

ANNUAL REPORT 2015-16



CONQUERING NEW HEIGHTS, TOGETHER.  
WITH 100 YEARS OF TRUST.



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## OUR FOUNDERS



SHRI M A VENKATARAMA CHETTIAR



SHRI ATHI KRISHNA CHETTIAR



## BOARD OF DIRECTORS



Sitting Left to Right : SHRI K.K BALU, SHRI G. RAJASEKARAN, SHRI B. SWAMINATHAN (CHAIRMAN),  
SHRI K. VENKATARAMAN (MD & CEO), SHRI N.S. SRINATH, SMT. K.L. VIJAYALAKSHMI

Standing Left to Right : SHRI A.J. SURIYANARAYANA, SHRI M.V. SRINIVASAMOORTHY, SHRI M.K. VENKATESAN,  
SHRI A.K. PRABURAJ, DR. V.G. MOHAN PRASAD, DR. K.S. RAVICHANDRAN



**K. VENKATESWARA RAO**  
PRESIDENT & COO



**J. NATARAJAN**  
GENERAL MANAGER



**G.S. ANANTHA KUMAR**  
GENERAL MANAGER



**T. SIVARAMAPRASAD**  
GENERAL MANAGER & CFO



**S. BALAJI**  
GENERAL MANAGER



**V. SRINIVASAN**  
GENERAL MANAGER



**M. BALACHANDRAN**  
GENERAL MANAGER



**S. SEKAR**  
GENERAL MANAGER



**C. SARAVANUN**  
GENERAL MANAGER

**COMPANY SECRETARY & DEPUTY GENERAL MANAGER**

KANNAN R

**DEPUTY GENERAL MANAGER**

MOHAN. K  
SANKARA VADIVEL. T.K  
SAIRAJ. G R  
RAMASUBRAMANIAN. S  
ASHOK KUMAR. G.P  
RAVI. S  
SWAMINATHAN K  
SAMPATH. G  
SUBBAIYAN. M  
NAGARAJAN. K  
UNNIKRISHNAN. K

RAJAGOPALAN. R  
JARARD THOMAS  
RAMALINGAM. N  
MURALI KUMAR. M  
VENKATESAN. R  
SURESH KUMAR. A  
SIVAKUMAR. R  
PANDURANGA KURAPATI  
RAMSHANKAR. R  
RAMESH. E  
LAVANYA. A

**ASSISTANT GENERAL MANAGER**

ASHOK VENNELAKANTI  
LAKSHMANAN. L  
VARADHARAJAN. A  
HARIHARAN K  
VENKATESH C  
RAMKUMAR. B  
RAGHAVENDRAN. N  
MOHAN KUMAR. G  
MURALI. L  
LEKSHMINARAYANAN. V  
CHANDRASEKARAN. R.N  
GANESAN. R  
ANBURAJ. V  
GOPALAN. S

RADHESYAM. T  
RAMAKRISHNA. C  
PALPANDIAN. M  
SIVAKUMAR. S  
RAVICHANDRAN K.  
SATYA SURYA PRAKASH K  
RAMANI V B  
GIRIDHARAN S.  
RAMASAMY G V  
VIJAYAKUMAR. P.V  
VENKATARAMAN G  
SRINIVAS GUPTHA. P  
MURALI. V  
BALASUBRAMANIAN. T

KOYA. K.P  
VINOTH KUMAR. S  
UTPAL KANTI SARKAR  
CHAKKARAVARTHY. N  
MUTHU KUMAR K.P.  
RAMANATHAN S  
BHANOJI RAO K.  
PRABHAKAR GORTHI  
GANESAN. K  
VENKATASUBRAMANIAN. V  
PARAMESWARAN K  
RAJESHWARI S  
NARAYANAN R  
HEMA S  
MUTHUKRISHNAN. J

**LEGAL ADVISER**

K.N. SHRINIVASAN

**AUDITORS**

ABARNA & ANANTHAN, Bengaluru





Donation of Rs. 2 crore to Tamil Nadu Chief Minister's Flood Relief Fund for helping the victims of Chennai, Kancheepuram and Cuddalore District - during the month of November / December 2015.

