26th September, 2014 and ceased to be the chairman w.e.f. 23rd March, 2015.

ceased to be the member of the Nomination Committee w.e.f. 23rd March, 2015.

ceased to be the member/Chairman of both the Committees w.e.f. 26th September, 2014.

^^ Appointed as the chairman of the Remuneration and Compensation Committee w.e.f. 26th September, 2014 and ceased to be the chairman w.e.f. 23rd March, 2015.

^^^ ceased to be the member of Remuneration and Compensation Committee w.e.f. 26th September, 2014.

IT Strategy Committee

Terms of reference

As per the RBI guidelines on Information Technology, all banks are advised to form an independent IT Committee of the Board. The Bank formed the Committee on 14th November, 2013. ITSC, inter alia, approves IT related strategy, etc.

Composition:

Name of the Directors	Category	No of meetings held during the tenure	Meetings attended
Mr. S. Santhanakrishnan, Chairman	Part time Chairman, Non-Executive Non-Independent Director	1	1
Mr. Rakesh Bhatia ^	Managing Director & CEO	0	0
Mr. M Madhavan Nambiar	Non-Executive Independent Director	1	1
Mr. Bobby Jose C @	Non-Executive Independent Director	1	1
Mr. Ajay Lal #	Non-Executive Non-Independent Director	0	0

^ Mr. Rakesh Bhatia, MD&CEO resigned w.e.f. 20th March, 2015

@ joined as a member of the committee w.e.f. 26th September, 2014

ceased to a member of the Committee w.e.f. 26th September, 2014

Meeting of The Independent Directors

Pursuant to the provisions of the Companies Act, 2013, the performance of non- independent Directors and the Board as a whole is to be evaluated by the independent directors.

Terms of Reference:

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Committee met once during the year and all Independent Directors attended the meeting.

Declaration given by Independent Directors

All the Independent Directors have given the necessary declarations to the Bank as required under sub section (7) of Section 149 of the Companies Act, 2013.

Board Level Performance Evaluation

The Companies Act, 2013 stipulates the performance evaluation of the Directors including Chairman, Board and its Committees.

The process for performance evaluation is as under:

- Independent Directors evaluate the performance of Non-Independent Directors including Chairman of the Bank and the Board as a whole.
- The Board evaluates the performance of the Independent Directors, excluding the director being evaluated. On the basis of the report of the performance evaluation, it would be determined whether to extend or continue the term of appointment of Independent Directors
- The Board Evaluates the performance of Board level committees
- Nomination & Remuneration Committee recommends the appointment/reappointment/continuation of Directors on the Board. Based on the recommendation of Nomination & Remuneration Committee, Board will take appropriate decision.

The criteria for performance evaluation are as under:

Performance Evaluation of Non-Executive Directors, MD & CEO and Chairman

Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution

Report on Corporate Governance Continued

in Strategic Planning; Compliance and Governance; Participation; Updation of Knowledge; Performance of the Bank; Recognition and awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.

Performance Evaluation of Board

Composition and Diversity; Committees of the Board; Board & Committee meetings; Understanding of the business of the Bank and Regulatory environment; Contribution to effective corporate governance and transparency in the Company's Operations; Deliberations/decisions on the Company's strategies, policies, plans and guidance to the Executive Management; Monitoring the implementation of the strategies and the executive management's performance and Quality of Decision making and Board's Communication with all stakeholders.

Performance Evaluation of the Board Level Committees

The performance and effectiveness of the Committee; Frequency and duration; Spread of talent and diversity in the Committee; Understanding of regulatory environment and developments; Interaction with the board.

Policy on appointment and Remuneration of Directors, Key Managerial Personnel

Subject to the Nomination & Remuneration policy, the Nomination & Remuneration Committee decides/recommends on the directors'/KMPs' appointment, remuneration including criteria for appointment /re-appointment

The Bank has an approved Compensation Policy which deals the Compensation & Benefits of the employees of the Bank and Whole-time Directors including Managing Director & CEO and Executive Directors. The objectives of the remuneration policy are four fold:

- To align compensation with prudent risk taken.
- To ensure effective governance of the compensation in the organisation.
- To ensure effective supervisory oversight and stakeholder engagement in compensation.
- To attract and retain talent.

Remuneration of Executive Directors

The remuneration payable to Managing Director and

Executive Directors is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration to Executive Directors requires approval from RBI. The remuneration payable to Managing Director and Executive Directors is also subject to approval of the shareholders as per section 196 of the Companies Act, 2013.

The Bank does not pay any commission/share of profits to the Managing Director.

Remuneration of Part-time Chairman

The N&RC recommends the remuneration of the non-executive Chairperson to the Board which is considered and approved by the Board in the same manner subject to Shareholders' and regulatory approvals.

The remuneration payable to the Chairperson is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Chairperson requires approval from RBI.

Our Bank is not paying any honorarium to the present Chairman Shri. S. Santhanakrishnan as he declined to accept any honorarium despite the fact that the RBI and shareholders have accorded their approval for payment of honorarium to him. However, the Bank is paying sitting fees to him for attending meetings of the Board and Committees thereof.

The remuneration of all the Executives and staff of the Bank are also governed by the Compensation Policy.

Remuneration of Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013 and other regulatory guidelines, as amended from time to time. Any change in sitting fees shall be approved by the Board of Directors of the Bank.

The NEDs are entitled to reimbursement of expenses for participation in the meeting of the Board and Committee thereof.

The Bank does not pay any commission on profit to the Non-Executive Directors. The Bank also does not grant any Stock Options to any Non-Executive Directors.

The remuneration paid to the Directors and Key Managerial personnel during the year ended 31.03.2015 is given in the extract of the Annual Return (Form MGT-9 – para no.6) appended to and forming part of the Directors' Report.

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting

Name of the Director	Mr. T.S. Anantharaman
Date of Birth	26 th June, 1948
Date of Appointment/Re-appointment	25 th September, 2012 (Last re-appointment)
Expertise in specific functional area	Agriculture and Rural Economy, Co-operation, Finance and Accountancy
Qualifications	B.Com, FCA
Directorship in Public Limited Companies	1. Sree Sakthi Paper Mills Ltd., Cochin 2. Trichur Heart Hospital Ltd., Thrissur 3. Mobme Wireless Solutions Ltd. 4. INBOT Properties (P) Ltd.
Membership of Committees in Public Limited Companies	Nil
Shareholding of Director in the Bank	331520 Equity Shares
Relationship with other Directors of Bank	Nil

Details of number of shares held by Directors as on 31.03.2015

Name of Director	No. of Shares	% of holding
Mr. S. Santhanakrishnan, (Part-time Chairman)	9066	0.015%
Mr. T S Anantharaman	331520	0.549%
Mr. Bobby Jose C	18156	0.030%
Mr. C K Gopinathan	2370724	3.929%
Mr. K Subrahmanya Sarma	10730	0.018%
Mr. Sumeer Bhasin	27000	0.045%
Mr. Ajay Lal	Nil	Nil
Mr. S Ramakrishnan	Nil	Nil
Smt. Radha Unni	Nil	Nil
Mr. M. Madhavan Nambiar	Nil	Nil
Mr. K. Neethi Ragavan	Nil	Nil
Mr. V.G.Venkatachalapathy	Nil	Nil

General body meetings held during the last three years

No. of Meeting	Date of Meeting	Venue	Special Resolution passed
91 st AGM	Friday, 28 th September, 2012 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	1. Alteration of Object clause of the Memorandum of Association. 2. Proposal to make further issue of shares on rights basis. 3. Proposal to make further issue of shares by way of public issue.
92 nd AGM	Monday, 23 rd September, 2013 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	1. Issue of shares pursuant to Employees Stock Option Scheme 2. Proposal to make further issue of shares by way of public issue.
93 rd AGM	Friday, 26 th September, 2014 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	Nil

Report on Corporate Governance Continued

No. of Meeting	Date of Meeting	Venue	Special Resolution passed
EGM	Thursday, 19 th February, 2015 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	<ol style="list-style-type: none"> Adoption of new set of Articles of Association Re-classification of the Authorised Capital Increase in the limits of investment by FIIs/ registered FPIs/ QFIs to 49% of the paid up equity share capital of the Bank Increase in the limits of investment by NRIs to 24% of the paid up equity share capital of the Bank Increase of Subscribed Capital by issue of further shares on Rights Basis Issue of Bonds/ Non-Convertible Debentures (NCD) on a Private Placement basis Further issue of shares

Postal Ballot

The following resolutions were passed through postal ballot during the year under review, pursuant to Section 110 of the Companies Act, 2013:

- Issue of Equity shares on preferential basis to certain persons/entities pursuant to the provisions of Section 42 and 62 of the Companies Act, 2013 read with relevant Rules thereunder.
- Borrow money as per Section 180 (1) (c) of the Companies Act, 2013
- Approve the CSB Employees Stock Option Scheme 2013 (“ESOS 2013” or “Scheme”) and to offer, issue and allot

equity shares to the eligible employees of the bank under the Scheme pursuant to Section 61 (1) (b) and other applicable provisions, if any, of the companies Act, 2013 read with the relevant Rules thereunder.

- Grant of stock options to the erstwhile Managing Director & CEO of the Bank.

The date of passing of the postal ballot resolution –August 18, 2014

No Resolution in the notice of the proposed 94th Annual General Meeting is proposed to be passed by Postal Ballot.

Shareholding Pattern as at 31st March, 2015

Category code	Category of Shareholder	Number of Share-holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	No. of shares	As a percentage of pledged shares to shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/ (IV)*100
(A)	Shareholding of Promoter and Promoter Group ²							
A1	Indian							
(a)	Individuals/ Hindu Undivided Family	-	-	-	0.00	0.00	-	0.00
(b)	Central Government/ State Government(s)	-	-	-	0.00	0.00	-	0.00
(c)	Bodies Corporate	-	-	-	0.00	0.00	-	0.00

Category code	Category of Shareholder	Number of Share-holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	No. of shares	As a percentage of pledged shares to shares held
(d)	Financial Institutions/ Banks	-	-	-	0.00	0.00	-	0.00
(e)	Any Others (Specify)	-	-	-	0.00	0.00	-	0.00
Sub Total(A)(1)		0	0	0	0.00	0.00	0	0.00
A2	Foreign							
A	Individuals (Non-Residents Individuals/Foreign Individuals)	-	-	-	0.00	0.00	-	0.00
B	Bodies Corporate	-	-	-	0.00	0.00	-	0.00
C	Institutions	-	-	-	0.00	0.00	-	0.00
D	Qualified Foreign Investor	-	-	-	0.00	0.00	-	0.00
E	Others	-	-	-	0.00	0.00	-	0.00
Sub Total(A)(2)		0	0	0	0.00	0.00	0	0.00
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		0	0	0	0.00	0.00	0	0.00
(B)	Public shareholding							
B1	Institutions							
(a)	Mutual Funds/ UTI	-	-	-	0.00	0.00	-	0.00
(b)	Financial Institutions / Banks	1	2785661	2785661	4.62	4.62	-	0.00
(c)	Central Government/ State Government(s)	-	-	-	0.00	0.00	-	0.00
(d)	Venture Capital Funds	-	-	-	0.00	0.00	-	0.00
(e)	Insurance Companies	-	-	-	0.00	0.00	-	0.00
(f)	Foreign Institutional Investors	-	-	-	0.00	0.00	-	0.00
(g)	Foreign Venture Capital Investors	-	-	-	0.00	0.00	-	0.00
(h)	Qualified Foreign Investor	-	-	-	0.00	0.00	-	0.00
(i)	Any Other (specify)	-	-	-	0.00	0.00	-	0.00
(i-i)	Foreign Financial Institutions/Banks	-	-	-	0.00	0.00	-	0.00
(i-ii)	Foreign Portfolio Investment – Corporate	-	-	-	0.00	0.00	-	0.00
Sub-Total (B)(1)		1	2785661	2785661	4.62	4.62	0	0.00

Report on Corporate Governance Continued

Category code	Category of Shareholder	Number of Share-holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	No. of shares	As a percentage of pledged shares to shares held
B2	Non-institutions							
(a)	Bodies Corporate	113	16385446	15094825	27.15	27.15	-	0.00
(b)	Individuals							
I	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	25247	9917997	1394758	16.44	16.44	-	0.00
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	173	9814858	7538609	16.26	16.26	-	0.00
(c)	Qualified Foreign Investor	-	-	-	0.00	0.00	-	0.00
(d)	Others							
(d-i)	Trusts	4	265144	0	0.44	0.44	-	0.00
(d-ii)	Directors & Their Relatives	18	3588172	3521439	5.95	5.95	-	0.00
(d-iii)	Non Resident Indians	40	11265768	2261211	18.67	18.67	-	0.00
(d-iv)	Hindu Undivided Families	23	58400	58400	0.10	0.10	-	0.00
(d-v)	Foreign Corporate Bodies	3	6256179	0	10.37	10.37	-	0.00
Sub-Total (B)(2)		25621	57551964	29869242	95.38	95.38	0	0.00
(B)	Total Public Shareholding (B)= (B) (1)+(B)(2)	25622	60337625	32654903	100.00	100.00	0	0.00
Total (A)+(B)		25622	60337625	32654903	100	100	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group	-	-	-	0.00	0.00	-	0.00
2	Public	-	-	-	0.00	0.00	-	0.00
Sub-Total (C)		0	0	0	0.00	0.00	0	0.00
Grand Total (A)+(B)+(C)		25622	60337625	32654903		100	0	0.00

Shareholders Holding 1% and above shares in the bank as on 31st March, 2015

Sr No	Name	No of shares	% of capital
1.	Yusuff Ali M.A.	3,007,722	4.985
2.	The Federal Bank Limited	2,785,661	4.617
3.	A T Invofin India Pvt Ltd	2,498,229	4.140
4.	Gopinathan C K	2,370,724	3.929
5.	GPE III Mauritius Direct Investment Ltd	2,085,393	3.456
6.	AIF Capital Development Ltd	2,085,393	3.456
7.	Siguler Guff BRIC Mauritius	2,085,393	3.456
8.	Agnus Capital LLP	2,081,854	3.450
9.	Edelweiss Finance And Investments Ltd	1,913,452	3.171
10.	Anitha P V	1,841,801	3.052
11.	Lal Arakulath Sankappa	1,756,908	2.912
12.	Thomas John Muthoot	1,665,633	2.761
13.	Amornthip Chansri Chawla	1,622,924	2.690
14.	Way2wealth Securities Private Limited	1,555,214	2.578
15.	JPT Securities Limited	1,531,897	2.539
16.	Surachan Chansri Chawla	1,362,582	2.258
17.	Alok Knit Exports Private Ltd	1,073,316	1.779
18.	Gurdist Chansri Chawla	1,022,633	1.695
19.	Edelweiss Commodities Services Limited	874,814	1.450
20.	ACG Associated Capsules Private Limited	689,266	1.142
21.	P-Cube Enterprises Private Limited	648,000	1.074

Distribution of Shareholding as on 31st March 2015

No of Equity shares held	Shares			
	Numbers	%	Amount	%
Upto 5000	21,293	83.10	34,095,240	5.65
5001 to 10000	2,092	8.16	16,098,830	2.67
10001 to 20000	1,157	4.52	17,193,590	2.85
20001 to 30000	347	1.35	8,740,100	1.45
30001 to 40000	174	0.68	6,174,320	1.02
40001 to 50000	98	0.38	4,525,830	0.75
50001 to 100000	216	0.84	15,165,640	2.51
100001 & Above	245	0.96	501,382,700	83.10
Total	25,622	100.00	603,376,250	100.00

As on 31st March, 2015, 54.12% of Bank shares were in demat mode as per the statement given below:

Category	No of Shares	% of holding
Physical Mode	27682722	45.88
Demat Mode		
NSDL	22464402	37.23
CDSL	10190501	16.89
Total	60337625	100.00

Registrar & Share Transfer Agents

M/s. SKDC Consultants Ltd., Coimbatore, is the Registrar & Share Transfer Agent of the Bank's shares. The

shareholders may lodge their requests/complaints either with the Registrar and Share Transfer Agents or with the Bank in the following address:

SKDC Consultants Ltd.,
Kanapathy Towers,
3rd Floor, 1391/A-1,
Sathy Road, Ganapathy,
Coimbatore – 641 006.
Ph: 0422 – 2539835, 2539836
E-mail: info@skdc-consultants.com

The Company Secretary,
The Catholic Syrian Bank Limited,
P. B. No. 502, CSB Bhavan,
St. Mary's College Road,
Thrissur – 680 020.
Ph: 0487 – 2333020, 6451640
E-mail: board@csb.co.in

Dematerialisation of Shares

Dematerialisation facility is available for Bank's shares with both the depositories; i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 679A01013. Members may opt for availing the benefits of electronic holding/transferring of the shares held by them. The shareholders can lodge their shares with M/s. SKDC Consultants Ltd. through Depository Participants (DPs) for dematerialisation. However, the shares of the Bank have not been listed in any Stock Exchange/s.

Report on Corporate Governance Continued

General Information for Shareholders

Financial Calendar	For each calendar quarter, the financial results are reviewed and taken on record by the Board. The audited annual accounts as at 31 st March are approved by the Board, after a review thereof by the Audit Committee of the Board. The Annual General Meeting to consider such annual accounts is generally held in the second quarter of the immediately succeeding financial year.
Date of the board meeting at which the final accounts was approved	June 29, 2015
Date of Book Closure	The Register of Members and Share Transfer Books of the Bank will remain closed from September 16, 2015 to September 22, 2015 (both days inclusive).
Date and Time of Annual General Meeting	Tuesday, September 22, 2015 at 10:00 AM
Last date of receipt of proxy forms	The instrument appointing the proxy, in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Bank not less than 48 hours before the commencement of the meeting
Branch Network	The Bank has 431 branches and 233 ATM centres (both onsite and offsite) as at 31 st March, 2015.
Address of the Compliance Officer	Mr. Sijo Varghese - Company Secretary "CSB Bhavan", Post Box No. 502, St. Mary's College Road Thrissur 680 020 Phone No.: +91 487 2333 020/6451 640 Facsimile: +91 487 2338 764 Email: board@csb.co.in Website: www.csb.co.in Registration Number: 000175 Corporate Identity Number: U65191KL1920PLC000175
Address of the Registrars & Transfer Agents	M/S. S.K.D.C. CONSULTANTS LIMITED Registrar and Transfer Agents Kanapathy Towers, 3 rd Floor, 1391/A1, Sathy road, Ganapathy, Coimbatore - 641 006 Tel: +91 422 6549995, 2539835-836; Fax: +91 422 2539837 Website: www.skdc-consultants.com

Means of Communication

As per the listing agreement for debt securities, the unaudited /audited half yearly/ yearly financial results of the Bank are forwarded to the National Stock Exchange of India and the same also published in the news paper as per the requirements.

The results, Annual Report including the Notice and Explanatory Statement are also displayed on the Bank's website at www.csb.co.in

Disclosures

1. The Bank has not entered into any materially significant transaction during the year, which could

have a potential conflict of interest between the Bank and its directors, management and/or their relatives, etc. other than the transactions carried out in the normal course of business.

- During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and /or SEBI and/or any other statutory authorities on matters relating to capital market activities.
- There are no relationships between the Directors of the Bank, inter-se.

CEO/CFO Certification

The certification by Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained

Compliance with Mandatory Requirements

The Compliance of Statutory and Regulatory requirements by the Bank has been prompt and up-to-date. The instructions of the RBI with regard to Corporate Governance Standards are complied with to the extent applicable to the Bank.

Compliance with Non-Mandatory Requirements

The Bank has voluntarily adopted most of the Corporate Governance practices as specified, though they are not mandatory.

1. The Board

None of the Directors of the Bank, other than its Chairman and/or whole time director, can hold office continuously for a period exceeding eight years.

2. Separate Posts of Chairman and CEO

The Bank already has separate posts for the Chairman and the MD & CEO.

Declaration of Compliance with the Code of Conduct

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors.

Investor Help Desk

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank's Registrars and Transfer Agents (RTAs).

Address of The Registered & Corporate Office of the Bank:

CSB Bhavan
Post Box No. 502, St. Mary's College Road
Thrissur 680 020
Telephone: +91 487 2333 020/6451 640
Facsimile: +91 487 2333 170
Website: www.csb.co.in
Registration Number: 000175
Corporate Identity Number: U65191KL1920PLC000175

Management Discussion and Analysis

Global Economic Review

Global growth in 2014 was a modest 3.4%, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging markets and developing economies. Despite the slowdown, emerging markets and developing economies still accounted for three-fourths of global growth in 2014. Complex forces that affected global activity in 2014 are still shaping its outlook. These include medium- and long-term trends, such as the aging of population and declining potential growth; global shocks, such as lower oil prices; and many country or region specific factors, such as crisis legacies and exchange rate swings triggered by actual and expected changes in monetary policies. Inflation and inflationary expectations in most advanced economies are below target and are in some cases still declining—a particular concern for countries with crisis, legacies of high debt and low growth and little or no room to ease monetary policy.

Two important financial market developments that stood out during 2014 was the appreciation of the US dollar and the sharp fall in global commodity prices.

The International Monetary Fund (IMF) in its April 2015 outlook projected global growth to reach 3.5% and 3.8% in 2015 and 2016, respectively. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporters. However, risks of stagnation and low inflation in advanced economies are still present, notwithstanding the recent upgrade to the near-term growth forecasts for some of these economies.

Indian Economic Review

The Indian economy is poised for a gradual recovery. The Indian economy posted 7.4% growth in FY 2014-15 compared to 6.9% in FY 2013-14. The Industrial sector gained momentum with Manufacturing, Construction and Electricity & Utilities growing by 6.8%, 4.5% and 9.6%, respectively, compared to 5.3%, 2.5% and 4.8% in the previous year. However, Mining slowed down to 2.3% from 5.4% and the Agricultural sector slowed down to 1.1% from 3.7% in the previous year. Overall, improved business sentiment, lower oil prices and progressive policy measures helped the economy to gain momentum.

Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained modest during the latter part of FY 2014-15. Headline inflation, as measured by the Wholesale Price Index (WPI), moderated to an average of 2.1% in FY 2014-15 from 6.0% in the corresponding previous year. The sharp contraction in fuel prices contributed to the decline in WPI. India's forex reserves as on 27th March 2015 were at USD 341.38 billion compared to USD 303.67 billion as on 28th March 2014.

Most economists believe that the Indian economy is at an inflexion point and is set for sustained growth in coming years. Lower oil prices, contained inflation, stable financial sector and expected policy actions will support growth this year. Latest reports indicate that the Indian economy is likely to clock 7.8 to 8.1% growth in the current financial year, spurred by strong consumer spending amid low inflation, infrastructure projects and the Government's reform measures. Downside risks include poor monsoon, increase in interest rates in the US leading to capital outflow, infrastructure bottlenecks and pending structural reforms.

Developments in the Indian Banking Sector

During FY 2014-15, the operating environment for the banking system continued to be challenging due to concerns over growing non-performing assets and a high incidence of assets being restructured. Despite these challenges, the Indian banking sector has displayed a high level of resilience, improving overall performance. In order to stimulate the economy and support the growth of banking sector, Reserve Bank of India (RBI) adopted a slew of policy measures. On the monetary policy front, RBI reduced the Repo rate by 50 bps to 7.50% in two stages. The RBI has also reduced the Statutory Liquidity Ratio (SLR) by 50 bps to 21.50% of Net Demand and Time Liabilities (NDTL).

As part of the Government's Financial Inclusion Plan, the penetration of banks in rural areas has increased manifold. Initiatives such as the Pradhan Mantri Jan DhanYojana, licensing two new banks and increasing banking penetration by integrating payment banks into the banking sector will enable and enhance the sector's

reach to the unbanked corners of the country. RBI has already initiated steps for implementation of the Basel III norms in a phased manner embedded with provisions and guidelines for higher capital adequacy norms for adoption and implementation by banks in India. Indian banks have also been proactive in adapting to the changes, which are coming their way in the emerging banking space, both on the domestic and international fronts.

Stringent capital and liquidity measures for Commercial Banks have been implemented and steps have been taken to build up Capital Conservation Buffers (CCB). The Basel Committee on Banking Supervision issued the final rules on the Net Stable Funding Ratio (NSFR) in October 2014.

RBI has already started phasing in implementation of the Liquidity Coverage Ratio (LCR) from January 2015. In addition, it has announced that the Net Stable Funding Ratio (NSFR) is scheduled to be implemented from January 1, 2018 for banks in India. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

In July 2014, banks were allowed to issue long term bonds (LTBs), with exemptions from certain regulatory pre-emptions, for lending to (i) long-term projects in infrastructure sub-sectors and (ii) affordable housing. 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 a 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 rapidly, with almost all the banks migrating to a Centralised Core Banking Environment, supported by technology enabled products viz. mobile banking, net banking and smart cards.

Amid this economic scenario, the key challenge for the Indian banking system lies in improving its operational efficiency and implementing prudent risk management practices. However, the Indian banking sector is expected to grow significantly supported by technology-intensive processes and customer-friendly models with a focus on

convenience and cost effectiveness. Banks in India are, today, specifically focusing on providing better services to their clients and have also started upgrading their technology infrastructure to improve customer experience.

The Indian economy is on the threshold of a major transformation with expectations of policy initiatives being implemented. Positive business sentiments, improved consumer confidence and more controlled inflation should help boost economic growth. Higher spending on infrastructure, speedy implementation of projects and continuation of reforms will provide further impetus to growth. These factors together translate into strong growth for the banking sector as rapidly growing business turn to banks for their credit needs.

Business Overview

The Catholic Syrian Bank (CSB) is one of the oldest private sector banks in India with a history of over 94 years. The Bank has strong base in Kerala and a significant presence in Tamil Nadu, Karnataka and Maharashtra. The Bank offers a wide range of products and services, with a particular focus on small and medium enterprises (SME), retail and NRI customers to cater to an overall customer base of 1.56 million as on March 31, 2015.

Deposits

The Bank's aggregate deposits rose by ₹ 800.63 Crore to ₹ 14,474.49 Crore as on March 31, 2015, from ₹ 13,673.86 Crore in March 2014 recording an increase of 5.86%. Out of this, the total NRI Deposits stood at ₹ 2,871.54 Crore (19.84% of total deposits).

CASA position

Low cost deposits constituted 18.00% of total deposits. During this period, CASA deposits registered a growth of 10.36% against 9.05% in the previous period.

Credit Portfolio

During this period, the Bank's net advances increased to ₹ 9,471.96 Crore against ₹ 8,707.36 Crore in the previous period. During this period, Our Bank followed a cautious approach to lend to select, good 'quality customers' to achieve sustainable credit growth. This thrust on asset quality ensured higher earnings. The CD Ratio of the Bank stood at 65.44% against 63.68% in the corresponding previous year.

Management Discussion and Analysis Continued

Retail Assets performance

The Retail loans business has been identified as a key growth area for the Bank. This portfolio stands at ₹ 943 Crore and comprises 9.70% of the Bank's total advances as on March 31, 2015. During this financial year, the retail business has shown a significant growth compared to the previous years by adding an incremental net volume of ₹ 306 Crore registering a growth rate of 48%.

The incremental business during this financial year was mainly added from Loan Against Property (LAP) which contributed 58%. Other retail products including Home Loan, Loan to Employees of reputed corporates and Vehicle Loans also contributed to incremental business during the year. The retail portfolio is almost evenly spread across all nine Zones of the Bank and has an average yield of 12.54%.

SME Lending

In the SME business, the Bank lends to manufacturing units, the service sector and traders, following instructions laid down in a dynamic credit policy that controls exposure to various sectors and industries. During FY 2014-15, the net growth in SME lending was ₹ 786 Crore or about 22% over the past year. As on March 31, 2015, the SME lending book stands at ₹ 4,343 Crore which is nearly 46% of total advances. Our Bank is continuously improving product offerings to the SME customers especially in the trade services area. To facilitate this, it has set up a Trade Hub under the leadership of highly experienced officers of the Bank. This team closely works with the Treasury/Forex team to facilitate trade and services related SME lending.

Priority Sector Lending

Our Bank focuses on priority sector lending in adherence to the prescribed guidelines. Priority Sector Advances extended by our Bank stood at ₹ 4,203.80 Crore at the end of March 2015, constituting 44.80% of Adjusted Net Bank Credit. This is against the mandated target of 40% prescribed by Reserve Bank of India. Total Agricultural Advances stood at ₹ 1,244.15 Crore at the end of March 2015, constituting 13.26% of Adjusted Net Bank Credit. This is against the mandated target of 18% as prescribed by RBI.

Financial Inclusion

Financial Inclusion denotes delivery of financial services at an affordable cost to the vast sections of the low income and disadvantaged groups. The Bank supports this initiative either through branch banking or branchless banking by using the business correspondent/facilitator model and Information and Communication Technology (ICT) devices.

In line with the Government of India and Reserve Bank's initiatives for ensuring greater financial inclusion and increasing the outreach of the banking sector, the Bank appointed 19 Business Correspondents and 7 Financial Literacy and Credit Counselling Centers (FLCCs) in Kerala and Tamil Nadu.

Business Correspondents

The Bank has adopted 6 villages, one in Kerala and five in Tamil Nadu and has appointed Business Correspondents for providing banking services in these villages.

The Bank also signed an MOU with M/s. CSC e-Governance India Ltd., Department of IT, Government of India on September 26, 2014. Akshaya Centres, functioning under the Kerala State IT mission, have been appointed as Banking Correspondents (BC)/Kiosk Operator (KO) and have been provided with biometric devices. BCs will act as a micro unit of CSB and will be opening 'No Frill' SB accounts. 13 centres in Thrissur and Ernakulam have been activated so far.

Financial Literacy and Credit Counselling Centres

Financial Literacy and Credit Counselling Centres (FLCCs) have been set up in 7 blocks in Kerala to provide free financial literacy/education and credit counselling. The Bank has 49 Rural Branches and is in the process of strengthening financial literacy activities at the branch level.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Hon'ble Prime Minister launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 15, 2014, to strengthen the country's existing Financial Inclusion Programme and bring all households in the country within the fold of the banking sector. To support this initiative, the Bank organised camps for opening accounts under the PMJDY

scheme in various districts and is opening 'No Frill' SB accounts.

S. No.	Location	Details of accounts opened under PMJDY	
		Number	Balance (₹ in lac)
1	Kerala	16,979	333.43
2	Tamilnadu	11,103	76.90
3	All India	34,440	449.58

The Bank has 1,05,381 BSBDAs (Basic Savings Bank Deposit Accounts), 696 KCC Accounts (Kisan Credit Card) and 255 GCC (General Credit Card) Accounts serviced through our branches and through Business Correspondent outlets.

Treasury Operations

In FY 2014-15, the Indian markets opened on a positive note against the backdrop of expected Government change after Parliamentary elections in May, rate cut expectations, comfortable liquidity, lower-than-expected core inflation and falling commodity prices. The broad-based decline in retail inflation since September 2014, plans announced in the Union Budget to step up infrastructure investment, depressed commodity prices and upbeat financial market conditions have improved the prospects for growth. The major positive for India during FY 2014-15 was the decline in crude prices by about 50% which contributed to lower inflation rates. With improvement in domestic macros, the rupee remained largely stable, while money market interest rates declined during FY 2014-15. As data from the US allayed fears of early monetary policy normalisation and as ultra-accommodative monetary policies took hold in Europe and Japan, risk appetite soared in the financial markets and India became a preferred destination for capital flows.

The yield on the benchmark 10 year paper declined from 9.10% at the beginning of the year to 7.80% by March 2015, due to the shift in the monetary policy stance of the Reserve Bank of India. Our Bank made a profit of ₹ 39.22 Crore from the domestic treasury operations during the financial year compared to ₹ 44.10 Crore in the previous year. Even in the backdrop of flat annual trade figures of India, the merchant turnover of the Bank increased to ₹ 3,771 Crore from ₹ 2,928 Crore.

International Banking

During the year, the International Banking Division initiated several measures to strengthen the forex business of the Bank. The forex marketing and sales initiative viz. Corporate Forex Desk was expanded to the major forex business locations. Forex Client Relationship Managers and the Corporate Desk worked closely with customer facing teams at branches to focus on proactive customer contact, assisting them with forex exposure management, thereby promoting CSB as the 'bank to approach' for this requirement. The Trade Hub was established during the year to provide a focal point where branches can seek conceptual and procedural clarity on various aspects of the foreign exchange business. The Trade Hub also serves as the central point to assess the branch requirements with respect to RMA arrangements, LC confirmations, forex service charges and so on.

The total income from forex business including inter-bank trading for the year increased to ₹ 37.73 Crore from ₹ 36.05 Crore for the previous year.

NPA Management

The year under review has been a challenging one for the banking sector. Growth across all sectors in the economy remains subdued which severely impacted the overall profitability. This led to delinquencies in loan repayment which resulted in the increase in Non-Performing Assets (NPAs) for all banks. Our Bank continued its focus on improving the quality of assets, with an emphatic thrust on the recovery of NPAs. Our Bank focused on the reduction of NPAs by ensuring close monitoring and other control measures. Various recovery measures like invocation of the SARFAESI Act, compromise/settlement, thrust on up-gradation of NPAs to standard assets, strategic asset sale to ARCs were deployed. In addition, Our Bank set special Monitoring and Recovery teams to reduce NPAs, arrest fresh slippages, enhance monitoring and register maximum recoveries.

This resulted in successful NPA Recovery Management during the year under review. Our Bank recovered an aggregate amount of ₹ 212.66 Crore of which ₹ 42.76 Crore was from sale to ARCs, ₹ 40.42 Crore was by way of cash recovery and ₹ 129.48 Crore was by way of upgradation of accounts. Despite the co-ordinated and sustained efforts,

Management Discussion and Analysis Continued

the gross NPA level of the Bank increased to ₹ 474.81 Crore as on March 31, 2015 from ₹ 333.55 Crore in the previous year. This was due to the slippage of a few corporate accounts which occurred on account of adverse market conditions. The increase in Gross NPA Ratio and Net NPA Ratio could be limited at 4.96% and 3.85%, respectively, against 3.77% and 2.22%, respectively, in the previous year.

The provision coverage ratio decreased to 42.25% as on March 31, 2015 against the previous year's position of 49.28%.

Bancassurance Business

Life Insurance Business

The Bank has a Bancassurance tie-up with M/s. Edelweiss Tokio Life Insurance Company Limited (ETL) for sourcing and selling their life insurance products. The Bank's approach is to help its customers by providing them innovative insurance products that have been designed with Indian customers in mind. The company's product portfolio addresses six key needs of the prospective customers – Protection, Wealth Accumulation, Wealth Enhancement, Education, Income Replacement and Retirement.

General Insurance Business

For the general insurance business, the Bank presently has corporate agency arrangement with Export Credit Guarantee Corporation of India (ECGC) for export credit insurance.

The Bank also has tie-ups with leading Asset Management Companies for providing wealth management solutions through mutual funds.

Branch Network

The Bank has been systematically expanding its presence across India, over the past nine decades. During the period under review, the Bank opened one new branch and 3 ATMs across the country. The Bank plans to open more branches and ATMs in the current financial year as part of its business strategy. Its branch network has a presence across 18 states and 2 Union Territories.

The Bank's branch and ATM network as on March 31, 2015 is given below:

Area	Branches	% to total	ATMs	% to total
Metro	55	13	41	17
Urban	102	24	88	38
Semi-Urban	225	52	100	43
Rural	49	11	4	2
Total	431	100	233	100

Technology Adoption

Being one of the oldest Private Sector banks in India, we have been the frontrunner in adapting and implementing new technologies, delivering quality service to customers and other stakeholders. Presently, all our branches are interconnected to provide online, real-time transaction facilities to customers. The Bank continues to adopt and implement new technologies adding significant value to various aspects of business and rendering quality service to customers and other stakeholders.

All CSB branches are interconnected to provide online, real-time transactions to customers. Centralised data enables effective service delivery to customers by permitting them to transact freely from any branch of their convenience.

The Bank has been successfully functioning under the Core Banking Platform since its inception. Newly-opened branches get hassle-free access to Core Banking right from the day of opening. This shows how technology has advanced over the years to help the Bank stay abreast of new trends in technology. The Bank has maintained the entire technology platform without any breakdown.

A new dedicated Disaster Recovery Site is hosted at Bangalore to ensure business continuity. This also forms part of regulatory compliance. On the software front, more modules such as lockers are incorporated in the Core Banking Solution to provide quick service to customers. Online lead management and a tracking system are introduced to reduce turnaround time in processing loan/advance requests from customers. The Bank has centralised CTS and ECS and all major branches/locations are connected to the CTS Grid. The Bank is leveraging its technology platform to bring most processes on a centralised platform to improve the overall efficiency and reduce turnaround time.

Integration with additional payment gateways was made to enable our customers to reach more merchant outlets. Additionally, the Insta card pay system instantly issues non-personalised debit cards to account holders.

All banking delivery channels which comprise branches, ATMs, internet and so on, are considered as part of the Bank's core business and are given priority in the Core Banking Solution for seamless integration/upgradation to enhance customer satisfaction.

The Bank is in the process of implementing various measures towards complying with the requirements outlined in RBI Circular dated April 29, 2011, on the Working Group Recommendations on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds. In light of these guidelines, the Bank has reviewed its Information Technology and Information Security Policies.

Business Strategy

The Bank will maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities by focusing on mobilising Current and Savings Accounts (CASA) deposits to Retail Term Deposits and at the same time rely less on Bulk deposits. Towards this end, the Bank has put in place separate NRI and CASA business verticals to put more focus on product development, marketing and sales activities in order to improve the CASA ratio as well as to mobilise NRI deposits by leveraging a strong customer base and distribution network in Kerala.

In terms of the asset profile, the Bank continues to remain focused on SME and Retail businesses. With respect to SME customers, the Bank shall be providing them support through the life cycle of their business - from inception to expansion including modernisation of their businesses. The Bank aims to use its in-depth knowledge and local experience of banking requirements of SMEs to formulate specific products, services, processes and delivery capabilities and cater to the requirements of SME customers to grow in sectors that it believes have good growth potential. These sectors include healthcare, education, real estate, textiles, agriculture, infrastructure, food processing and fisheries. In order to grow its Retail Assets, the Bank proposes to expand business rapidly

with respect to secured advances like Home Loans, Loan against property, Vehicle Loans and Gold Loans. The Bank has credit processes in place to meet customer expectations in terms of turnaround time, while at the same time remain focused on keeping the delinquencies low. An increased focus on Retail and SME customers, integrated branch network, technology-led channels and increasingly diversified product mix will enable it to build granular and stable fee income.

Increase in non-performing loans is an industry-wide phenomenon which has impacted the Bank's asset profile. However, the Bank is committed to efficiently managing and reducing NPAs as well as stressed assets. In relation to the origination and appraisal of loans, the Bank continuously reviews and upgrades rating models, scorecards and credit approval process, while training and enhancing its resources.

As part of its overall business strategy, the Bank intends to invest in strengthening its brand further. This may include changes to its brand identity, augmenting technology capabilities, selectively upgrading branch infrastructure, enhancing capabilities across alternate delivery channels, setting up a customer call centre and migrating certain operational activities from the branches to a central unit. Further, in terms of deploying technology, the Bank is constantly innovating and reinventing its technology platform to enable development of new products and channels, to cross-sell and to reduce operating costs and turnaround time, thereby integrating IT strategy with its business strategy.

Information Technology (IT) Initiatives

During the financial year, the Bank implemented the following technologies:

RuPayCard: A RuPayCard is made available to all Savings and Current Account holders. With this card, customers can easily transact online and save costs since processing fees are lower compared to other international payment gateways like Visa/Master cards. The Bank is closely working with the National Payments Corporation of India (NPCI) to implement various card and payment product services offered by them.

Management Discussion and Analysis Continued

Mobile Banking: The Bank implemented a Mobile Banking Platform which is a quick and convenient way to take control over bank accounts through mobile phones. It was implemented as a pilot run. The Bank has also implemented all IMPS-related services like P2P, P2A and P2M, among others.