"Best Bank Award for Electronic Payment Systems among Small Bank for the year 2014-15" - IDRBT, by Dr. Raghuram G.Rajan, Governor, Reserve Bank of India.



## *Managing Director and CEO's letter to the shareholders*

Dear Shareholders,

I am greatly privileged and am proud to pen this letter in the Centenary Year of the Bank, presenting brief highlights of the performance of your Bank in FY 2016.

The global economy witnessed challenging period with subdued growth and diverse monetary policies pursued by many central banks of advanced economies, slowdown in China and sharp decline in commodity prices. Indian economy continued to record slowdown in demand, although the GDP recorded a growth higher than the economies of most countries. However, macro-economic fundamentals continued to strengthen with the government's commitment to reforms. On the monetary policy front RBI reduced repo rate by 75 bps during 2015-16 to 6.75%. CPI inflation was below the RBI's expected level of 6%. Considering the fiscal consolidation approach of the Government and to boost growth, RBI resorted to a further cut in repo rates by 25 bps in April 2016 to 6.50%.

The domestic operating environment was tremendously challenging. The Banking industry faced very low growth in deposits as well as credit. The banks had huge asset quality problems and mounting bad debts especially in corporate sector impacting severely profits and profitability of most banks. Asset quality remained the prime concern of all banks.

Against this highly challenging backdrop, your bank's total business level grew by 10.04% over the previous fiscal at ₹ 89,555 cr with deposits of ₹ 50,079 cr and advances of ₹ 39,476 cr. We consolidated our operations focusing on sustainable performance, by reducing the cost of deposits, shedding high cost funds, thereby improving margins. Retail products both in liability and assets were given continued thrust. Bank focused on SME segment for its loan book growth and continued its cautious approach in corporate lending. The CASA deposits grew by 18.62% and as ratio of total deposits improved from 22.02% to 23.31%.

Due to our concerted efforts on core operating parameters, the Net Interest Income increased by 21.52%, Other Income increased by 21.69% and the Operating revenue increased by 21.57% year on year.

The Bank posted a strong growth of 30.97% in operating profit from ₹ 943.29 cr to ₹ 1,235.42 cr for the fiscal, crossing the milestone of ₹ 1000 cr in Operating Profit far beyond. The net profit of the bank recorded a high growth of 22.26% to ₹ 567.63 cr reaching the highest ever Operating and Net Profits in its Centenary Year.

Recovery mechanism has been strengthened at all levels. Gross NPAs reduced from 1.85% to 1.30% and Net NPA dropped from 0.78% to 0.55% in this year.

(Contd...)

The return on assets which was at 0.88% in the last fiscal increased to 1.03% in FY 2016.

KVB has improved its footprint across the country by adding 38 more branches in FY2016 taking the total number to 667 branches pan-India.

We, in our bank, re-aligned and re-balanced our businesses to substantially improve upon the customer franchise, leveraging information technology to optimize our operations, digitize the processes to improve value of our services to customers. Some of the digital initiatives taken by our bank include roll out of Aadhaar Enabled Payment System, introduction of General Purpose Re-loadable cards issued under "RuPay" Brand, addition of more currencies in Travel Cards and roll out of new versions to our mPay and eBook applications.

These efforts have already led to substantial improvements in our financial position as detailed in the attached Annual Report.

**One Hundred years** in banking business, a rare feat accomplished by very few in the industry, makes us both proud and humble. A niche place in the financial sector is our dream and we are happy that we are steadily powering ahead closer to it. We are deeply indebted and extremely grateful for all the business support that our customers are giving us and the trust that all our stakeholders - Customers, Shareholders, Regulators and others have reposed on us.

From here on, we begin a fresh transformation journey with focus on Technology, Products, Processes and People and will continue to strive for excellence in the emerging banking business.

I look forward to your unstinted support as hitherto in continuing our transformational journey.