Internet Banking: The Bank enhanced its Internet Banking platform to become more user-friendly and improve customer relations. It also incorporated many payment gateways in order to make online transactions through Net Banking an easy process.

Risk Management and Basel II& III Compliance

The risk management objective of the Bank is geared towards balancing the trade-off between risk and return and optimising risk-adjusted return on capital.

Of the various types of risks the Bank is exposed to, the most important are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The risk management measures are undertaken with the objective that all risks are identified, prioritised, quantified, controlled and mitigated in order to achieve an optimal risk-reward profile.

The Bank is adopting and implementing an integrated approach to risk management. For this purpose, it has evolved a suitable risk management architecture. The Board of Directors remains at the helm of all risk management policies and strategies. It is supported by the Sub-Committee of the Board for Risk management (RMC), which in turn, is supported by Executive Level Committees, such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Asset Liability Management Committee (ALCO). These Committees ensure adherence to implementation of various risk management policies.

The implementation of Basel II norms in our Bank commenced in FY 2007–08. Our Bank has been calculating capital ratios on a quarterly basis as per Basel III norms, along with Basel II norms since April 1, 2013. The Bank has also been in tune with the regulatory guidelines on Pillar I of Basel II and III Norms. It has computed the capital

charge for credit risk as per the Standardised Approach and for market risk in accordance with the Standardised Duration Method. The capital charge for operational risk has been as per the Basic Indicator Approach.

In order to manage Credit Risk, the Bank's Credit Risk Management Department undertakes Industry/Product/Loan profile studies and makes them available for credit operations. Proposals of ₹ 25 lakhs and above are subjected to Credit Risk Evaluation and Credit Rating. To ensure strict separation of risk and return, credit hubs are formed in Head Office and Zonal Offices. With a view to ensuring the quality of the rating exercise, all the Credit Ratings of proposals with exposure above ₹ 5 Crore, done by Credit hubs are verified and confirmed by the Central Credit Risk evaluation team at the Head Office. All proposals above the discretion of Zonal Managers are being routed through Credit Approving Committees at the Head Office. The Bank has also set down industry/sector-wise prudential exposure ceilings to contain/monitor the risk of credit concentration on an ongoing basis.

The ALCO articulates the interest rate view of the Bank, the funding policy and the transfer pricing policy, apart from carrying out the balance sheet management. The structural liquidity and interest rate sensitivity gap reports are prepared in line with the RBI Guidelines to monitor the liquidity and interest rate risk. To analyse the impact of interest rate movements on the economic value of equity, the Bank conducts modified duration gap analysis on a monthly basis. The Bank is also adhering to the Basel III Regulatory Standards of Liquidity by monitoring the Liquidity Coverage Ratio and Net Stable Funding Ratio on a monthly basis.

To address the requirements of Pillar II of Basel Norms in its Internal Capital Adequacy Assessment Process (ICAAP), the Bank analyses various other risks in addition to the Pillar 1 risks and maintains additional capital wherever required. Our Bank has put in place a solid Stress Testing Framework. It consists of a series of sensitivity and scenario tests on various risk areas like default risk, credit concentration risk, interest rate risk in the banking book and market risk, among others.

The Bank has made the necessary disclosures in the Annual Report and Website, in compliance with the requirement of Pillar III – Market Discipline of Basel Norms.

Disclosures

In compliance with the Reserve Bank of India guidelines on Basel II – Pillar 3 – Market Discipline, the Bank has put in place a Disclosure Policy duly approved by the Board of Directors; and the disclosures on quarterly/Half yearly/Annual basis, as per the policy are displayed on the Bank's website/Annual Report.

Customer Service

Our Bank has put in place a well-defined Customer Grievances Redressal Machinery System, where customers can approach various levels for redressal of their grievances. Our Bank ensures that customer complaints received through various sources are resolved within the shortest possible time. Our Bank has always endeavoured to provide customers excellent service and focuses on keeping up with industry trends. It will continue to look for avenues that will enable it to reach out to customers in the most cost effective and efficient way. As part of this plan, Our Bank has offered various schemes and launched a number of products to cater to the specific needs of its clientele. Our Bank strongly believes that customer service will continue to be the most important factor in maintaining and improving the Bank's role within the Banking sector.

Pursuant to RBI directives, Our Bank has already constituted a sub-committee of the Board, (known as the Customer Service Committee of the Board) besides having an Executive Level Committee on Customer Service which has representation from customer groups. The functions of the sub-committee of the Board include, inter alia, suggesting, implementing and reviewing measures for enhancing the quality of customer services; and improving the level of satisfaction for all the categories of clientele at all times. To ensure constant focus, the Board of Directors periodically reviews the functioning of this sub-committee. Besides, the Bank also has a Standing Committee on Customer Service, which has representation from customer groups.

Human Resources

The Human Resources (HR) agenda of the Bank aims to create a team of empowered employees to realise the Bank's vision. Towards this aim, the Bank is committed to creating a congenial working environment where there is mutual trust and respect, duly recognising the talents, rights and dignity of every employee. It is a continuous effort of the Bank to strengthen its HR practice. The well-structured HR Department of the Bank plays a major role in the performance of the Bank. The Bank also has a well-defined HR Management Policy governing selection, recruitment, training and promotion of staff members.

Our Bank realises people are its real strength; whether it is an insider (employee) or an outsider (customer and the public at large). People play a key role in enhancing the growth curve of the Bank. The total staff strength of our Bank at the end of FY 2014-15 is 3,031; comprising 1,712 officers, 1,141 clerks, 128 sub-staff and 50 permanent part-time employees.

To meet the requirements of business growth, branch network expansion, attrition and retirements, the Bank has recruited 260 officers and 46 clerks across the country, over the past year. Lateral recruitment of 4 executives has also been made during the year. To recognise the efficiency of the employees and to meet the requirements at various levels, a promotion process of officers was also conducted during the year under review, for which the effective date of promotion was fixed as the first day of the current financial year.

The Staff Training College of the Bank, situated at Ollur, Thrissur, provides specialised training in newer areas of skills and wider exposure to executives and officers. The appointment of new incumbents at various levels calls for extensive training requirements. During the year, 28 training programmes were conducted at the Bank's Staff Training College exposing 672 staff members at different levels to various trainings while 542 staff members were sent for external training programmes in different functional, managerial and behavioural areas. The Bank continues to lay added focus on imparting training to its employees to upgrade the knowledge base and skill in tune with the changing times and business requirements.

Management Discussion and Analysis Continued

Inspection and Vigilance

A well organised Inspection and Audit machinery provides adequate support to the management in exercising the required control of a bank. With the diversification of functions, appropriate control and supervision is vital for the growth and development of any bank. Our Bank has an effective, reliable and a well structured system of inspection of branches, administrative and other offices. The Inspection Department of our Bank functions independently and ensures that there is a systematic and sound mechanism on an ongoing basis to check adherence to the Bank's policies, systems and procedures. While ensuring healthy business growth, the Inspection Department also aims for robust internal control. This includes, assisting and guiding all the Branches and Departments in complying with various rules and guidelines as applicable to the Bank. The Inspection Department manages various types of audits like Risk Based Internal Audit (RBIA), Information System Audit, KYC Audit, Concurrent Audit, Currency Chest Audit and Management Audit of Zonal Offices and various departments. Professionally qualified Chartered Accountant firms conduct the Concurrent Audits. As on March 31, 2015, 103 branches, International Banking Division and Treasury & Investment Department of the Bank were covered by Concurrent Audit. The Audit Committee of the Board regularly meets to review the functioning of the audit system and to approve policies and guidelines for the audit function of the Bank, as required from time to time.

Off-site surveillance mechanism has been identified as a powerful tool in the current CBS environment for the internal control of branches and offices. For this purpose, a separate cell is functioning under the Inspection Department, which focuses on prompt detection and rectification of irregularities, violations of rules and procedures in order to safeguard the bank from potential losses.

The Vigilance Department of our Bank is headed by the Chief of Internal Vigilance (CIV). In compliance with RBI guidelines, the Board has designated a Deputy General Manager (Inspection, Audit & Vigilance) as Chief of

Internal Vigilance. The Department operates as a channel to provide inputs to senior management for investigating vigilance related complaints and to suggest corrective measures for improving the control systems and compliance of the procedures laid down. It also carries out snap vigilance inspections at Branches, Zonal Offices and various Departments whenever required, with a focus on preventive vigilance.

KYC and Anti-Money Laundering

Our Bank is fully committed to establishing appropriate policies and procedures for the prevention of money laundering and terrorist financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. Accordingly, the Bank has put in place a Compliance & PMLA cell for addressing issues and obligations related to KYC (Know Your Customer)/ Anti-money laundering/combating financing of terrorism guidelines and directives issued by RBI.

The Cell envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, etc. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, FEDAI, FIMMDA, etc. as well as the Bank's internal policies and fair practices code.

The Cell regularly reviews the policies and procedures on the prevention of money laundering and terrorist financing to ensure their effectiveness. It undertakes client due diligence (CDD) measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of client, business relationship or transaction.

The Cell develops staff members' awareness and vigilance through trainings and issuance of branch circulars, FAQs and other publications, to guard against money laundering and terrorist financing. These ensure that the employees of the Bank conduct themselves in accordance with the highest ethical standards and extant regulatory requirements and laws.

SWOT Analysis

1. Strengths

Strong and trusted brand in South India

With over 94 years of history, we have developed a well-recognised and trusted brand in South India, particularly in the states of Kerala, Tamil Nadu and Karnataka. Based on the local knowledge and experience we have built strong relationships with customers. Our strong gold portfolio is also a testimonial to the trust placed in our brand by the customers.

Stable and experienced management team

The members of the Board have significant finance and banking experience and include associates of the Indian Institute of Banking, Chartered Accountants, alumni of top business schools and retired IAS officers. Our key management personnel bring substantial experience, extensive network of industry relationships and in-depth knowledge of banking operations and management.

High SME and retail client satisfaction

We continue to strengthen our niche focus in SME & retail through customer centric approach and enhanced product capabilities/innovation. Many of our SME and retail client base has been banking with us for decades.

Knowledge driven and relationship based business model

We follow a unique knowledge-based approach that provides customers with well-informed and customised solutions. We value the trust of our customers and we aim to create the best possible customer experience by applying our values wherever we operate.

Streamlined risk management controls, policies and procedures

We have implemented risk management procedures for our credit exposures, including credit evaluation, credit scoring, risk-based pricing models and risk monitoring and control mechanisms. A separate risk management department formulates and implements credit risk evaluation, approves risk management framework and policies, oversees the credit approval process and periodically reviews the same so as to ensure that the business is conducted in consistent with our risk appetite with a focus on maintaining and enhancing asset quality.

Loyal and dedicated staff

We have a pool of highly experienced and loyal staff whose knowledge and expertise is recognised by our customer base. By creating a culture of excellence, we allow our people to explore, innovate and deliver solutions to our clients that make CSB a distinctive organisation to work for.

2. Weakness

Low penetration

We mainly focus on the Southern part of India especially Kerala and Tamil Nadu.

High Average Age of Employees

The average age of our employees as on 31.03.2015 is 42 years. This is higher than most of our peer banks whose average age of workforce is below 40 years. Because of this, while the bank is benefited by the experience of the employees, the cost per employee is higher than peer banks.

Low Brand Visibility

We were not very aggressive in spending on brand building and this has affected our brand visibility.

3. Opportunities

Population demographics show an increase in working age population and hence increase in banking needs

Increase in working population and growing disposable income will raise demand for banking services. Housing and personal finance are expected to remain key drivers.

Untapped rural market

Banking penetration in rural India remains grim, only 32% of the rural residents have bank accounts. The rural Indian banking sector has a huge potential that can help the overall banking industry to grow at a much faster pace.

Digital technology

Information technology in banking is fast evolving. From enabling banking services to driving transformation in the industry, Information technology holds a promise to change the face of banking in the next few years. The need to provide personalised, speedy and cost effective services is pushing banks to further reorient and innovate

Management Discussion and Analysis Continued

the business model of banking and enabling technology. Use of alternate channels like ATM, internet and mobile hold significant potential in India.

4. Threats

Competition from peer banks

We face competition from public and private sector Indian commercial banks and international banks in all our products and services. Some of the banks are large institutions and may have larger customer and deposit base, larger branch network and wider capital base. Increased competitive pressure may have an adverse impact on our business, financial condition and results of operation.

Threat of New Entrants

The Reserve Bank came out with a set of guidelines for licensing of new banks in the private sector in February 2013. The process of licensing culminated with the granting of “in-principle” approval to two applicants who would set up new banks in the private sector within a period of 18 months. While announcing the decision to grant “in-principle” approval to the two applicants, the Reserve Bank indicated that going forward; it would use the learning experience from this licensing exercise to revise the guidelines appropriately and move to grant licences more regularly on “tap” basis.

The RBI is working on a policy of having various categories of “differentiated” bank licences which will allow a wider pool of entrants into banking. Guidelines for licensing payment banks and small banks have been issued in November 2014.

These changes in regulatory environment have the effect of lifting of entry barriers in the industry and are not good news for existing players.

Macro-economic challenges

An increase in interest rates may affect the rate of growth of important sectors of the Indian economy, such as corporate, retail and agriculture sectors which may adversely impact our business. In the event of falling interest rates we may face the challenge in retaining customers if we are unable to offer competitive rates.

Changing financial market environment (regulatory, political, economic, margin pressure) impact long term profitability and business model)

Any other changes in the regulatory environment, under which we operate or inability to comply with the regulations could adversely affect our business, reputation and financial condition.

CEO/CFO Certification

I, P V Antony, Chief Financial Officer of THE CATHOLIC SYRIAN BANK LIMITED hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.
- d) We have indicated, to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Place : Chennai
Date : June 29, 2015

Sd/-
P. V Antony
Chief Financial Officer

80 **148** **Financial Statements**

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Independent Auditor's Report

To
The Shareholders of
The Catholic Syrian Bank Ltd

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Catholic Syrian Bank Limited which comprise the Balance Sheet as at 31st March, 2015, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and significant accounting policies and other explanatory information contained in the notes to accounts. Incorporated in these financial statements are the returns of 31 branches/offices audited by us and 422 branches/offices audited by branch auditors.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Independent Auditor's Report

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, to the extent applicable, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a) in the case of the balance sheet, of the state of affairs of the Bank as at 31st March 2015
- b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

As required by sub section (3) of Section 30 of the Banking Regulation Act, 1949, 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; and
- (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

Further, as required by Section 143(3) of the Companies Act, 2013, we report that:

- (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches.
- (c) The reports on the accounts of the branches/ offices of the bank audited u/s 143(8) of the Act, by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account and with the returns received from branches.
- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 4.6.1 of Schedule 18 to the financial statements;
 - b. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Note 8 of Schedule 18 to the financial statements.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration Number: 004207S

Sd/-
C. Naresh
Partner
Membership Number: 28684

Place: Chennai
Date: 29th June, 2015

For **Varma & Varma**
Chartered Accountants
Firm Registration Number:
004532S

Sd/-
C. Pankajakshan
Partner
Membership Number: 12948

Balance Sheet

As on 31st March, 2015

		(₹ in thousand) (रुपये हजारों में)		
		Schedule No अनुसूची	As on 31.03.2015	As on 31.03.2014
पूँजी और देयताएँ	CAPITAL AND LIABILITIES			
पूँजी	Capital	1	60,38,99	41,89,94
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	828,10,23	728,12,73
निक्षेप	Deposits	3	14474,48,65	13673,86,17
उधार	Borrowings	4	45,44,77	555,54,30
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	353,84,78	316,11,61
योग	Total		15762,27,42	15315,54,75
संपत्तियाँ	ASSETS			
नकदी और भारतीय रिज़र्व बैंक में जमा राशियाँ	Cash and balances with Reserve Bank of India	6	688,47,04	623,90,24
बैंकों में जमा राशियाँ और माँग तथा अल्प सूचना पर प्राप्त धनराशि	Balances with banks and money at call and short notice	7	110,11,91	450,39,89
निवेश	Investments	8	5053,39,68	5131,65,29
अग्रिम	Advances	9	9471,96,18	8707,36,15
स्थिर संपत्तियाँ	Fixed Assets	10	175,10,71	173,33,50
अन्य संपत्तियाँ	Other Assets	11	263,21,90	228,89,68
योग	Total		15762,27,42	15315,54,75
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	839,55,72	1138,05,17
संग्रहण के लिये बिल	Bills for collection		77,03,04	72,12,90
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणियाँ	Notes to Accounts	18		
अनुसूचीयाँ ऊपर बैलेंस शीट का एक अभिन्न अंग के रूप में	The schedules referred to above form an integral part of the Balance Sheet.			

Sd/-
S. Santhanakrishnan, Chairman
(DIN: 00032049)
Sd/-
S. Ramakrishnan, Chairman-Audit Committee
(DIN: 02255401)
Sd/-
T. S. Anantharaman, Director
(DIN: 00480136)
Sd/-
C. K. Gopinathan, Director
(DIN: 01236752)
Sd/-
M. Madhavan Nambiar, Director
(DIN: 03487311)
Sd/-
Radha Unni, Director
(DIN: 03242769)
Sd/-
K. Subrahmanya Sarma, Director
(DIN: 01505787)

Sd/-
Anand Krishnamurthy
Head-Wholesale Banking and Treasury

Sd/-
Sijo Varghese
Company Secretary

Sd/-
P. V. Antony
Chief Financial Officer

Chennai
29.06.2015

As per our report of even date
For Sundaram & Srinivasan
Chartered Accountants
FRN No:004207 S

Sd/-
C. Naresh
Partner
(M. No. 28684)

For Varma & Varma
Chartered Accountants
FRN No.004532 S

Sd/-
C. Pankajakshan
Partner
(M.No.12948)

Profit & Loss Account

For the year ended 31st March, 2015

		(₹ in thousand) (रुपये हजारों में)	
	Schedule No अनुसूची	Year Ended 31.03.2015	Year Ended 31.03.2014
I आय	I INCOME		
अर्जित ब्याज	Interest earned	13	1544, 55, 43
अन्य आय	Other Income	14	127, 34, 13
योग	Total	1671, 89, 56	1621, 30, 94
II व्यय	II EXPENDITURE		
व्यक्तिया गया ब्याज	Interest expended	15	1188, 57, 64
परिचालन व्यय	Operating expenses	16	433, 23, 58
प्रावधान और आकस्मिक व्यय	Provisions and contingencies		103, 24, 85
योग	Total	1725, 06, 07	1594, 42, 99
III लाभ / हानि	III PROFIT/LOSS		
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit / (Loss) for the year		(53, 16, 51)
पिछले वर्ष के अग्रणीत लाभ	Profit brought forward from previous year	1, 97, 04	26, 87, 95
कम किया: 01.04.2014 को जिन स्थिर संपत्तियों का जीवन-काल नहीं है, उनके सम्बन्धी कंपनी अधिनियम, 2013 अनुसूची II के अन्तर्गत परिवर्तित समायोजन	Less: Transitional adjustment in respect of fixed assets which have no remaining useful life as on 01.04.2014 as per Schedule II of the Companies Act, 2013.	55, 52	Nil
योग	Total	(51, 74, 99)	26, 87, 95
IV विनियोजन	IV APPROPRIATIONS		
पूँजीगत आरक्षितियों को अन्तरण	Transfer to Capital Reserves	15, 26, 11	13, 26, 33
कानूनी आरक्षितियों को अन्तरण	Transfer to Statutory Reserves	Nil	6, 71, 99
राजस्व आरक्षितियों को अन्तरण	Transfer to General Reserves	Nil	1, 57, 78
विशेष आरक्षितियों को अन्तरण (आय-कर अधिनियम, 1961 की धारा - 36 (1)(viii) के अन्तर्गत)	Transfer to Special Reserve (Section 36 (1) (viii) of IT Act, 1961)	Nil	Nil
विनिधान आरक्षित खाते से अन्तरण	Transfer from Investment Reserve	Nil	(1, 57, 78)
दान कोषों को अन्तरण	Transfer to Charity Fund	Nil	3, 00
प्रस्तावित लाभांश के लिए प्रावधान	Provision for Proposed Dividend	Nil	4, 18, 47
प्रस्तावित लाभांश पर कर के लिए प्रावधान	Provision for tax on dividend	Nil	71, 12
तुलनपत्र में ले जाई गई शेषराशि	Balance carried over to Balance Sheet	(67, 01, 10)	1, 97, 04
योग	Total	(51, 74, 99)	26, 87, 95
प्रति शेयर अर्जन (₹)	Basic and diluted Earnings Per Equity Share (₹)	(10.50)	5.52
अंकित मूल्य ₹ 10/- प्रत्येक	(Face value ₹ 10 per share)		
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17	
लेखा सम्बन्धी टिप्पणियाँ	Notes to Accounts	18	
अनुसूचीयाँ ऊपर लाभ हानि लेख के एक अभिन्न अंग के रूप में	The schedules referred to above form an integral part of the Profit and Loss account		

Sd/-
S. Santhanakrishnan, Chairman
(DIN: 00032049)
Sd/-
S. Ramakrishnan, Chairman-Audit Committee
(DIN: 02255401)
Sd/-
T. S. Anantharaman, Director
(DIN: 00480136)
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C. K. Gopinathan, Director
(DIN: 01236752)
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M. Madhavan Nambiar, Director
(DIN: 03487311)
Sd/-
Radha Unni, Director
(DIN: 03242769)
Sd/-
K. Subrahmanya Sarma, Director
(DIN: 01505787)

Sd/-
Anand Krishnamurthy
Head-Wholesale Banking and Treasury

Sd/-
Sijo Varghese
Company Secretary

Sd/-
P. V. Antony
Chief Financial Officer

Chennai
29.06.2015

As per our report of even date
For Sundaram & Srinivasan
Chartered Accountants
FRN No:004207 S

Sd/-
C. Naresh
Partner
(M. No. 28684)

For Varma & Varma
Chartered Accountants
FRN No.004532 S

Sd/-
C. Pankajakshan
Partner
(M.No.12948)

Cash Flow Statement

For the year ended 31st March, 2015

(₹ in thousand)		
Particulars	Year Ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(821610)	407374
Adjustments for:		
Depreciation on Fixed Assets	93050	59982
Amortisation of Intangible Assets	16369	14342
Provisions and Contingencies	1322444	546003
Interest Paid on Tier II Bonds	61939	110674
Others	(8591)	(32186)
Operating Profit before Working Capital Changes	663601	1106189
Adjustments for:		
Investments	652580	(18351643)
Advances	(9058412)	911476
Other Assets	238472	(50620)
Deposits	8006248	13322359
Borrowings	(4443953)	3661367
Other Liabilities	360644	31361
Cash generated from Operating Activities	(3580820)	630489
Direct Taxes Paid (Net of refunds)	18413	(95966)
Net Cash flow from Operating Activities (A)	(3562407)	534523
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	(164495)	(159964)
Sale of Fixed Assets	2512	2381
Net Cash Used in Investing Activities (B)	(161983)	(157583)

Cash Flow Statement

For the year ended 31st March, 2015

(₹ in thousand)

Particulars	Year Ended 31.03.2015	Year ended 31.03.2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	184905	Nil
Proceeds from Share Premium	1550265	Nil
Redemption of Tier II Bonds	(657000)	(100000)
Interest Paid on Tier II Bonds	(61939)	(110674)
Dividend paid (including Tax on Dividend)	(48959)	(73438)
Net Cash (used)/generated from financing activities (C)	967272	(284112)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2757118)	92828
Cash and Cash Equivalents at the Beginning of the Year	10743013	10650185
Cash and Cash Equivalents at the End of the Year	7985895	10743013
Net increase as disclosed as above	(2757118)	92828

Sd/-

S. Santhanakrishnan, Chairman
(DIN: 00032049)

Sd/-

S. Ramakrishnan, Chairman-Audit Committee
(DIN: 02255401)

Sd/-

T. S. Anantharaman, Director
(DIN: 00480136)

Sd/-

C. K. Gopinathan, Director
(DIN: 01236752)

Sd/-

M. Madhavan Nambiar, Director
(DIN: 03487311)

Sd/-

Radha Unni, Director
(DIN: 03242769)

Sd/-

K. Subrahmanya Sarma, Director
(DIN: 01505787)

Sd/-

Anand Krishnamurthy
Head-Wholesale Banking and Treasury

Sd/-

Sijo Varghese
Company Secretary

Sd/-

P. V. Antony
Chief Financial Officer

Chennai
29.06.2015

As per our report of even date
For Sundaram & Srinivasan
Chartered Accountants
FRN No:004207 S

Sd/-

C. Naresh
Partner
(M. No. 28684)

For Varma & Varma
Chartered Accountants
FRN No.004532 S

Sd/-

C. Pankajakshan
Partner
(M.No.12948)

Schedules

to Balance Sheet

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 1 - CAPITAL		
Authorized Capital :		
12,00,00,000 (Previous year 10,00,00,000) Equity shares of ₹ 10/- each	120 , 00 , 00	100 , 00 , 00
Preference Shares- Current Year Nil (Previous Year 20,00,000 shares of ₹ 100/- each)	Nil	20 , 00 , 00
	120 , 00 , 00	120 , 00 , 00
Issued and Subscribed Capital		
60337625 (Previous year 41847125) equity shares of ₹ 10/- each	60 , 33 , 76	41 , 84 , 71
Called-up Capital		
60337625 (Previous Year 41847125) equity shares of ₹ 10/- each	60 , 33 , 76	41 , 84 , 71
Add: Forfeited Shares	5 , 23	5 , 23
	60 , 38 , 99	41 , 89 , 94

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserves		
Opening balance	146 , 36 , 72	139 , 64 , 73
Additions during the year	Nil	6 , 71 , 99
Deductions during the year	Nil	Nil
	146 , 36 , 72	146 , 36 , 72
II Capital Reserves		
Opening balance	52 , 96 , 91	39 , 70 , 58
Additions during the year	15 , 26 , 11	13 , 26 , 33
Deductions during the year	Nil	Nil
	68 , 23 , 02	52 , 96 , 91
III Revaluation Reserves		
Opening balance	125 , 31 , 09	126 , 71 , 21
Additions during the year	Nil	Nil
Deductions during the year	1 , 33 , 12	1 , 40 , 12
	123 , 97 , 97	125 , 31 , 09
IV Share Premium		
Opening balance	290 , 66 , 60	290 , 66 , 60
Additions during the year	155 , 95 , 22	Nil
Deductions during the year	92 , 57	Nil
	445 , 69 , 25	290 , 66 , 60
V Revenue and other Reserves		
a) General Reserves		
Opening balance	87 , 03 , 18	93 , 53 , 07
Additions during the year	Nil	1 , 57 , 78
Deductions during the year	Nil	8 , 07 , 67
	87 , 03 , 18	87 , 03 , 18
b) Investment Reserve		
Opening balance	Nil	1 , 57 , 78
Additions during the year	Nil	Nil
Deductions during the year	Nil	1 , 57 , 78
	Nil	Nil
c) Special Reserve (Section 36 (1)(viii) of IT Act,1961)		
Opening balance	23 , 76 , 19	23 , 76 , 19
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
	23 , 76 , 19	23 , 76 , 19
VI Contingency Reserve	5 , 00	5 , 00
VII Balance in Profit and Loss Account	(67 , 01 , 10)	1 , 97 , 04
Total	828 , 10 , 23	728 , 12 , 73

Schedules

to Balance Sheet

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
[i] From banks	30 , 91	53 , 24
[ii] From others	375 , 99 , 88	330 , 91 , 31
	376 , 30 , 79	331 , 44 , 55
II. Savings Bank Deposits	2229 , 33 , 77	2029 , 53 , 79
III. Term Deposits		
[i] From banks	412 , 77 , 77	498 , 90 , 92
[ii] From others	11456 , 06 , 32	10813 , 96 , 91
	11868 , 84 , 09	11312 , 87 , 83
Total [I,II, and III]	14474 , 48 , 65	13673 , 86 , 17
B [i] Deposits of branches in India	14474 , 48 , 65	13673 , 86 , 17
[ii] Deposits of branches outside India	Nil	Nil
Total	14474 , 48 , 65	13673 , 86 , 17

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
[i] Reserve Bank of India	Nil	419 , 00 , 00
[ii] Other banks	Nil	Nil
[iii] Other institutions and agencies	3 , 64 , 77	29 , 04 , 30
Total of I	3 , 64 , 77	448 , 04 , 30
II. Borrowings outside India	Nil	Nil
Total (I and II)	3 , 64 , 77	448 , 04 , 30
Secured borrowings included in I and II	Nil	Nil
III. Capital Instruments		
Subordinated debts raised for Tier II Capital	41 , 80 , 00	107 , 50 , 00
Total (I,II and III)	45 , 44 , 77	555 , 54 , 30

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	14 , 70 , 06	14 , 78 , 28
II. Inter-office adjustments (net)	7 , 31 , 28	21 , 76 , 07
III. Interest accrued	66 , 16 , 49	64 , 10 , 73
IV. Others(including provisions) *	265 , 66 , 95	215 , 46 , 53
Total	353 , 84 , 78	316 , 11 , 61
* Includes: Contingent provision against standard assets	49 , 58 , 06	42 , 89 , 08

Schedules

to Balance Sheet

	As on 31.03.2015	As on 31.03.2014
(₹ in thousand)		
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand(including foreign currency notes)	76 , 99 , 65	72 , 02 , 07
II. Balances with Reserve Bank of India		
[i] in Current Account	611 , 47 , 39	551 , 88 , 17
[ii] in Other Accounts	Nil	Nil
	611 , 47 , 39	551 , 88 , 17
Total (I And II)	688 , 47 , 04	623 , 90 , 24

	As on 31.03.2015	As on 31.03.2014
(₹ in thousand)		
SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE		
I. In India		
[i] Balances with banks		
(a) in Current Accounts	10 , 90 , 37	13 , 73 , 55
(b) in Other Deposit Accounts	5 , 00	350 , 05 , 00
	10 , 95 , 37	363 , 78 , 55
[ii] Money at call and short notice		
(a) with banks	Nil	Nil
(b) with other Institutions	49 , 91 , 81	Nil
	49 , 91 , 81	Nil
Total (I and II)	60 , 87 , 18	363 , 78 , 55
II. Outside India		
(i) in Current Accounts	49 , 24 , 73	86 , 61 , 34
(ii) in Other Deposit Accounts	Nil	Nil
(iii) Money at call and short notice	Nil	Nil
Total	49 , 24 , 73	86 , 61 , 34
Grand Total (I and II)	110 , 11 , 91	450 , 39 , 89

	As on 31.03.2015	As on 31.03.2014
(₹ in thousand)		
SCHEDULE 8 - INVESTMENTS		
I. Investments in India		
(Gross)	5074 , 52 , 61	5139 , 78 , 42
Less Provision for depreciation	21 , 12 , 93	8 , 13 , 13
Net Investment in India	5053 , 39 , 68	5131 , 65 , 29
Break - up		
[i] Government securities	4043 , 84 , 36	3525 , 34 , 20
[ii] Other approved securities	Nil	Nil
[iii] Shares	4 , 34	1 , 20 , 05
[iv] Debentures and Bonds	182 , 44 , 54	198 , 24 , 61
[v] Subsidiaries and/or joint ventures	Nil	Nil
[vi] Others [Including RIDF, Certificate of Deposits etc]	827 , 06 , 44	1406 , 86 , 43
Total	5053 , 39 , 68	5131 , 65 , 29
II. Investments outside India	Nil	Nil
Grand Total (I and II)	5053 , 39 , 68	5131 , 65 , 29

Schedules

to Balance Sheet

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 9 - ADVANCES		
A [i] Bills purchased and discounted	750 , 64 , 12	474 , 25 , 27
[ii] Cash credits, overdrafts and loans repayable on demand	5875 , 23 , 15	5713 , 23 , 40
[iii] Term loans	2846 , 08 , 91	2519 , 87 , 48
Total	9471 , 96 , 18	8707 , 36 , 15
B [i] Secured by tangible assets (Includes advances against book debts)	8253 , 48 , 41	7896 , 92 , 66
[ii] Covered by Bank/Government guarantees	894 , 90 , 43	491 , 96 , 33
[iii] Unsecured	323 , 57 , 34	318 , 47 , 16
Total	9471 , 96 , 18	8707 , 36 , 15
C. I. Advances in India		
[i] Priority sector	3616 , 52 , 72	2557 , 99 , 21
[ii] Public sector	364 , 58 , 05	279 , 52 , 82
[iii] Banks	Nil	Nil
[iv] Others	5490 , 85 , 41	5869 , 84 , 12
Total	9471 , 96 , 18	8707 , 36 , 15
II. Advances outside India	Nil	Nil
Grand Total (C.I and II)	9471 , 96 , 18	8707 , 36 , 15

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on 31st March of the preceding year	6 , 94 , 65	6 , 89 , 56
Appreciation on revaluation	135 , 02 , 66	135 , 02 , 66
Additions during the year	3 , 89	5 , 09
Deductions during the year	Nil	Nil
Depreciation to date	14 , 71 , 92	13 , 21 , 53
	127 , 29 , 28	128 , 75 , 78
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	110 , 81 , 59	102 , 57 , 70
Additions during the year	13 , 89 , 01	11 , 81 , 29
Deductions during the year	2 , 82 , 32	3 , 57 , 40
Depreciation to date	74 , 06 , 85	66 , 23 , 87
	47 , 81 , 43	44 , 57 , 72
Total (I and II)	175 , 10 , 71	173 , 33 , 50

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 11 - OTHER ASSETS		
I. Interest accrued	86 , 99 , 81	117 , 67 , 88
II. Tax paid in advance/tax deducted at source(Net of provisions)	26 , 39 , 33	28 , 10 , 46
III. Stationery and stamps	1 , 05 , 61	1 , 09 , 09
IV. Non-banking assets acquired in satisfaction of claims	20 , 58 , 28	16 , 47 , 15
V. Others *	128 , 18 , 87	65 , 55 , 10
Total	263 , 21 , 90	228 , 89 , 68

* Includes deferred tax asset of ₹ 47.39 Crore (Previous Year ₹ 18.24 Crore) and Unamortised loss on sale of Financial Assets to ARC of ₹ 29.82 Crore (Previous Year -Nil)

Schedules

to Balance Sheet

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	14, 18, 46	5, 60, 11
II. Liability for partly paid investments	Nil	Nil
III. Liability on account of outstanding forward exchange contracts	474, 74, 73	833, 59, 81
IV. Guarantees given on behalf of constituents		
(a) In India	207, 58, 13	208, 10, 15
(b) Outside India	Nil	Nil
V. Acceptance, endorsements and other obligations	108, 35, 74	81, 26, 22
VI. Other items for which the bank is contingently liable	34, 68, 66	9, 48, 88
Total	839, 55, 72	1138, 05, 17

(₹ in thousand)

	Year ended 31.03.2015	Year ended 31.03.2014
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances / bills	1168, 22, 24	1138, 69, 69
II. Income on investments	367, 99, 88	330, 40, 88
III. Interest on balances with Reserve Bank of India and other inter -bank funds	7, 74, 09	31, 98, 38
IV. Others	59, 22	2, 88, 80
Total	1544, 55, 43	1503, 97, 75

(₹ in thousand)

	As on 31.03.2015	As on 31.03.2014
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	19, 40, 78	16, 69, 26
II. Profit on sale of investments	43, 33, 16	44, 29, 80
Less: Loss on sale of investments	4, 11, 21 39, 21, 95	20, 14 44, 09, 66
III. Profit on revaluation of investments	Nil	Nil
Less: Loss on revaluation of investments	Nil Nil	Nil Nil
IV. Profit on sale of land, buildings and other assets	8, 91	37, 15
Less: Loss on sale of land, buildings and other assets	50, 79 (41,88)	26, 85 10, 30
V. Profit on exchange transactions (Net)	13, 62, 56	12, 53, 48
VI. Income earned by way of dividends etc. from subsidiaries/ companies and/or joint ventures abroad/in India	Nil	Nil
VII. Miscellaneous Income (includes recovery of Bad debts written off in earlier years ₹ 0.49 Crore; previous year ₹ 3.44 Crore)	55, 50, 72	43, 90, 49
Total	127, 34, 13	117, 33, 19

Schedules

to Balance Sheet

(₹ in thousand)

	Year ended 31.03.2015	Year ended 31.03.2014
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	1150 , 00 , 37	1094 , 23 , 99
II. Interest on Reserve Bank of India/ inter -bank borrowings	25 , 99 , 28	11 , 53 , 16
III. Others	12 , 57 , 99	19 , 00 , 19
Total	1188 , 57 , 64	1124 , 77 , 34

(₹ in thousand)

	Year ended 31.03.2015	Year ended 31.03.2014
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	307 , 76 , 71	287 , 76 , 13
II. Rent, taxes and lighting	42 , 17 , 81	38 , 38 , 43
III. Printing and Stationery	3 , 72 , 52	3 , 69 , 76
IV. Advertisement and publicity	1 , 13 , 85	1 , 07 , 71
V. Depreciation on bank's property (including amortisation / write off of intangible assets)	10 , 94 , 19	7 , 43 , 24
VI. Directors' fees, allowances and expenses	1 , 04 , 95	71 , 44
VII. Auditors' fees and expenses (including branch auditors fees and expenses)	1 , 74 , 70	1 , 66 , 99
VIII. Law charges	85 , 84	83 , 74
IX. Postages, Telegrams, Telephones etc.	6 , 71 , 18	6 , 24 , 45
X. Repairs and maintenance	6 , 34 , 59	6 , 11 , 54
XI. Insurance	14 , 14 , 63	12 , 86 , 07
XII. Other expenditure	36 , 62 , 61	34 , 40 , 33
Total	433 , 23 , 58	401 , 19 , 83

Summary of Significant Accounting Policies

SCHEDULE 17

1. General

- a) The financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 so far as they apply to the Bank and practices generally prevalent in the banking industry in India.
- b) Historical cost convention and Accrual basis of accounting have been consistently applied while preparing and presenting the financial statements, unless otherwise stated.

2. Use of Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent liabilities at the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Transactions Involving Foreign Exchange

- a) Monetary assets and liabilities including contingent liabilities have been translated at the exchange rates prevailing at the close of the year as advised by FEDAI and the effect is accounted in Profit & Loss Account
- b) Income and Expenditure items denominated in foreign currencies have been accounted at the exchange rates prevailing on the date of transaction.
- c) Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant profit/loss is taken into Profit and Loss Account.
- d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the exchange rates prevailing at the close of the year.

4. Investments

a) Accounting and classification

All Investments are accounted for on settlement dates. In terms of RBI guidelines, the entire investments portfolio has been classified under three categories for valuation purpose, viz., "Held to Maturity", "Available for sale" and "Held for Trading" at the time of its purchase. However, for disclosure in the Balance Sheet, investments are classified under six groups – Govt. Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries/Joint Venture and Others.

b) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.

Summary of Significant Accounting Policies

c) Basis of Classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the bank intends to hold till maturity are classified under the HTM category. Securities which are not classified in the above categories are classified under the AFS category.

d) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with the RBI guidelines. Transfer of scrips from AFS/HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

e) Valuation of Securities:

- (i) Investments in "Held to Maturity" category are accounted for at acquisition cost or at amortized cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortized over the period remaining to maturity using Constant Yield Method. Such amortization of premium is adjusted against income under the head "Income on Investments". Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.
- (ii) Securities classified as "Available for Sale" are marked to market scrip-wise on a quarterly basis other than shares which is done on a weekly basis and net depreciation in each category is provided for, while net appreciation is ignored.
- (iii) Individual scrips in "Held for Trading" category are marked to market at daily intervals and net depreciation in each category is provided for, while net appreciation is ignored.
- (iv) Treasury Bills and Certificate of Deposits are valued at carrying cost.
- (v) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/Securitization Company
- (vi) Profit on sale of investments in 'Held to Maturity' category is recognized in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves is appropriated to Capital Reserve.
- (vii) Investments are also classified as Performing and Non Performing as per the guidelines of RBI and provisions on Non Performing investments are made as per the provisioning norms of RBI.