Yours sincerely,

**K Venkataraman**

Managing Director & CEO

June 9, 2016





96th ANNUAL GENERAL MEETING



## FOUNDERS' DAY AND COMMENCEMENT OF CENTENARY CELEBRATIONS AT KARUR



Lighting of Gayathri Lamp by Former Chairman, Shri. A.S. Janarthanan  
in the presence of Shri. G.M. Rao, Group Chairman, GMR Group





## FOUNDERS' DAY AND COMMENCEMENT OF CENTENARY CELEBRATIONS AT KARUR



Chief Guest - Shri. G.M. Rao



UNVEILING OF CENTENARY YEAR LOGO





Donation of Rs. 1.27 crore to Vasavi Hospital, Bengaluru for purchase of CT Scan equipment

"Dun & Bradstreet SME Business Excellence Awards, 2015"  
Chief Guest Shri. Jayant Sinha, Honourable Minister of State for Finance, Ministry of Finance, Government of India.







"National Payment Excellence Award 2015" - "ATM Network-Runner up award under Small Banks" category for NFS product in presence of Shri.R.Gandhi, Deputy Governor, RBI

"MSME Banking Excellence Awards-2015 "Emerging Banks" Winner award - CIMSE, by Shri. Piyush Goyal, Minister of State with Independent charge for Power, Coal, New & Renewable energy, Government of India







Planting of sapling in the premises of Karur Vysya Bank, Central Office Complex by Hon'ble Governor of Tamilnadu Shri. K. ROSAIAH



Planting of sapling in the premises of Karur Vysya Bank, Central Office Complex by Our Former Chairman Shri. A.S. JANARTHANAN

## DIRECTORS' REPORT

### To the Members

Your Directors are immensely pleased to present the 97th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2016 and the Auditors' Report in the Bank's Centenary Year.

### Performance Highlights

During the year under report your Bank has been able to achieve significant growth in all areas of operation. Performance highlights for FY 16 in the key areas of its operation are as under:

Particulars	31.03.2016 (₹ in Cr)	31.03.2015 (₹ in Cr)
Deposits	50078.90	44690.27
Advances	39475.70	36690.77
Investments	13281.40	12435.18
Total Income	6150.21	5976.72
Total Expenditure	4914.79	5033.43
Operating Profit	1235.42	943.29
Net Profit	567.63	464.28

The total business of the Bank crossed ₹ 89555 cr as on 31st March 2016, registering an absolute growth of ₹ 8174 cr at a growth rate of 10.04%, over March 2015 level of ₹ 81381 cr. Aggregate business was driven by 12.06% growth in gross deposits and 7.59% growth in gross advances.

### Deposits

Total deposits increased by 12.06% from ₹ 44690.27 cr in FY15 to ₹ 50078.90 cr in FY 16.

Savings bank deposits registered a good growth of 21.12%, an increase from ₹ 6314 cr to ₹ 7648 cr and demand deposits grew 14.14% from ₹ 3528 cr to ₹ 4027 cr. CASA deposits recorded a growth rate of 18.62% to reach ₹11675 cr from ₹ 9842 cr. Term deposits grew by 10.20% from ₹ 34848 cr to ₹ 38404 cr.

### Advances

Aggregate advances grew from ₹ 36690.77 cr as on 31st March 2015 to ₹ 39475.70 cr as on 31st March, 2016, an increase of 7.59%.

Priority sector advances of the Bank were at ₹ 17082 cr as at the end of the fiscal under report. Priority sector lending constituted 46.06% of the Adjusted Net Bank Credit (ANBC) as against the

RBI stipulation of 40%. As against the requirement of 18%, lending to agriculture were at ₹ 7867 cr constituting 21.21% of the ANBC. Bank's advances to micro enterprises and weaker sections were at 7.01% and 11% respectively. The Bank continues to comply with the regulatory guidelines under priority sector, agricultural lending, micro enterprises and weaker section advances.

### Investments

The investment portfolio of the Bank registered a growth of 6.81% to reach ₹13281.40 cr from ₹12435.18 cr in the previous fiscal. The investment portfolio composition is consistent with the corporate requirement, risk perception and investment policy of the Bank.