5. Advances

- a) Advances are classified as Performing and Non Performing based on the relevant RBI guidelines. The amount of advances shown in the Balance Sheet is net off provisions and interest suspense.
- b) Provision on Standard Assets is maintained as per RBI guidelines and the same is included in Item No. IV 'Others', of Schedule 5 – Other Liabilities & Provisions.

Summary of Significant Accounting Policies

- c) Amounts recovered against debts written off in earlier years are recognised as revenue.
- d) The sale of financial assets (including Non Performing Advances) to Reconstruction Company (RC)/ Securitisation Company (SC) are accounted as per the extant guidelines of Reserve Bank of India from time to time.
- e) Policy on Managing Currency induced credit risk: As per Credit Policy of the bank Forward exchange cover is insisted on all Foreign Currency loans of USD 0.25 Mio or above unless there is natural hedge by way of export/ other earnings. For foreign currency loans of less than USD 0.25 Mio, forward exchange cover is optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.

6. Fixed Assets and Depreciation

- a) Fixed Assets other than premises are carried at cost less accumulated depreciation. Cost includes cost of purchase and all directly attributable costs of bringing the asset to its working condition for its intended use.
- b) Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss account and an equivalent withdrawal is made from Revaluation Reserve Account.
- c) Subsequent expenditure incurred on fixed assets put to use is capitalized only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.
- d) Depreciation on additions to fixed assets is provided on pro rata basis.
- e) The bank has adopted the revised useful life of assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II

Type of Fixed Asset	Useful Life (Yrs)	Depreciation Method
Premises	58 Yrs	Written Down Value
Servers & Networks	3 Yrs	Straight Line
ATMs	8 Yrs	Straight Line

7. Intangible Assets

Accounting and amortisation of Computer Software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014.

- a) Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method.
- b) Internally Generated Application Software is accounted as an intangible asset and is amortised over a period of 5 years on pro rata basis under Straight Line Method from the date the software becomes Available for Use. If the software is still in the development phase and has not become Available for Use, no amortisation is charged to Profit & Loss Account.

Summary of Significant Accounting Policies

8. Non Banking Assets

In the case of Non Banking Assets, diminution in value, if any, is provided for.

9. Employee Benefits

9.1 Short Term Employee Benefits

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

9.2 Long term Employee Benefits

- a) Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the bank. In addition to contribution for the period, shortfall, if any, in the Income and Expenditure account of the Provident Fund is charged to Profit and Loss Account of the bank.
- b) Defined Benefit Plans - Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per para 78 of AS 15 Employee Benefits. Actuarial Gains/Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

- i) Pension - Pension is payable to the employees who have specifically opted for the same. For becoming eligible for pension, the employee should have served the bank for a minimum period of 10 years in the case of retirement on superannuation and 20 years in other cases. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company, out of the contributions made by the bank.
- ii) Gratuity - Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has served the bank for a minimum period of 5 years.

The net liability arising out of reopening of pension option to employees and enhancement in gratuity limits is amortised in 5 years commencing from 2010-11 as per approval of RBI (vide the RBI Circular DBOD.No. BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI letter DBOD.No.BP. BC.15896/21.04.018/2010-11 dated April 08, 2011)

- iii) Long term compensated absences and other long term employee benefits.
 - a. Privilege Leave
 - b. Leave fare concession

Summary of Significant Accounting Policies

10. Recognition Of Revenue And Expenditure

Revenue is recognised to the extent it is probable that the economic benefits will flow to the bank and the revenue can be reliably measured.

- a. Interest/discount on advances/bills is recognised on accrual basis except on non-performing assets in which case the income is recognised as per prudential norms issued by RBI.
- b. Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.
- c. Income on Investments (other than dividend on shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognized when the right to receive payment is established.
- d. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts, sale to Asset Reconstruction Companies and accounts under One Time Settlement.
- e. Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

11. Taxes on Income

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred income taxes reflect 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 recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the Profit and Loss Account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realized against future profits.

12. Segment Information

Bank has adopted RBI's revised guidelines on segment reporting issued in April 2007 and accordingly 4 business segments viz. Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations have been considered as reportable segments. Advances classified as corporate as per Basel II norms are grouped in Corporate/Wholesale Banking assets while all other advances are grouped as Retail Banking Assets. Deposits of ₹ 1 Crore and above are classified as corporate/wholesale banking liabilities (to conform to ALM classification adopted by the bank) and all other deposits are grouped as retail banking liabilities. Deposits of borrowers classified as corporate as per

Summary of Significant Accounting Policies

Basel II norms are treated as wholesale deposits regardless of amount. For arriving at segment results, income and expenditure that cannot be directly identified with a particular segment are allocated on appropriate basis.

13. Impairment of Assets

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with the Accounting Standard 28 'Impairment of Assets' specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 and charged to Profit and Loss Account.

14. Accounting for Provisions, Contingent Liabilities and Contingent Assets

As per the Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Contingent assets are not recognized in the financial statements.

15. Earnings per Share

The bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share". The Bank reports basic and diluted earnings per equity share in accordance with AS 20, "Earnings per share" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014. Basic Earnings per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti dilutive.

16. Net Profit

The net profit disclosed in the Profit & Loss Account is after

- (i) provision for taxes
- (ii) provision for standard and non performing assets as per the prudential norms.
- (iii) provision for depreciation on investments
- (iv) other usual and necessary provisions.

Notes

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SCHEDULE 18 - NOTES TO ACCOUNTS

1.1 Capital Infusion

- (A) On 14.10.2014, the Bank has allotted 34,06,094 Equity Shares on Preferential basis for an issue price of ₹ 180/- per share (₹ 10/- towards share capital & ₹ 170/- towards share premium) and mobilised ₹ 61.31 Crore. An amount of ₹ 3.41 Crore has been collected towards Share Capital and ₹ 57.90 Crore towards Share Premium out of the Issue.
- (B) On 27.03.2015, the Bank has allotted 1,50,84,406 Equity Shares on Rights basis to the existing shareholders in the proportion of one new equity share for every three equity shares held for an issue price of ₹ 75/- per share (₹ 10/- towards share capital & ₹ 65/- towards share premium) and mobilised ₹ 113.13 Crore. An amount of ₹ 15.08 Crore has been collected towards Share Capital and ₹ 98.05 Crore towards Share Premium out of the Issue.
- (C) The expenses relating to issue of Equity shares on preferential basis amounting to ₹ 0.21 Crore and expenses relating to issue of Equity shares on Rights basis amounting to ₹ 0.72 Crore have been debited to Share Premium Account.

Consequent to the above the paid up equity capital of the Bank increased from ₹ 41.90 Crore to ₹ 60.39 Crore and Share Premium Account from ₹ 290.67 Crore to ₹ 445.69 Crore.

1.2 Investments

- a) The profit on sale of investments under Held to Maturity category amounting to ₹ 23.12 Crore (previous year ₹ 26.79 Crore) and loss on sale of investments under Held to Maturity category amounting to ₹ 1.52 Crore (Previous Year Nil) has been taken to Profit and Loss account. A sum of ₹ 15.26 Crore (previous year - ₹ 13.26 Crore), being net of taxes of such profit, has been transferred to Capital Reserve Account.
- b) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹ 17.04 Crore (previous year ₹ 16.14 Crore) which is netted against Income on Investments (Schedule 13, Item II).
- c) Provisions on depreciation on investments in the Available for Sale category investments amounting to ₹ 13.00 Crore (previous year ₹ 4.56 Crore) is debited to Profit & Loss account.
- d) During 2014-15, the Bank has transferred securities from Held to Maturity to Available for Sale amounting to ₹ 414.31 Crore (previous year ₹ 774.75 Crore). This includes an amount of ₹ 14.41 Crore shifted for the second time in August 2014 as permitted in RBI Guidelines.

1.3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2015. Steps for elimination of outstanding entries are in progress. Since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4 Taxation

Claims against the Bank not acknowledged as debt under contingent liabilities (Schedule 12) include disputed income tax liabilities of ₹ 18.26 Crore (Previous Year - ₹ 9.21 Crore) which has been paid/adjusted and included under other assets (Schedule 11). In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues.

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Provision for income tax for the year is arrived at after due consideration of the various judicial decisions on certain disputed issues.

1.5 Wage settlement

Pending settlement of wage revision with effect from 1-11-2012, Provision of ₹ 36.94 Crore (Previous Year – ₹ 21.48 Crore) has been created during the current year on the basis estimated by the management. Total provision held as on 31.03.2015 is ₹ 58.42 Crore. The Bank has also created a provision in FY 2013-14 of ₹ 10 Crore towards expected escalation in retirement benefit costs pursuant to such revision.

1.6 Unamortised loss on sale of Financial Assets

- a) In the first quarter of FY 2014-15, the Bank had sold financial assets of Net Book Value of ₹ 66.36 Crore to asset reconstruction companies for a consideration of ₹ 62.20 Crore, which resulted in a shortfall of ₹ 4.16 Crore. The Bank has drawn the entire balance of Counter Cyclical Provisioning Buffer of ₹ 2.54 Crore towards meeting this shortfall as permitted by RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. The remaining loss of ₹ 1.62 Crore is amortised over a period of 2 years beginning in the quarter in which the asset is sold in line with RBI guidelines. Accordingly, a sum of ₹ 0.81 Crore has been amortised during the year, and the balance amount carried forward is ₹ 0.81 Crore.
- b) In the second quarter of FY 2014-15, the Bank had sold financial assets of Net Book Value of ₹ 93.17 Crore to asset reconstruction companies for a consideration of ₹ 46.75 Crore, which resulted in a shortfall of ₹ 46.42 Crore. The shortfall is amortised over a period of 2 years beginning in the quarter in which the asset is sold in line with RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. Accordingly, a sum of ₹ 17.41 Crore has been amortised during the year and the balance amount carried forward is ₹ 29.01 Crore.
- c) The total unamortised loss on sale of financial assets to Asset Reconstruction Companies to be carried forward, amounts to ₹ 29.82 Crore and is shown in Item V Others of Schedule 11 – Other Assets.

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2. Disclosures in terms of Reserve Bank of India Guidelines

2.1 Capital

Particulars	Basel III	
	31.03.2015	31.03.2014
i) Common Equity Tier 1 capital ratio (%)	9.26	9.07
ii) Tier 1 Capital ratio (%)	9.26	9.07
iii) Tier 2 Capital ratio (%)	1.74	1.93
iv) Total Capital ratio (CRAR) (%)	11.00	11.00
v) Percentage of the shareholding of the Government of India in public sector banks	N A	N A
vi) Amount of equity capital raised during the year	₹ 174.44 Crore	Nil
vii) Amount of Additional Tier 1 capital raised (during the year); of which		
PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the year) ; of which		
Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments:	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

Particulars	BASEL II	
	31.03.2015	31.03.2014
i) Common Equity Tier 1 capital ratio (%)	9.27	9.26
ii) Tier 1 Capital ratio (%)	9.27	9.26
iii) Tier 2 Capital ratio (%)	1.78	1.99
iv) Total Capital ratio (CRAR) (%)	11.05	11.25
v) Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi) Amount of equity capital raised during the year	₹ 174.44 Crore	Nil
vii) Amount of Additional Tier 1 capital raised (during the year); of which		
PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the year) ;of which		
Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments:	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

Notes

to Accounts

2.2 Investments

			(₹ in Crore)
	31.03.2015	31.03.2014	
(1) Value of Investments			
(i) Gross Value of Investments	5074.53	5139.78	
(a) In India	5074.53	5139.78	
(b) Outside India,	Nil	Nil	
(ii) Provisions for Depreciation	21.13	8.13	
(a) In India	21.13	8.13	
(b) Outside India,	Nil	Nil	
(iii) Net Value of Investments	5053.40	5131.65	
(a) In India	5053.40	5131.65	
(b) Outside India.	-	-	
(2) Movement of provisions held towards depreciation on investments			
(i) Opening balance	8.13	3.57	
(ii) Add: Provisions made during the year	13.00	4.56	
(iii) Less: Write-off/ write-back of excess provisions during the year	Nil	Nil	
(iv) Closing balance	21.13	8.13	

2.2.1 Repo Transactions (In Face Value terms)

				(₹ in Crore)
	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2015
Securities sold under Repo /Term Repo				
i. Government Securities	Nil	504.00	278.15	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	Nil	240.00	12.44	35.00
ii. Corporate debt securities	Nil	Nil	Nil	Nil

Note: The figures relate to LAF Repo/ Term Repo/Reverse Repo only. There have been no market repo/reverse repo transactions during the year.

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

						(₹ in Crore)
No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs*	128.32	98.28	Nil	Nil	98.28
(ii).	FIs	2.00	2.00	Nil	Nil	Nil
(iii).	Banks	47.09	18.00	Nil	Nil	Nil
(iv).	Private Corporate	9.94	4.79	0.78	4.00	4.79

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i) Issuer composition of Non SLR investments (Contd.)

(₹ in Crore)

No. Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(v). Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi). Others * (RIDF, RHF, MSME Fund, SRs, SGS Non SLR, Rev Repo)	882.35	221.03	Nil	59.09	216.90
(vii). Provision held towards depreciation	(21.02)	xxx	xxx	xxx	xxx
Total	1048.68	344.10	0.78	63.09	319.97

* includes securities issued by Govt. of Rajasthan amounting to ₹ 4.13 Crore

ii) Non performing Non-SLR investments

(₹ in Crore)

Particulars	31.03.2015	31.03.2014
Opening balance	4.86	0.08
Additions during the year	0.36	4.78
Reductions during the above period	0.36	Nil
Closing balance	4.86	4.86
Total provisions held	4.86	4.86

2.2.3 Sale of Financial Assets to Securitisation Company / Reconstruction Company Book value of investments in Security receipts

(₹ in Crore)

Particulars	Backed by NPAs/ SMA/SMA2 sold by the bank as underlying	Backed by NPAs/ SMA/ SMA2 sold by other banks/ financial institutions/ non-banking financial companies as underlying	Total
	Current Year	Current Year	Current Year
Book value of investments in security receipts	216.90		216.90

2.2.4 Sale and transfers to/from HTM Category

The value of sales from HTM category in 2014-15 exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year requiring the following disclosures:

(₹ in Crore)

Market value of investments held in the HTM Category :	3168.51
Excess of book value over market value for which provision is not required to be made as per RBI guidelines.	59.97

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2.3. Derivatives: Nil

2.3.1 Forward Rate Agreement/ Interest Rate Swap: Nil

2.3.2 Exchange Traded Currency and Interest Rate Derivatives: Nil

2.3.3 Disclosures on risk exposure in derivatives: Nil

2.3.4 Qualitative & Quantitative Disclosure: Not Applicable

2.4. Asset Quality

2.4.1 Non-Performing Asset

(₹ in Crore)		
Particulars	31.03.2015	31.03.2014
(i) Net NPAs to Net Advances (%)	3.85%	2.22%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	333.55	210.86
(b) Additions during the year	464.76	390.36
(c) Reductions during the year	323.50	267.67
(d) Closing balance	474.81	333.55
(iii) Movement of Net NPAs		
(a) Opening balance	193.24	99.25
(b) Additions during the year	373.74	320.09
(c) Reductions during the year	202.39	226.10
(d) Closing balance	364.59	193.24
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	135.14	91.02
(b) Provisions made during the year	90.07	65.50
(c) Write-off/ write-back of excess provisions	119.19	21.38
(d) Closing balance	106.02	135.14

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2.4.2 Particulars of Accounts Restructured/Rescheduled as on 31.03.2015

Type of Restructuring Asset classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
Sl. No		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Details																					
1	No. of borrowers	5	NIL	1	NIL	6		NIL	NIL	NIL	NIL	67	1	12	NIL	80	72	1	13	NIL	86
	Accounts as on April 1 of the FY (opening figure)	169.99	NIL	45.99	NIL	215.98		NIL	NIL	NIL	NIL	189.22	5.64	1.62	NIL	196.48	359.21	5.64	47.61	NIL	412.46
	Provision thereon	8.43	NIL	NIL	NIL	8.43		NIL	NIL	NIL	NIL	0.48	0.00	0.071	NIL	0.55	8.91	0.00	0.071	NIL	8.98
2	No. of borrowers	1	NIL	NIL	NIL	1		NIL	NIL	NIL	NIL	21	2	NIL	NIL	23	22	2	NIL	NIL	24
	Amount outstanding	68.98	NIL	NIL	NIL	68.98		NIL	NIL	NIL	NIL	108.53	57.63	NIL	NIL	166.16	177.51	57.63	NIL	NIL	235.14
	Provision thereon	0.00	NIL	NIL	NIL	0.00		NIL	NIL	NIL	NIL	2.0215	1.57	NIL	NIL	3.5915	2.0215	1.57	NIL	NIL	3.5915
3	No. of borrowers	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	2	NIL	NIL	NIL	2	2	NIL	NIL	NIL	2
	Amount outstanding	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	2.46	NIL	NIL	NIL	2.46	2.46	NIL	NIL	NIL	2.46
	Provision thereon	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	0.0059	NIL	NIL	NIL	0.0059	0.0059	NIL	NIL	NIL	0.0059
4	No. of borrowers											45				45	45				45
	Amount outstanding											15.83				15.83	15.83				15.83
	Provision thereon											0.47				0.47	0.47				0.47
5	No. of borrowers	1	NIL	NIL	NIL	1		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1	NIL	NIL	NIL	1
	Amount outstanding	53.04	NIL	NIL	NIL	53.04		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	53.04	NIL	NIL	NIL	53.04
	Provision thereon	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6	No. of borrowers	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Amount outstanding	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Provision thereon	NIL	NIL	NIL	NIL	NIL		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
7	No. of borrowers	2	NIL	2	NIL	4		NIL	NIL	NIL	NIL	28	2	10	NIL	40	30	2	12	NIL	44
	Amount outstanding	72.02	NIL	99.04	NIL	171.062		NIL	NIL	NIL	NIL	266.97	57.63	1.61	NIL	326.21	338.99	57.63	100.65	NIL	497.27
	Provision thereon	0.26	NIL	0.00	NIL	0.26		NIL	NIL	NIL	NIL	1.79	1.57	0.071	NIL	3.431	2.05	1.57	0.071	NIL	3.69

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

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

	12 months ended 31.03.2015	12 months ended 31.03.2014
(i) No. of accounts	7	112
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC (₹ in Crore)	159.53	136.42
(iii) Aggregate consideration (₹ in Crore)	108.95	127.00
(iv) Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/(loss) over net book value (₹ in Crore)	(50.58)	(9.42)

2.4.4 Details of non-performing financial assets purchased/sold from/to other banks Nil.

2.4.5 Provisions on Standard Assets

	(₹ in Crore)	
Particulars	31.03.2015	31.03.2014
Provisions held towards Standard Assets	49.58	42.89

2.5 Business Ratio

Particulars	12 Months ended 31.03.2015	12 months ended 31.03.2014
(i) Interest Income as a percentage to Working Funds	9.85	10.25
(ii) Non-interest income as a percentage to Working Funds	0.81	0.80
(iii) Operating Profit as a percentage to Working Funds	0.32	0.65
(iv) Return on Assets (%)	(0.34)	0.18
(v) Business (Deposits plus advances) per employee	₹ 789.45 Lac	₹ 771 Lac
(vi) Profit /(Loss) per employee	₹ (1.78 Lac)	₹ 0.94Lac

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2.6 Asset Liability Management Maturity pattern of certain items of assets and liabilities (As compiled by the management and relied upon by the auditors)

As on 31.03.2015	Day 1	2-7 Days	8 - 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	43.80	93.98	182.30	150.22	473.68	880.95	1158.49	3257.95	386.24	7846.88	14474.49
Advances	70.53	105.81	298.68	173.02	976.72	969.30	1396.16	3619.47	814.61	1047.66	9471.96
Investments	Nil	35.00	Nil	102.31	548.61	268.79	330.04	348.09	881.25	2539.31	5053.40
Borrowings	Nil	Nil	Nil	Nil	Nil	3.65	Nil	Nil	41.80	Nil	45.45
Foreign Currency assets	59.32	4.31	2.56	8.11	28.95	25.36	3.75	0.96	40.63	Nil	173.95
Foreign Currency liabilities	16.05	0.29	0.33	2.35	7.13	27.01	33.82	43.12	44.19	Nil	174.29

Note: Deposits have been classified as per behavioural maturity.