Income earned on investments during FY 16 was at ₹ 1095.78 cr, a dip of 5.39% from the previous fiscal FY15 earnings of ₹1158.17 cr. Profit on sale of investments was ₹ 94.41 cr at the end of fiscal 2015-16 as against ₹ 71.03 cr registered during the previous fiscal 2014-15, showing a quantum growth of 32.92%.

Liquidity position was comfortable throughout the fiscal 2015-16.

### Income

The gross interest income component grew by 0.88% y-o-y from ₹ 5395.88 cr in FY 15 to ₹ 5443.40 cr in FY16. However, the Net Interest Income grew by 21.52%, y-o-y from ₹1465.91 cr to ₹1781.37 cr. Non-interest income increased to ₹ 706.81 cr from ₹580.84 cr, a growth of 21.69%.

The yield on advances decreased from 12.14% to 11.67% and yield on investments decreased marginally from 7.50% to 7.49%.

### Expenditure

The interest expenditure fell from ₹ 3929.97 cr to ₹ 3662.03 cr showing a decline of 6.82% (₹ 267.94 cr). Operating expenses increased from ₹1103.46 cr to ₹1252.76 cr, an increase of 13.53% (₹149.30 cr).

Cost of deposits decreased from 7.96% to 7.40%.

The reduction in interest expenditure helped Net Interest Margin increase from 2.91% in FY 15 to 3.43% in FY 16.

During the fiscal year the spread on funds increased from 2.27% to 2.71%.

## DIRECTORS' REPORT

### Profit

Your Bank earned an operating profit of ₹ 1235.42 cr for the year 2015-16 as against ₹ 943.29 cr registered in the previous fiscal 2014-15. The operating profit posted a high growth of 30.97% on y-o-y basis.

During the year ended March 31, 2016, the net profit of the Bank increased by 22.26% to ₹ 567.63 cr as against ₹ 464.28 cr posted in the previous fiscal 2014-15. The net profit was up by ₹103.35 cr during FY 16.

### Appropriations

The net profit of ₹ 567.63 cr which along with a sum of ₹1.49 cr brought forward from the previous year aggregating ₹ 569.12 cr is appropriated as under:

Appropriation	₹ (in cr)
Transfer to Statutory Reserve	145.00
Transfer to Capital Reserve	4.61
Transfer to General Reserve	181.63
Investment Reserve	0.34
Transfer to Special Reserve	30.00
Dividend (including tax) (Interim and final dividends)	205.34
Balance carried to Balance Sheet	2.20

There are no material changes affecting the financial position of the Bank which have occurred between the end of the financial year of the Bank to which the financial statements relate to and the date of the report.

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and the Bank's operations in future.

### Asset Quality

During the fiscal 2015-16, your Bank consolidated its credit processing through hub system viz; Central Loan Processing Cells which was implemented a few years back. The co-ordinated efforts of Credit Monitoring Group and the Stressed Assets Management Department at the Central Office and the recovery teams at Divisional Offices ensure that fresh slippages were reduced to a large extent.

Recovery was given major thrust. The strategy consists of (a) preventive actions (b) Recovery & Upgradation (c) Resolution & settlement and (d) Sale to Asset Reconstruction Companies (ARCs).

The provisions under SARFAESI Act, 2002 have been effectively leveraged to ensure further improvements in recovery performance. The bank has vigorously pursued special one time settlement for small accounts which has also helped in recovering NPAs. Lok Adalats conducted in various Divisions were also utilised to reduce NPAs considerably. Mega auction conducted during the last fiscal resulted in big success. The Bank also sold many large, consortium based borrowal accounts to ARCs which would involve complex processes and would have taken long time for meaningful recoveries.

The Gross NPA of the Bank declined to ₹ 511.18 cr as on 31.03.2016 from ₹ 677.78 cr as at the end of the previous financial year 31.03.2015. In terms of percentage, Gross NPAs came down to 1.30% as on March 2016 from 1.85% in the previous fiscal.

The Net NPA of the Bank declined from ₹ 280.97 cr as at the end of FY 15 to ₹ 216.17 cr as at the end of the FY 16. The Net NPA ratio of the Bank against the Net Advances decreased from 0.78% as at the end of the previous fiscal 31.03.2015 to 0.55% as at the end of the fiscal under report.