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2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)		
Category	31.03.2015	31.03.2014
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	256.95	241.18
b) Non priority sector	151.44	127.31
(Of which staff housing loans)	(70.16)	(71.03)
c) Total	408.39	368.49
(ii) Commercial Real Estate	599.82	407.25
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
Total Exposure to Real Estate Sector	1008.21	775.74

2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors)

		(₹ in Crore)	
Sl No	Items	31.03.2015	31.03.2014
1	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	0.13	0.13
2	Advances against shares/bonds/debentures of 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	0.06	0.13
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	0.00	Nil
4	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	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	0.02

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2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors) (Contd.)

		(₹ in Crore)	
Sl No	Items	31.03.2015	31.03.2014
6	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
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	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
9	Financing to stock brokers for margin trading	Nil	Nil
10	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		0.19	0.28

2.7.3 Risk category wise country exposure *

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)				
Risk Category	Exposure (Net) as at 31.03.2015	Provision held as at 31.03.2015	Exposure (Net) as at 31.03.2014	Provision held as at 31.03.2014
Insignificant	33.91	Nil	35.51	Nil
Low	8.47	Nil	15.23	Nil
Moderately Low	0.35	Nil	5.88	Nil
Moderate	Nil	Nil	0.21	Nil
Moderately High	Nil	Nil	0.08	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	42.73	Nil	56.91	Nil

* Based on categorisation followed by Export Credit Guarantee Corporation of India Ltd

The Bank is not having exposure to any country where the net funded exposure is 1 percent or more of the total assets and hence no provisioning is necessary for country risk, in accordance with the RBI guidelines.

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2.7.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

(₹ in Crore)

Sl No	Name of Borrower	As on 31.03.2015		
		Advance Exposure	Investment Exposure	Total Exposure
1	Ajmer Vidyut Vitran Nigam Ltd	105.68	42.81	148.49
2	Tamil Nadu Generation and Distribution Corporation	82.74	32.65	115.39

2.7.5 Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authorisation etc. are available to the Bank is Nil.

2.8 Miscellaneous

Amount of Provisions made for Income-tax during the year

(₹ in Crore)

	As on 31.03.2015	31.03.2014
Provision for Income Tax (including Deferred Tax & wealth tax)	(29.00)	13.86

2.8.1 Disclosure of Penalties imposed by RBI - Nil.

3. Disclosures as per Accounting Standards where RBI has issued Guidelines in respect of items for 'Notes to Accounts'

3.1 Accounting Standard 5 – Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies

(a) In terms of section 123 and Schedule II of the Companies Act, 2013 (the Act) applicable with effect from 01.04.2014, depreciation for the year ended 31.03.2015 has been provided on the basis of the useful life as prescribed in Schedule II of the Act. As a result, the depreciation charged for the year ended 31.03.2015 is higher by ₹ 3.11 Crore. An amount of ₹ 0.56 Crore (net of Deferred Tax ₹ 0.29 Crore) has been adjusted against the opening balance of Retained Earnings in respect of the assets which have no remaining useful life as per the transitional provisions specified in Schedule II of the Act. The sanction for adjusting the opening retained earnings has been obtained from RBI vide letter No DBR.BP.No.11651/21.04.018/2014-15 dated 05.02.2015.

(b) The Bank has changed its accounting policy with effect from 01.04.2014 from Written Down Value ("WDV") method to Straight Line Method ("SLM") in respect of Motor Cars. The management believes that such change better reflects the actual use of assets acquired. On account of this change in accounting policy, the Bank has in the year ended 31.03.2015, reversed an amount of ₹ 0.29 Crore representing the excess depreciation charged for the period upto 31.03.2014. As a result of this change, the loss for the year is lower by ₹ 0.20 Crore.

3.2 Accounting Standard 9 – Revenue Recognition

Income of certain items are recognised on cash basis the effect of which on the financial statements are not considered to be material.

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3.3 Accounting Standard 15 (Revised) –Employee Benefits

During financial year 2010-11, the Bank re opened pension for those employees who had not opted for the pension scheme earlier. Further during the same year the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. In accordance with the RBI Circular DBOD. No. BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI Letter DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011 the Bank had amortised the pension and enhanced gratuity (in the cases mentioned above) for a period of 5 years commencing from 31.03.2011. Accordingly ₹ 12.10 Crore (1/5th of pension ₹ 39.74 Crore i.e. ₹ 7.95 Crore and 1/5th of Gratuity ₹ 20.74 Crore i.e. ₹ 4.15 Crore) has been charged to the Profit and Loss account during the year(Previous Year - ₹ 12.10 Crore). The balance amount carried forward for future amortisation is Nil(Previous Year - ₹ 12.10 Crore). Had such a circular not been issued by the RBI and accounting had been done in terms of Accounting Standard 15, the loss for the year would have been lower by ₹ 7.99 Crore.

3.3.1 Disclosures for Defined Contribution Plans – Provident Fund & New Pension Scheme (Contributory)

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amount to ₹ 4.18 Crore (Previous Year- ₹ 2.81 Crore). There is no deficit in the Income & Expenditure of the provident fund.

3.3.2 Disclosures for Defined Benefit Plans – Pension, Gratuity & Long term Compensated Absences (Privilege Leave)

3.3.2.1 Amount recognised in Balance Sheet and Profit & Loss Account

The amount recognised in the balance sheet is as follows:

	(₹ in Crore)					
	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Present Value of Obligations - Closing	304.66	280.23	80.22	81.93	48.09	49.48
Add: Adhoc provision for expected escalation in retirement benefits due to wage revision*	9.00	9.00	1.00	1.00	N.A.	N.A.
Fair Value of Plan Assets – Closing	291.84	261.22	85.66	76.82	N.A.	N.A.
Funded Status	21.82	28.01	(4.44)	6.11	48.09	49.48
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil
Less Amount unamortised and carried forward as per RBI letter DBOD.No.BP.BC. 15896/21.04.018/2010-11 dated April 08, 2011	Nil	7.95	Nil	4.15	N.A.	N.A.
Net Liability (Asset) recognised in Balance Sheet (included in Item No IV Others of schedule 5 – Other Liabilities & Provisions)	21.82	20.06	(4.44)	1.96	48.09	49.48

* The Bank had funded ₹ 10 Crore of adhoc provision towards expected escalation in retirement benefits created in FY 2013-14.

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The amount recognised in the statement of profit and loss account is as follows:

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Current Service Cost	54.57	55.86	3.04	4.02	3.57	3.38
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest Cost	19.46	19.02	5.99	6.76	3.58	4.39
Expected Return on Plan Assets	(24.61)	(16.36)	(6.74)	(5.95)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised during the year	18.57	20.00	1.32	1.95	0.91	(3.49)
Total, (included in Item I. "Payment to and provisions for employees" of Schedule 16 – Operating Expenses)	67.99	78.52	3.61	6.78	8.06	4.28

3.3.2.2 Changes in Fair Value of Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Fair Value of Plan Assets at the beginning of the year	261.22	170.01	76.81	65.57	N.A.	N.A.
Expected Return on Plan Assets	24.61	16.36	6.74	5.95	N.A.	N.A.
Contributions	74.18	138.61	14.17	17.40	9.45	7.63
Benefits Paid	73.98	67.82	14.13	11.65	9.45	7.63
Actuarial (Loss)/Gain	5.81	4.06	2.07	(0.45)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	291.84	261.22	85.66	76.82	N.A.	N.A.

3.3.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Present Value of Obligations at the beginning of the year	280.23	249.10	81.93	81.30	49.48	52.83
Interest Cost	19.46	19.02	5.99	6.76	3.58	4.39
Current Service Cost	54.57	55.86	3.04	4.02	3.57	3.38
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	73.98	67.82	14.13	11.65	9.45	7.63
Actuarial Loss/(Gain)	24.38	24.07	3.39	1.50	0.91	(3.49)
Present Value of Obligations at the end of the year	304.66	280.23	80.22	81.93	48.09	49.48

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3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Net Liability at the beginning of the period	20.06	63.20	1.96	7.43	49.48	52.83
Add Expenses Charged to Profit & Loss Account	75.94	95.47	7.77	11.93	8.06	4.28
Less Contributions	74.18	138.61	14.17	17.40	9.45	7.63
Net Liability (Asset) at the end of the year	21.82	20.06	(4.44)	1.96	48.09	49.48

3.3.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Expected Return on Plan Assets	24.61	16.36	6.74	5.95	N.A.	N.A.
Actuarial Gain (Loss)	5.81	4.06	2.07	(0.45)	N.A.	N.A.
Actual Return on Plan Assets	30.42	20.42	8.81	5.50	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Discount Rate (p.a.)	8.00%	8.84%	8.00%	8.96%	8.00%	8.96%
Expected Return on Plan Assets (p.a.)	9.42%	9.62%	8.78%	9.07%	N.A.	N.A.
Future Salary Increases (p.a.)	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality	In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).	

3.3.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2015	As on 31.03.2014	As on 31.03.2015	As on 31.03.2014
Life Insurance Companies	80.75%	74.42%	58.32%	49.36%
Central Govt. Securities	3.96%	5.96%	18.75%	21.72%
State Govt. Securities	6.52%	7.20%	9.52%	11.34%
Other Trust Securities (PSU)/Deposits with Banks etc.	8.77%	12.42%	13.41%	17.58%
Total	100.00%	100.00%	100.00%	100.00%

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3.3.2.8 Experience Adjustments

(₹ in Crore)

	Pension		Gratuity	
	2014-15	2013-14	2014-15	2013-14
On Benefit Obligation (Gain+/Loss-)	-12.11	-31.30	-0.86	-7.99
On Plan Assets (Gain+/Loss-)	+6.34	+2.16	+2.29	-0.83

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in 2015-16 are as follows:

Pension: ₹ 70.00 Crore

Gratuity: ₹ 5.00 Crore

3.3.3 Other Long term Employee Benefits

As on 31.03.2015 the Bank holds provision of ₹ 0.50 Crore (Previous Year - ₹ 0.39 Crore) towards provision for Leave Fare Concession based on actuarial valuation.

3.3.4 Option for Defined Benefit Pension

In FY 2014-15, the Bank had given an option for defined benefit pension scheme to 125 employees who had joined/ confirmed the Bank from 01.12.2004 to 31.03.2010 and were covered in defined contribution pension scheme. The incremental liability arising on account of such option as per actuarial valuation as on 31.03.2015 amounting to ₹ 3.96 Crore has been charged to Profit & Loss Account.

3.4 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(As compiled by the management and relied upon by the auditors)

(₹ in Crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Business		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue	410.73	410.09	363.64	290.8	879.52	905.12	18.00	15.30	1671.89	1621.31
Result	(137.09)	(106.01)	15.88	5.66	169.44	192.75	1.85	2.94	50.08	95.34
Unallocated expenses									Nil	Nil
Operating profit									50.08	95.34
Provisions other than tax									132.25	54.6
Provision for Tax									-29.00	13.86
Extraordinary profit/ loss									Nil	Nil
Net profit/ (Loss)									-53.17	26.88
OTHER INFORMATION										
Segment assets	4494.37	5187.48	3341.49	3049.44	7179.65	6455.63	7.07	5.94	15022.58	14698.49
Unallocated assets									739.69	617.06
Total assets									15762.27	15315.55
Segment liabilities	81.21	518.47	3914.46	3927.04	11478.92	10622.96	14.70	14.78	15489.29	15083.25
Unallocated liabilities									272.98	232.3
Total liabilities									15762.27	15315.55

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Part B: Geographic segments

The Bank has no branches outside India.

3.5 Accounting Standard 18 – Related Party disclosures

Name of the Party	Nature of Relationship
Mr Rakesh Bhatia (Managing Director & CEO)	Key Management Personnel (Up to his resignation on 20.03.2015)

Note: In accordance with the RBI Guidelines on compliance with Accounting Standards by the Banks, the details of transactions with parent, subsidiaries, associates, jointly controlled entity and relatives of Key Management Personnel have not been disclosed since there is only one entity in the respective category of the Key Management Personnel.

3.6 Accounting Standard 21 - Consolidated Financial Statements (CFS) - Not Applicable

3.7 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2015, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 47.39 Crore, which is included in Item No.5 “Others” of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2015 are as follows:

	(₹ in Crore)	
	31.03.2015	31.03.2014
Deferred Tax Asset		
Provision for Employee Benefits	16.82	16.95
Provision for Standard Assets	17.16	14.58
Carry Forward Loss	50.01	29.38
Others	3.28	4.09
Total Deferred Tax Asset	87.27	65.00
Deferred Tax Liability		
Depreciation on Fixed Assets	4.72	4.76
Interest accrued but not due	26.94	33.93
Special Reserve u/s 36 (1)(viii)	8.22	8.07
Total Deferred Tax Liability	39.88	46.76
Net Deferred Tax Asset	47.39	18.24

3.8 Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

Not Applicable

3.9 Accounting Standard 24 - Discontinuing Operations - Not Applicable

3.10 Accounting Standard 25 - Interim Financial Reporting

The Bank has complied with the disclosures in connection with the half yearly review prescribed by RBI

4 Other Accounting Standards

4.1 Accounting Standard 10 – Accounting for Fixed Assets

The land and buildings owned by the Bank were revalued in 1990-91,1993-94,1998-99, 2004-05,2006-07,2007-08& 2012-13 and appropriation credited to revaluation reserve. Depreciation for the year on the net addition to

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value on revaluation of assets of ₹ 1.33 Crore (FY 2013-14 - ₹ 1.40 Crore) has been transferred from Revaluation Reserve to Profit and Loss Account.

4.2 Accounting Standard 19 – Leases

The Properties taken on lease/rental basis are renewable/cancelable at the option of the Bank.

4.3 Accounting Standard 20 – Earnings per Share

Particulars	2014-15	2013-14
EPS-Basic/Diluted	(₹ 10.50)	₹5.52
Amount used as numerator- Profit / (Loss)after Tax (in Crore)	(53.17)	26.88
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	50656236	48715435

4.4 Accounting Standard 26 – Intangible Assets

The Bank has complied with AS 26 (Intangible Assets) and the disclosures required under the Standard are as follows:

		(₹ in Crore)	
Particulars	31.03.2015	31.03.2014	
a) Acquired Application Software			
Opening Balance at cost	9.18	5.84	
Add Additions during the year	1.64	3.34	
Less Disposals during the year	Nil	Nil	
Less Amortisation to date	6.29	5.11	
Net Carrying Amount*	4.53	4.07	
b) Internally Generated Software			
Opening Balance at cost	9.84	9.05	
Add Additions during the year	0.88	0.80	
Less Disposals during the year	Nil	Nil	
Less Amortisation to date	8.64	8.20	
Net Carrying Amount*	2.08	1.65	
Total Carrying Amount	6.61	5.72	

* The Net carrying amount of acquired application software and internally generated application software are included in item No.5 "Others" of Schedule 11 – Other Assets. This includes ₹ 0.33 Crore relating to software, which is under development stage.

4.5 Accounting Standard 28 - Impairment of Assets

In the opinion of the Bank's management, there is no material impairment to the fixed assets as at 31.03.2015 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.6 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

Movements in significant provision heads have been disclosed at appropriate places in the Notes forming part of the accounts.

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4.6.1 Description of Contingent Liabilities

- a) Claims against the Bank not acknowledged as debts
These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by Income tax and other statutory authorities and disputed by the Bank.
- b) Liability on account of forward exchange and derivative contracts
The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
- c) Guarantee given on behalf of constituents
As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation.
- d) Acceptances, endorsements and other obligations
These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.
- e) Other items for which the Bank is contingently liable
Includes income tax appeals filed by the Bank, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).
- f) The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Refer schedule 12 for amounts relating to contingent liability.

5. Additional Disclosures as per RBI Guidelines

5.1 Details of provisions and contingencies debited in Profit and Loss Account during the Year

		(₹ in Crore)	
Particulars	31.03.2015	31.03.2014	
a Provisions towards NPA/write offs	110.83	74.91	
b Drawal from Counter Cyclical Provisioning Buffer	(2.54)	(15.30)	
c Depreciation and write off of investments	13.00	4.56	
d Provision for Income tax (Including Deferred Tax and Wealth Tax)	(29.00)	13.86	
e Provision for Standard Assets	6.69	(3.58)	
f Provision for diminution on Restructured Advances	3.13	(6.60)	
g Other provisions	1.13	0.61	
Total	103.24	68.46	

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5.2 Floating Provisions

a) Opening Balance in floating provisions account	Nil
b) Quantum of floating provisions made in the accounting year	Nil
c) Purpose & amount of draw down made during the accounting year	Nil
d) Closing balance in floating provisions account	Nil

5.3 Draw Down from Reserves

The Bank has not drawn from Reserves any amount other than from profit and loss account balance as detailed in paragraphs 1.1 (c) and 3.1 (a).

5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

a) No. of complaints pending at the beginning of the year	7
b) No. of complaints received during the year	152
c) No. of complaints redressed during the year	147
d) No. of complaints pending at the end of the year	12

B. ATM Complaints

a) No. of ATMs complaints pending at the beginning of the year	Nil
b) No. of ATMs complaints received during the year	2075
c) No. of ATMs complaints redressed during the year	2075
d) No. of ATMs complaints pending at the end of the year	Nil

C. 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

5.5 Disclosure of Letter of Comforts (LOCs) issued by banks

Not applicable since the Bank has no subsidiaries.

5.6 Provisioning Coverage Ratio

	(₹ in Crore)	
	As on 31.03.2015	As on 31.03.2014
Provisioning Coverage Ratio	42.25%	49.28%

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5.7 Income from Bancassurance

(₹ in Crore)

Sl. No.	Nature of Income	12 months ended 31.03.2015	12 months ended 31.03.2014
1.	From Selling Life Insurance Policies	2.17	0.93
2.	From Selling Non Life Insurance Policies	0.60	0.61
3.	From Selling Mutual Fund Products	0.00	0.03
4.	Others	Nil	Nil
	Total	2.77	1.57

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2015	As on 31.03.2014
Total Deposits of twenty largest depositors (₹ in Crore)	1784.66	2036.94
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	12.33%	14.90%

5.8.2 Concentration of Advances

	As on 31.03.2015	As on 31.03.2014
Total Advances of twenty largest borrowers (₹ in Crore)	1157.95	1156.73
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	10.59%	11.40%

5.8.3 Concentration of Exposures

	As on 31.03.2015	As on 31.03.2014
Total Exposures to twenty largest borrowers/customers (₹ in Crore)	1379.54	1314.15
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	11.67%	12.53%

5.8.4 Concentration of NPAs

(₹ in Crore)

	As on 31.03.2015	As on 31.03.2014
Total Exposures to top four NPA Accounts	162.01	143.05

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5.9 Sector-wise advances

(As compiled by the management and relied upon by the auditors)

(Amount in ₹ Crore)			
Sector	As on 31.03.2015		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A Priority Sector			
1 Agriculture and allied activities	844.40	7.16	0.85
2 Advances to industries sector eligible as priority sector lending	875.79	63.93	7.30
3 Services	1596.63	86.98	5.45
4 Personal loans	369.99	22.29	6.02
Sub-total (A)	3686.81	180.36	4.89
B Non Priority Sector			
1 Agriculture and allied activities	Nil	Nil	Nil
2 Industry	2181.62	193.74	8.88
3 Services	998.25	79.75	7.99
4 Personal loans	2715.47	20.96	0.77
Sub-total (B)	5895.34	294.45	4.99
Total (A+B)	9582.15	474.81	4.96

5.10 Movement of NPA

(₹ in Crore)		
Particulars	2014-15	2013-14
Opening Balance of Gross NPA	333.55	210.86
Additions (Fresh NPAs) during the year	464.76	390.36
Sub-total (A)	798.31	601.22
Less:-		
(i) Upgradations	129.48	44.67
(ii) Recoveries (excluding recoveries made from upgraded accounts)	83.18	222.41
(iii) Technical/ Prudential Write-offs	109.39	Nil
(iv) Write-offs other than those under (iii) above	1.45	0.59
Sub-total (B)	323.50	267.67
Closing balance of Gross NPA (A – B)	474.81	333.55

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5.11 Movement of technical write offs and recoveries:

(₹ in Crore)		
Particulars	2014-15	2013-14
Opening balance of technical/prudential written off accounts	47.42	59.46
Add: Technical/Prudential write-offs during the year	109.39	Nil
Sub-total(A)	156.81	59.46
Less: Recoveries made from previously technical/Prudential written offs accounts during the year (including sale to ARCs)(B)	0.29	12.04
Closing balance (A-B)	156.52	47.42

5.12 Overseas Assets, NPAs and Revenue

(₹ in Crore)		
Particulars	2014-15	2013-14
Total Assets	49.24	86.61
Total NPAs	Nil	Nil
Total Revenues	0.11	0.03

5.13 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms) Nil

5.14 Unamortised Pension and Gratuity Liabilities

(₹ in Crore)		
Particulars	2014-15	2013-14
Unamortised Pension Liability	Nil	7.95
Unamortised Gratuity Liability	Nil	4.15
Total	Nil	12.10

5.15 Disclosure on Remuneration

Qualitative disclosures	(a)
	Information relating to the composition and mandate of the Remuneration Committee.
	Composition
	The Nomination & Remuneration of the Board comprises of independent directors.
	Function and mandate
	The Nomination & Remuneration of the Board inter alia, oversee the framing, review and implementation of compensation policy of the Bank including ESOS of the Bank on behalf of the Board.
	(b)
	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.
	Process
	The Nomination & Remuneration Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Nomination & Remuneration Committee will study the business and industry environment, analyze and categorise the risks and streamline the components of the compensation plan like proportion of the total variable compensation to be paid to MD & CEO, WTD's and Senior executives to ensure financial stability of the organisation.

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5.15 Disclosure on Remuneration (Contd.)

	<p>Authority to invoke clawback arrangement</p> <p>The Remuneration and Compensation Committee of the Board also have the authority to ascertain whether the decision taken by the MD& CEO, WTD, Senior executives/ officers (Non IBA Package) have brought forth a negative contribution to the Bank. The Committee will be vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.</p>
	<p>Objectives</p> <p>The objectives of the remuneration policy are four fold:</p> <ul style="list-style-type: none"> ● To align compensation with prudent risk taken. ● To ensure effective governance of the compensation in the organisation. ● To ensure effective supervisory oversight and stakeholder engagement in compensation. ● To attract and retain talent.
	<p>Key features</p> <ul style="list-style-type: none"> ● To actively oversee the compensation systems design and operation. ● To monitor and review the compensation system to ensure that the system operates as intended. ● Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm. ● Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action. ● Firms must disclose clear comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.
(c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.</p> <p>For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following four categories.</p> <ol style="list-style-type: none"> 1 MD & CEO/Whole time directors 2 Senior Executives (Risk control and compliance staff) -Non IBA Package 3 Senior Executives (Chief General Manger) -Non IBA Package 4 Senior / Other Officers - Non IBA Package 5 Other officers and staff -on IBA package
	<p>Clawback Arrangement/Compensation Recovery</p> <p>A clawback arrangement or a compensation recovery is provided in the policy [MD & CEO, WTD's and Senior executives/ officers (Non IBA Package)] which will entail the Bank to recover proportionate amount of variable compensation paid to the functionaries on account of an act or decision taken by the official which has brought forth a negative contribution to the Bank at a prospective stage. The clawback arrangement is subject to the relevant statutory and regulatory stipulations as applicable.</p>
	<p>Limit on variable pay</p> <p>The variable compensation offered to an official would not exceed 70% of the total fixed compensation.</p>
	<p>Severance pay and guaranteed bonus</p> <p>Severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organisation except in those cases where it is mandatory by statute.</p> <p>Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options.</p>

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5.15 Disclosure on Remuneration (Contd.)

Hedging

No compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and clawback arrangements) embedded in their compensation arrangement.

Committees to mitigate risks caused by an individual decision

In order to further balance the impact of market or credit risks caused to the organisation by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the Bank, as a promoted practice, has constituted various committees to take decisions on various aspects.

Credit limits are sanctioned by committee at different levels.

Investment decisions of the Bank are taken and monitored by Investment Committee and there is an upper limit cut in treasury dealings where individual decisions can be taken.

Interest rates on Asset and liability products for different buckets are decided and monitored by the ALCO. Banks' exposure to liquidity risk are also monitored by ALCO.

Compensation of risk control staff

Members of staff engaged in financial and risk control would be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation.

- (d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

Compensation of MD & CEO, whole time directors and senior executives (Non IBA), performance linkage

The compensation paid out to the referred functionaries is divided into two components

1. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span.
2. The variable compensation for MD & CEO and senior executives on Non – IBA package basis are fixed based on performance and responsibility in the Bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance.

Approval from RBI is to be obtained to decide compensation for MD & CEO/ whole time directors. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank's Articles of Association read with the Section 197 of the Companies Act, 2013.

Compensation paid to Other Officers and staff members on IBA package

The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Bank Association. The variable compensation paid to functionaries is based on the Performance Linked incentive scheme which has been formulated on the basis of performance parameters.

- (e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

Deferred compensation and Performance Linkage (Non-IBA)

In the event variable compensation paid to MD & CEO, WTD's, Senior/other executives (Non IBA Package), the deferred period should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis.

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5.15 Disclosure on Remuneration (Contd.)

		Clawback and deferral arrangements			
		The provisions of clawback and deferral arrangements applicable to the referred functionaries (Non IBA Package) are subject to relevant statutory and regulatory stipulations as applicable.			
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms. The Bank uses an optimum mix of cash, ESOPs and variable pay to decide the compensation to MD & CEO /WTD and senior executives on Non – IBA package. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The Officers in Scale I-VII as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. The variable compensation paid to functionaries is based on the Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time.			
			Current (FY 2014-15)	Year (FY 2013-14)	Year
	(g)	Number of meetings held by the Remuneration Committee during the year and remuneration paid to its members.		3	2
			₹ 1,30,000		₹ 1,00,000
	(h)	(i) Number of employees having received a variable remuneration award during the year.		1	Nil
		(ii) Number and total amount of sign-on awards made during the year.		Nil	Nil
		(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus		Nil	Nil
		(iv) Details of severance pay, in addition to accrued benefits, if any.		Nil	Nil
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.		Nil	Nil
		(ii) Total amount of deferred remuneration paid out in the year.		Nil	Nil
	(j)	Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non-deferred (on payment basis).	₹ 67,07,143 (Fixed)* ₹ 300000 (Variable)* Nil (Deferred)	₹ 75,00,000 (Fixed) Nil Nil (Deferred)	
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		Nil	Nil
		(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.		Nil	Nil
		(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.		Nil	Nil

* Pertains to the financial year 2013-14 paid to MD & CEO

* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation, Leave travel concession and contributions towards Provident fund

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5.16 Disclosures relating to Securitisation - Not applicable to the Bank at this stage.

5.17 Credit Default Swaps – Nil

5.18 Intra-Group Exposures - NA

5.19 Transfers to Depositor Education and Awareness Fund (DEAF)

Unclaimed liabilities where amount due has been transferred to DEAF is reflected as “Contingent Liability - Others, items for which the Bank is contingently liable” under Schedule 12 of the financial statements.

(₹ in Crore)	
Particulars	31.03.2015
Opening balance of amounts transferred to DEAF	Nil
Add : Amounts transferred to DEAF during the year	15.49
Less : Amounts reimbursed by DEAF towards claims	Nil
Closing balance of amounts transferred to DEAF	15.49

5.20 Unhedged Foreign Currency Exposure

(A) Provisioning

In terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular DBOD No.BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, based on the available data, available financial statements and declarations from borrowers wherever received, the Bank has estimated the liability of ₹ 1.19 Crore on Unhedged Foreign Currency Exposures and has charged the total amount to Profit and Loss Account.

(B) Capital Held

In terms of the aforementioned circulars, an additional capital of ₹ 1.51 Crore has been held towards unhedged foreign currency exposures.

6 Liquidity Coverage Ratio

a) Quantitative Disclosures

(₹ in Crore)		
	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		1163.79
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	10179.50	1007.09
(i) Stable deposits	217.16	10.86
(ii) Less stable deposits	9962.34	996.23
3 Unsecured wholesale funding, of which:	882.73	257.65
(i) Operational deposits (all counterparties)	Nil	Nil
(ii) Non-operational deposits (all counterparties)	882.73	257.65
(iii) Unsecured debt	Nil	Nil
4 Secured wholesale funding	261.33	Nil

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to Accounts

a) Quantitative Disclosures (Contd.)

(₹ in Crore)		
	Total Unweighted Value (average)	Total Weighted Value (average)
5 Additional requirements, of which	1020.65	75.62
(i) Outflows related to derivative exposures and other collateral requirements	Nil	Nil
(ii) outflows related to loss of funding on debt products	Nil	Nil
(iii) Credit and liquidity facilities	1020.65	75.62
6 Other contractual funding obligations	Nil	Nil
7 Other contingent funding obligations	265.05	13.25
8 TOTAL CASH OUTFLOWS		1353.61
Cash Inflows		
9 Secured Lending (e.g. reverse repos)	60.63	Nil
10 Inflows from fully performing exposures	677.67	356.84
11 Other cash inflows	Nil	Nil
12 TOTAL CASH INFLOWS	738.3	356.84
13 TOTAL HQLA		1163.79
14 TOTAL NET CASH OUTFLOWS		996.78
15 LIQUIDITY COVERAGE RATIO (%)		116.75%

b) Qualitative disclosures

- (i) Main drivers of LCR and evolution of contribution of inputs
The Liquidity Coverage Ratio (LCR) standard aims to ensure that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario, by which time it is assumed that proper corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.
- (ii) Intra period changes
The intra period changes are mainly on account of changes in unencumbered excess SLR positions.
- (iii) The composition of High Quality Liquid Assets (HQLA)
The Bank's High Quality Liquid Assets consists of the following
- Cash
 - Balance with RBI in excess of CRR requirement
 - Unencumbered portion of investments in Government securities in excess of SLR requirement.
 - Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility (MSF)
 - Investment in Government Securities held up to 5% of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).
- (iv) Concentration of funding
Banks' concentration from top 20 depositors stood at 12.33% of total deposits as on 31st March, 2015.

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- (v) Derivative exposure and potential collateral calls
The Bank does not have derivative business except forward contracts.
- (vi) Currency Mismatch in LCR
The Bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the bank's total liabilities and hence LCR in other currencies is not computed.
- (vii) Centralisation of liquidity management
Banks' liquidity management and monitoring is centralised. The Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines.
- (viii) Other Inflows and outflows in the LCR calculation that are not captured in the template but which the Bank considers relevant for its liquidity profile Inflows and outflows are comprehensively captured in LCR template

7. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

8. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements

9. Comparative Figures

The previous year's figures have been regrouped and recast wherever necessary to conform to current year's classification.

Sd/-
S. Santhanakrishnan, Chairman
(DIN: 00032049)

Sd/-
S. Ramakrishnan, Chairman-Audit Committee
(DIN: 02255401)

Sd/-
T. S. Anantharaman, Director
(DIN: 00480136)

Sd/-
C. K. Gopinathan, Director
(DIN: 01236752)

Sd/-
M. Madhavan Nambiar, Director
(DIN: 03487311)

Sd/-
Radha Unni, Director
(DIN: 03242769)

Sd/-
K. Subrahmanya Sarma, Director
(DIN: 01505787)

Sd/-
Anand Krishnamurthy
Head-Wholesale Banking and Treasury

Sd/-
Sijo Varghese
Company Secretary

Sd/-
P. V. Antony
Chief Financial Officer

Chennai
29.06.2015

As per our report of even date
For Sundaram & Srinivasan
Chartered Accountants
FRN No:004207 S

Sd/-
C. Naresh
Partner
(M. No. 28684)

For Varma & Varma
Chartered Accountants
FRN No.004532 S

Sd/-
C. Pankajakshan
Partner
(M.No.12948)

Annexure 5: Basel III Pillar 3 Disclosures

1. SCOPE OF APPLICATION

The Catholic Syrian Bank Ltd is a commercial bank formed on November 26, 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. The bank has no subsidiaries.

2. CAPITAL STRUCTURE

Qualitative Disclosures:

Bank's capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves (other than revaluation reserves). Tier 2 capital consists of subordinated debt (Lower Tier 2), revaluation reserves and provision for standard assets. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

Quantitative Disclosures:

The breakup of capital funds is as follows:

	(₹ Million)	
	As on 31.03.2015	As on 31.03.2014
Tier 1 Capital		
Paid up Share capital	603.90	418.99
Share Premium	4,456.92	2,906.66
Statutory Reserves	1,463.67	1,463.67
Capital Reserves	682.30	529.69
Special Reserve (36 (i) (viii))	237.62	237.62
Other eligible reserves	870.82	870.82
Total Tier 1 Capital (Gross)	8,315.23	6,427.45
Add: Credit balance in Profit and Loss account	(670.11)	19.70
Less Deferred Tax Assets and Other Intangible Assets	846.52	251.65
Less unamortised pension gratuity	-	121.00
Total Tier 1 Capital (Net) [A]	6,798.60	6,074.50
Tier 2 Capital		
Subordinated debt (eligible for inclusion in Lower Tier 2 capital) (Of which amount raised during the current year)	575.00	1,075.00
Less Discount	Nil	Nil
Subordinated debt eligible to be reckoned as capital funds	324.20	740.60
Revaluation Reserves after discounting	250.80	334.40
Provision for Standard Assets	557.91	563.90
Investment Reserve	495.81	428.91
Less reciprocal cross holding	Nil	Nil
Less reciprocal cross holding	30.00	40.00
Total Tier 2 Capital (Net) [B]	1,274.52	1,287.21
Total Eligible capital [A] + [B]	8,073.12	7,361.71

3. CAPITAL ADEQUACY

Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardized approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk for computing capital adequacy.

Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and will be fully phased in by 31st March, 2019. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations July 2014.

The transitional arrangements for minimum Basel III capital ratios are given below.

Transitional Arrangements - Scheduled Commercial Banks (Excluding LABs and RRBs)

(% of RWAs)

Minimum Capital Ratios	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier 1 (CET 1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	Nil	Nil	Nil	0.625	1.25	1.875	2.5
Minimum CET 1 + CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 Capital	6	6.5	7	7	7	7	7
Minimum Total Capital*	9	9	9	9	9	9	9
Minimum Total Capital + CCB	9	9	9	9.625	10.25	10.875	11.5
Phase-in of all deductions from CET 1 (in %)#	20	40	60	80	100	100	100

* The difference between the minimum total capital requirement of 9% and the Tier 1 requirement can be met with Tier 2 and higher forms of capital

The same transition approach will apply to deductions from Additional Tier 1 and Tier 2 Capital

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank's risk bearing capacity and capability in order to generate yields, taking risk-return frontier into account. This aims to ensure that risks that could jeopardize the Bank's existence are avoided.

Quantitative Disclosures:

a) Capital Requirement for Credit Risk – Standardised Approach

(₹ Million)

Portfolios	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
On Balance Sheet				
Cash & Balance with RBI	6,884.70	6,239.02	Nil	Nil
Inter Bank Deposits	1,101.19	4,503.99	33.12	104.46
Investments (HTM)	38,545.69	36,064.43	121.29	349.70
Advances	94,719.62	87,073.61	4,841.60	4,076.79
Fixed Assets & Other Assets	4,383.26	4,022.32	246.31	215.09
Total	145,634.46	137,903.38	5,242.32	4,746.03
Off Balance Sheet				
Letter of Credit & Guarantees	3,159.39	2,904.82	76.76	53.41
Undrawn Credit Commitments	11,497.62	11,242.93	165.91	173.71
Forward Exchange Contracts	4,747.47	8,335.98	4.79	7.20
Total	19,404.48	22,483.73	247.46	234.16
Total On & Off Balance Sheet	165,038.94	160,387.10	5,489.78	4,980.35

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ Million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Interest Rate Risk	12,056.86	15,306.78	432.15	403.59
Foreign Exchange Risk	138.70	122.06	12.48	10.98
Equity Risk	0.43	12.00	0.12	3.24
Total	12,195.99	15,440.84	444.75	417.82

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ Million)

	As on 31.03.15
Capital Requirement	671.05
Equivalent Risk Weighted Assets	7456.07

d) Total Capital Requirement (As on 31.03.2015)

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Credit Risk	5,489.78	4,980.35	60,997.52	55,337.17
Market Risk	444.75	417.82	4,941.66	4,642.43
Operational Risk	671.05	627.55	7,456.07	6,972.83
Total	6,605.57	6,025.72	73,395.26	66,952.43
Total Net Tier 1 Capital			6,798.60	6,074.50
Tier 1 Capital Ratio			9.26%	9.07%
Tier 2 Capital Ratio			1.74%	1.93%
Total CRAR			11.00%	11.00%

4. CREDIT RISK: GENERAL DISCLOSURE

Qualitative Disclosures

a) Definition of past due and impaired loans

Bank strictly adheres to RBI norms regarding definitions of past due and impaired loans, as under (in brief):

- i. interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts

- ii. the account remains 'out of order' (the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period) in respect of Overdraft/Cash credit accounts. If the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as NPA.
- iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- iv. the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- v. the instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

b) Credit Risk Management Policy

The bank has in place a Credit Risk Management Policy which is reviewed periodically to bring in refinements triggered by evolving concepts and actual experience.

The Executive level committee – Credit Risk Management Committee (CRMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of credit risk in the bank. Credit Risk Management Department and Credit Monitoring Department at Head Office level act as the secretariat of CRMC.

Credit approvals are subject to a well established and time tested system of competencies, which act as a framework within which decision making individuals or committees are authorised to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Credit rating system is in force using various CRA formats, developed by the Bank to measure the risk involved in each borrowal account. All borrowers with an aggregate credit limit of ₹ 25 Lac and above are subjected to borrower rating. Gold loans, Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies and staff loans are subjected to portfolio rating. Limits above ₹ 2 Crore are subject to Facility Rating in addition to borrower rating.

Operations in all credit exposures of ₹ 50 Lac and above are monitored on a monthly basis by Credit Monitoring department to detect delinquency signals at an early date and nurse the account.

Rating migration studies are conducted at regular intervals.

Pricing of corporate exposures is subjected to RAROC analysis based on bank's Board approved Risk Adjusted Return On Capital (RAROC) policy.

Both regulatory capital and economic capital requirements are assessed at the time of credit appraisal of corporate exposures.

Quantitative Disclosures

a) Gross Credit Risk Exposure – Banking Book

(₹ Million)

Loans	Loans	Loans	Investments	Investments
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Fund Based	94,719.62	8,7073.61	38,545.69	36,064.43
Non Fund Based	3,159.39	2,904.82	Nil	Nil
Total	97,879.01	89,978.43	38,545.69	36,064.43

b) Industry type distribution – Banking Book

(₹ Million)

	Advances, Letter of Credit & Guarantees		Investments	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Central Government			30,325.46	30,092.07
State Governments			1,656.65	1,869.48
Public Sector	2,825.98	2,804.99	300.43	300.55
Manufacturing Industries				
a) Cotton Textiles	6,206.68	5,740.93		
b) Other Textiles	1,004.81	969.90		
c) Chemicals	1,535.52	2,606.44		
d) All Engineering	1,132.89	1,233.68		
e) Food Processing	2,865.44	1,900.76		
f) Other Industries	15,636.64	12,865.47		
Agriculture	8,431.03	4,283.20		
Residential Mortgage	3,382.32	2,974.78		
Commercial Real Estate	4,854.97	3,473.21		
Consumer Credit	18,251.34	26,218.11		
Students	1,811.00	1,600.60		
Wholesale & Retail Trade	18,733.15	12,294.98		
Banks	-	Nil		
RIDF, RHF, MSME Fund	-	Nil	6,263.15	3,802.33
NBFCs	835.89	689.61		
Own Staff	2,035.09	2,044.31		
All Others	8,336.24	8,277.47		
Total	97,879.01	89,978.43	38,545.69	36,064.43

c) Residual contractual maturity breakdown of assets

(₹ Million)

	Cash & Balance with RBI		Balance with banks and Money at Call & Short Notice		Advances		Investments		Fixed Assets & Other Assets	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Next Day	1,223.80	720.20	640.89	106.5	705.28	229.80	Nil	400.00	Nil	Nil
2-7 days	Nil	Nil	456.82	621.5	1058.10	1,058.50	350.00	2,754.00	14.95	52.10
8-14 days	Nil	Nil	Nil	500.00	2,986.84	1,487.90	Nil	1,000.00	53.69	84.40
15-28 days	147.49	147.30	Nil	500.00	1,730.24	1,602.00	1,023.10	600.00	135.56	196.60
29d-<3M	199.93	271.30	Nil	2,769.00	9,767.21	7,467.00	5,486.10	2,060.30	407.19	416.20
3M-<6M	333.37	384.30	Nil	Nil	9,693.04	6,802.50	2,687.90	5,382.40	181.63	260.60
6M-<1Y	469.23	467.20	Nil	Nil	13,961.56	18,811.60	3,300.36	4,202.90	6.81	64.20
1-<3Y	1,277.29	1,266.80	0.93	0.70	36,194.64	36,724.70	3,480.95	534.00	310.59	18.20
3-<5 Y	168.91	165.00	Nil	Nil	8,146.08	5,410.00	8,812.50	1,560.00	Nil	Nil
> 5 Yr	3,064.64	2,816.90	2.56	6.30	10,476.64	7,479.50	25,393.05	32,822.90	3272.72	2,930.10
Total	6,884.66	6,239.00	1,101.21	4,504.00	94,719.62	87,073.60	50,533.95	51,316.50	4383.14	4,022.30

d) Disclosures regarding Non Performing Assets

(₹ Million)

	As on 31.03.2015	As on 31.03.2014
Amount of NPAs (Gross)		
Substandard	2,216.44	938.78
Doubtful 1	917.77	979.39
Doubtful 2	1,182.04	1,017.46
Doubtful 3	364.10	342.14
Loss	67.79	57.77
Total Gross NPAs	4,748.14	3,335.54
Net NPAs	3,645.90	1,932.41
NPA Ratios		
Gross NPAs to Gross Advances	4.96%	3.77%
Net NPAs to Net Advances	3.85%	2.22%
Movement of NPAs (Gross)		
Opening balance	3,335.54	2,108.69
Additions	4,647.57	3,903.59
Reductions	3,234.97	2,676.74
Closing balance	4,748.14	3,335.54
Movement of provisions for NPAs		
Opening balance	1,351.43	910.25
Provisions made during the period	900.75	655.03
Write-off & Write back of excess provisions	1,191.96	213.85
Closing balance	1,060.22	1,351.43
Amount of Non-Performing Investments	48.62	48.62
Amount of provisions held for non performing investments	48.62	48.62

d) Disclosures regarding Non Performing Assets (Contd.)

	(₹ Million)	
	As on 31.03.2015	As on 31.03.2014
Movement of provisions for depreciation on Investments		
Opening balance	81.31	35.68
Provisions made during the period	130.00	45.63
Write-off & Write back of excess provisions	Nil	Nil
Closing balance	211.30	81.31

5. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardised approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA and India Ratings are considered for arriving at the capital requirement.

Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure.

Quantitative Disclosures

Risk weight wise classification of exposures

	(₹ Million)					
	Gross Credit Exposure	Gross Credit Exposure	Capital Deductions	Capital Deductions	Exposure after Capital Deductions	Exposure after Capital Deductions
	(A)	(A)	(B)	(B)	(C) = (A) – (B)	(C) = (A) – (B)
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	51,940.93	38,238.66	Nil	Nil	51,940.93	38,238.66
100% risk weight	23,539.71	20,993.61	Nil	Nil	23,539.71	20,993.61
More than 100% risk weight	22,398.36	30,746.16	Nil	Nil	22,398.36	30,746.16
Total	97,879.01	89,978.43	Nil	Nil	97,879.01	89,978.43
Investments						
Below 100% risk weight	38,545.69	32,262.10	Nil	Nil	38,545.69	3,2262.10
100% risk weight		3,802.33	Nil	Nil	-	3,802.33
More than 100% risk weight	-	Nil	Nil	Nil	-	Nil
Total	38,545.69	36,064.43	Nil	Nil	38,545.69	36,064.43

6. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

- Deposits with specific lien to the facility
- Subsidies received (for priority sector advances)
- Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognized for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts)

	(₹ Million)	
	31.03.2015	31.03.2014
Corporate	806.26	655.64
Regulatory Retail	13,448.94	6,348.21
Personal Loans	13,436.07	24,109.68
Total	27,691.28	31,113.53

b) Exposures Covered by Guarantee

	(₹ Million)	
	31.03.2015	31.03.2014
Covered by Guarantee		
Corporate	2,930.73	2,734.30
Regulatory Retail	6,879.05	4,131.14
Total	9,809.78	6,865.44

7. SECURITISATION

No exposure of the bank has been securitised.

8. MARKET RISK IN THE TRADING BOOK

Qualitative Exposures

Bank has put in place Board approved Market Risk Management Policy, Investment Policy and Foreign Exchange Policy for effective management of market risk of the bank.

Bank's Integrated Treasury manages the trading book. Proprietary trading is done in government securities, equity shares and foreign exchange. Adherence to limits is reported on a monthly basis to the Executive level Asset Liability Committee (ALCO) and Risk Management Committee (RMC) of the Board.

Modified Duration and Value at Risk (weighted historic simulation approach) are the tools used to track market risk in the trading book for interest rate related instruments. For equity exposures bank uses Value at Risk and Portfolio Beta.

Stress tests are conducted on a daily basis on securities in the trading book.

Portfolios covered by standardised approach are government securities, other trustee securities, Non SLR bonds & debentures, Certificate of Deposits and Equity Shares.

Quantitative Disclosures

Capital Requirement for Market Risk

Type of Market Risk	(₹ Million)			
	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Interest Rate Risk	12,056.86	15,306.78	432.15	403.59
Foreign Exchange Risk	138.70	122.06	12.48	10.98
Equity Risk	0.43	12.00	0.12	3.24
Total	12,195.99	15,440.84	444.75	417.82

9. OPERATIONAL RISK

Qualitative Disclosures

The Executive level committee - Operational Risk Management Committee (ORMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of operational risk in the bank. The bank has framed Operational Risk Management Policy duly approved by the Board. Other policies approved by the board that deal with the different facets of operational risk are Inspection Policy, Human Resource Management Policy, IT Policy, Compliance Policy, Business Continuity & Disaster Recovery Plan and Outsourcing policy.

Bank has obtained Bankers' Indemnity Policy to cover the risk of cash in transit and cash and securities including gold ornaments kept at branches. Risk Based Internal Audit (RBIA) is operational at all the branches.

Bank is adopting Basic Indicator Approach for arriving at capital charge for operational risk in compliance with RBI guidelines and is in the process of building database for moving to Advanced Approaches.

10. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative Disclosures

The Executive Level Committee - Asset Liability Committee (ALCO) has the overall responsibility of managing the interest rate risk in the banking book of the bank. ALCO fixes the deposit and lending rates of the bank and directs the investment activities of the bank in line with its interest rate view. Limits are fixed from both Earnings and Economic Value Perspective in board approved Market Risk Management Policy and adherence monitored on a monthly basis. Interest Rate Risk from Earnings Perspective is measured through Earnings at Risk (EaR) approach (which computes the impact on NII of various interest rate changes) on a monthly basis. Interest Rate Risk from Economic Value Perspective is measured using Modified Duration Gap Approach on a monthly basis.

The Risk Management Committee of the Board oversees the ALM process of the bank and reviews the decisions taken by the ALCO.

Key Assumptions for IRRB calculations

- Bulk of the advance portfolio to reprice within 12 months.
- Maturity of deposits considered after adjusting empirically observed premature closure rates.
- Core portion of Savings Bank Deposits slotted in 7 to 10 year time bucket.
- Core portion of Current Deposits slotted in Above 15 years time bucket for Modified Duration Gap Analysis (For Earnings at Risk Analysis, Current Deposits are treated as interest non sensitive).

Quantitative Disclosures

Interest Rate Risk – Earnings Perspective

1 Year Change in Market Rates (Parallel Shift)	Impact (₹ Million) as on 31.03.2015	Impact (₹ Million) as on 31.03.2014
+200 basis points	-160	-221
-200 basis points	+160	+221

Interest Rate Risk – Economic Value Perspective

1 Year Change in Market Rates (Parallel Shift)	Impact (₹ Million) as on 31.03.2015	Impact (₹ Million) as on 31.03.2014
+200 basis points	-1007.94	-670.90
-200 basis points	+1007.94	+670.90

11. COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive

or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognize bilateral netting for capital computation.

(₹ Million)

	Notional Amount 31.03.2015	Credit Equivalent 31.03.2015	Notional Amount 31.03.2014	Credit Equivalent 31.03.2014
Forward Exchange Contracts	4,747.47	143.95	8,335.98	250.41

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)

		Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 Capital: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	5,060.82	a1+a2
2	Retained earnings	2,584.30	b1+b2+b3+b4+b6
3	Accumulated other comprehensive income (and other reserves)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	7,645.12	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles	372.61	e1-e2
10	Deferred tax assets	473.91	e2
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets	Nil	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017) (Contd.)

		Amounts Subject to Pre-Basel III Treatment	Ref No
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financial entities		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments (26a+26b+26c+26d)		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank		
26d	of which: Unamortised pension funds expenditures		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT]		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	846.52	
29	Common Equity Tier 1 capital (CET1)	6,798.60	
Additional Tier 1 capital: Instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments	Nil	

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017) (Contd.)

		Amounts Subject to Pre-Basel III Treatment	Ref No
Additional Tier 1 capital: Regulatory Adjustments			
37	Investments in own Additional Tier 1 instruments	Nil	
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (41a+41b)		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)		
44a	Additional Tier 1 capital reckoned for capital adequacy		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	6,798.60	
Tier 2 capital: Instruments & Provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2	250.80	D
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	1,053.72	c1+c3+c4
51	Tier 2 capital before regulatory adjustments	1,304.52	
Tier 2 capital: Regulatory Adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	30.00	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017) (Contd,)

		Amounts Subject to Pre-Basel III Treatment	Ref No
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]		
	of which: [INSERT TYPE OF ADJUSTMENT]		
57	Total regulatory adjustments to Tier 2 capital	30.00	
58	Tier 2 capital (T2)	1,274.52	
58a	Tier 2 capital reckoned for capital adequacy	1,274.52	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	Nil	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	1,274.52	
59	Total capital (TC = T1 + T2) (45 + 58c)	8,073.12	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: ...		
60	Total risk weighted assets (60a + 60b + 60c)	73,395.26	
60a	of which: total credit risk weighted assets	60,997.52	
60b	of which: total market risk weighted assets	4,941.66	
60c	of which: total operational risk weighted assets	7,456.07	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.26%	
62	Tier 1 (as a percentage of risk weighted assets)	9.26%	
63	Total capital (as a percentage of risk weighted assets)	11.00%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.50%	
65	of which: capital conservation buffer requirement	0.00%	
66	of which: bank specific countercyclical buffer requirement	Nil	
67	of which: G-SIB buffer requirement	Nil	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.50%	
	Capital ratios		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.00%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	6.50%	

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017) (Contd.)

		Amounts Subject to Pre-Basel III Treatment	Ref No
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	495.81	c3+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	917.44	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	512.46	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	Nil	

Notes

(₹ in Million)

Row No of the template	Particulars	
10	Deferred tax assets associated with accumulated losses	Nil
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	473.91
	Total as indicated in row 10	473.91
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank of which: Increase in Common Equity Tier 1 capital	NA
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	

(₹ in Million)

Row No of the template	Particulars	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	495.81
	Eligible Revaluation Reserves included in Tier 2 capital	557.91
	Total of row 50	1,053.72
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	Nil

Composition of Capital: Reconciliation Requirements Step 1

(₹ in Million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		
i Paid-up Capital		
of which: Amount eligible for CET1	603.90	
of which: Amount eligible for AT1	603.90	
Reserves & Surplus	Nil	
Minority Interest	8,281.02	
	Nil	
Total Capital	8,884.92	
ii Deposits	1,44,744.87	
of which: Deposits from banks	3,253.66	
of which: Customer deposits	1,41,491.20	
of which: Other deposits (pl. specify)	Nil	
iii Borrowings	454.48	
of which: From RBI	0.00	
of which: From banks	0.00	
of which: From other institutions & agencies	36.48	
of which: Others (pl. specify)	0.00	
of which: Capital instruments	418.00	
iv Other liabilities & provisions	3,538.48	
of which: DTLs related to goodwill	Nil	
of which: DTLs related to intangible assets	Nil	
Total Capital & Liabilities	1,57,622.74	

Composition of Capital: Reconciliation Requirements Step 1 (Contd.)

(₹ in Million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
B Assets		
i Cash and balances with Reserve Bank of India	6,884.70	
Balance with banks and money at call and short notice	1,101.19	
ii Investments	50,533.97	
of which: Government securities	40,438.44	
of which: Other approved securities	Nil	
of which: Shares	0.43	
of which: Debentures & Bonds	1,824.45	
of which: Subsidiaries / Joint Ventures / Associates	Nil	
of which: Others (Commercial Papers, Mutual Funds etc.)	8,270.64	
iii Loans & Advances	94,719.62	
of which: Loans and advances to banks	Nil	
of which: Loans and advances to customers	94,719.62	
iv Fixed assets	1,751.07	
v Other Assets	2,632.19	
of which: Goodwill and intangible assets	846.52	
Out of which:		
Goodwill	Nil	
Other intangibles (excluding MSRs)	372.61	
of which: Deferred tax assets	473.91	
vi Goodwill on consolidation	Nil	
vii Debit balance in Profit & Loss account	Nil	
Total Assets	1,57,622.74	

Composition of Capital: Reconciliation Requirements Step 2

(₹ in Million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
	As on reporting date	As on reporting date	
A Capital & Liabilities			
i Paid-up Capital	603.90		a1
Reserves & Surplus	8,281.02		
of which:			
Share premium	4,456.92		a2
Statutory Reserves	1,463.67		b1
Capital Reserves	682.30		b2

Composition of Capital: Reconciliation Requirements Step 2 (Contd.)

(₹ in Million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
	As on reporting date	As on reporting date	
General Reserves	870.32		b3
Special Reserve (Tax): After Tax Portion	237.62		b4
Special Reserve (Tax): Tax Element (not considered as part of capital funds)	0.00		b5
Contingency Reserves	0.50		b6
Add: Credit balance in Profit and Loss account	(670.11)		
Current Period profits not reckoned for capital adequacy purpose	0.00		b7
Revaluation Reserve reckoned as Tier II Capital	557.91		c1
Revaluation Reserve not reckoned as Tier II Capital (55% discount)	681.89		c2
Investment Reserve			c3
Minority Interest	Nil		
Total Capital	8,884.92		
ii Deposits	1,44,744.87		
of which: Deposits from banks	3,253.66		
of which: Customer deposits	1,41,491.20		
of which: Other deposits (pl. specify)	Nil		
iii Borrowings	454.48		
of which: From RBI	Nil		
of which: From banks	Nil		
of which: From other institutions & agencies	36.48		
of which: Others (pl. specify)	Nil		
of which: Capital instruments: Tier II Bonds	418.00		
of which Eligible Amount after discounting	250.80		d
iv Other liabilities & provisions	3,538.48		
of which: Provision for Standard assets	495.81		c4
Total Capital & Liabilities	1,57,622.74		
B Assets			
i Cash and balances with Reserve Bank of India	6,884.70		
Balance with banks and money at call and short notice	1,101.19		
ii Investments	50,533.97		
of which: Government securities	40,438.44		
of which: Other approved securities	Nil		
of which: Shares	0.43		
of which: Debentures & Bonds	1,824.45		
of which: Subsidiaries / Joint Ventures / Associates	Nil		
of which: Others (Commercial Papers, Mutual Funds etc.)	8,270.64		
iii Loans & Advances	94,719.62		
of which: Loans and advances to banks	Nil		
of which: Loans and advances to customers	94,719.62		

Composition of Capital: Reconciliation Requirements Step 2 (Contd.)

(₹ in Million)

	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref No
	As on reporting date	As on reporting date	
iv Fixed assets	1,751.07		
v Other Assets	2,632.19		
of which: Goodwill and intangible assets	846.52		
Out of which:			
Goodwill	Nil		
Other intangibles (excluding MSRs)	372.61		e1
of which: Deferred tax assets	473.91		e2
vi Goodwill on consolidation	Nil		
vii Debit balance in Profit & Loss account	Nil		
Total Assets	1,57,622.74		

Main Features of Regulatory Capital Instruments

1	Issuer	The Catholic Syrian Bank Ltd.
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	INE679A08109
3	Governing Laws(s) of the instruments	Indian Law
Regulatory treatment		
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Tier 2 Debt Instrument
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 250.80 Million
9	Par value of instrument	₹ 1 Million
10	Accounting classification	Liability
11	Original date of issuance	31.03.2012
12	Perpetual or dated	Dated
13	Original Maturity date	31.03.2019
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA

Main Features of Regulatory Capital Instruments (Contd.)

Coupons / dividends	
17 Fixed or floating dividend/coupon	Fixed
18 Coupon rate and any related index	11.70% p.a.
19 Existence of a dividend stopper	No
20 Fully discretionary, partially discretionary or mandatory	Mandatory
21 Existence of step up or other incentive to redeem	No
22 Noncumulative or cumulative	Cumulative
23 Convertible or Non-convertible	Non-convertible
24 If convertible, conversion trigger(s)	NA
25 If convertible, fully or partially	NA
26 If convertible, conversion rate	NA
27 If convertible, mandatory or optional conversion	NA
28 If convertible, specify instrument type convertible into	NA
29 If convertible, specify issuer of instrument it converts into	NA
30 Write-down feature	NA
31 If write-down, write-down trigger(s)	NA
32 If write-down, full or partial	NA
33 If write-down, permanent or temporary	NA
34 If temporary write-down, description of write-up mechanism	NA
35 Position in subordination hierarchy in liquidation (specify instrument)	All depositors and other creditors
36 Non-complaint transitioned features	NO
37 If yes, specify non-complaint features	NA

FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

Instruments	Full Terms and Conditions
Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Debentures	INE679A08109
	Issue Size: ₹ 418 Million
	Date of Allotment: 31.03.2012
	Date of Redemption: 31.03.2019
	Par Value: ₹ 1 Million
	Put and call option: None
	Rate of Interest and Frequency: @ 11.70% p.a. payable half-yearly.

Notes

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Notes

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This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Notes

This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue lines spaced evenly across the page, typical of notebook paper. The lines are thin and light blue, set against a plain white background. There is no handwriting or other markings on the page.

Corporate Information

Board of Directors

S. Santhanakrishnan
Chairman

Anand Krishnamurthy
Managing Director & CEO

C. K. Gopinathan
Non-executive Director

T. S. Anantharaman
Non-executive Director

Sumeer Bhasin
Non-executive, Independent Director

K. Subrahmanya Sarma
Non-executive Director

Bobby Jos C.
Non-executive, Independent Director

S. Ramakrishnan
Non-executive, Independent Director

Radha Unni
Non-executive, Independent Director

M. Madhavan Nambiar
Non-executive, Independent Director

K. Neethi Ragavan
Additional Director - RBI Nominee

V. G. Venkatachalapathy
Additional Director - RBI Nominee

Key Managerial Personnel

Anand Krishnamurthy
Managing Director & CEO

P. V. Antony
Chief Financial Officer

Sijo Varghese
Company Secretary

Registered Office

CSB Bhavan

Post Box No. 502, St. Mary's College Road
Thrissur 680 020, Kerala, India
Telephone: +91 487 2333 020/6451 640
Facsimile: +91 487 2333 170
Email: board@csb.co.in
Website: www.csb.co.in

Corporate Identity Number

U65191KL1920PLC000175

Auditors

Sundaram & Srinivasan,
Chartered Accountants, Chennai

Varma & Varma,
Chartered Accountants, Kochi



The Catholic Syrian Bank Ltd.

Registered Office

CSB Bhavan

Post Box No. 502, St. Mary's College Road

Thrissur 680 020, Kerala, India

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