The Provision Coverage Ratio (PCR) stood at 82.46% as at the end of the fiscal 31.03.2016 as against 75.20% maintained at the end of the previous fiscal ended on 31.03.2015. The Bank has been maintaining significantly higher PCR over many years now.

### Capital Funds and Capital Adequacy Ratio

The paid up share capital of the Bank as on 31.03.2016 was at ₹121.86 cr comprising of 12,18,64,454 Equity shares of ₹10/- each fully paid up. During the year under report 2,34,845 equity shares were allotted on 29.04.2015 consequent to the exercise of ESOS by the employees granted options. The Net owned funds of the Bank increased from ₹4246.03 cr to ₹ 4572.95 cr, a rise of ₹ 326.92 cr registering a growth rate of 7.70%.

Capital adequacy ratio stood at 12.17% as per BASEL III norms (12.26% under BASEL II). The bank's capital adequacy ratio is well above the statutory limit of 9.625% prescribed by the Reserve Bank of India.

The market capitalisation of the Bank's shares as on 31.03.2016 was ₹ 5323 Cr.

### Dividend

The bank has an uninterrupted track record of profit and dividend payment since its inception, a century ago.

## DIRECTORS' REPORT

Your Bank is pleased to inform that for the first time the Board of Directors has declared an interim dividend of ₹10/- per share (100%) for this fiscal 2015-16. The interim dividend was declared on 14.03.2016 and already paid during March 2016.

The Board of Directors have pleasure in recommending a final dividend of ₹ 4/- per share for the fiscal under report. The final dividend, on approval by the shareholders in the 97th AGM will take the total dividend for the year 2015-16 to ₹14/-per share (previous year ₹13/-per share). The total dividend payment works out to ₹170.61 cr excluding tax. The dividend pay out ratio works out to 30.06% excluding dividend tax.

### Earnings per share/Book Value

The earnings per share (Basic) and the book value per share as on 31.03.2016 were at ₹ 46.59 and ₹ 375.25 respectively.

### Foreign Exchange Transactions

The merchant turnover of the Bank grew by 12% to reach ₹20642 cr in FY16 as against ₹18493 cr in FY 15.

Export credit stood at ₹1286 cr as at 31.03.2016 as against ₹1221 cr as at 31.03.2015, a growth of 5.32% over the previous fiscal.

Your Bank earned a total income of ₹ 111.17 cr as on March 31, 2016 on forex transactions against ₹ 89.13 cr as at March 31, 2015, a growth of 24.73%. Of the total income earned to the tune of ₹ 111.17 cr, exchange profit accounted for ₹ 54.34 cr and Commission and others accounted for ₹ 56.83 cr.

### Employees Stock Option Scheme

The Bank has not granted any stock options during the year under report.

### Credit Rating

ICRA Limited who had rated the Unsecured Redeemable Non-convertible Subordinated Lower Tier II Bonds issued in the year 2009, have reaffirmed the rating at A+ (pronounced as ICRA A plus) with stable outlook. Investments with such rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

ICRA Limited has reaffirmed A1+ rating (pronounced ICRA A one plus) for the ₹30 bn Certificate of Deposits programme of your Bank.

CRISIL has reaffirmed its rating for your bank's ₹30 bn Certificate of Deposits Programme at A1+.

Both the ratings given by ICRA and CRISIL for the Certificate of Deposits Programme of the Bank indicate very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

### Expansion of Network

Your Bank has 667 branches and 1655 ATMs as on 31.03.2016. The bank had added 38 branches and 10 ATMs during the year to improve its footprint throughout the country including un-banked centres in tune with RBI guidelines.

### Technology initiatives

Your bank continued to actively leverage its proven IT initiatives to offer a wide array of advanced financial services and products, embedded with the latest technology and security features, to cater to the needs of its customers and target group and further their banking convenience.

Your Bank introduced a number of significant IT driven initiatives during 2015-16 covering various facets of banking system. They are:

#### Introduction of General Purpose Re-loadable cards

A product that suits the Corporate community. Loading & Reloading is being done based on the Corporate instructions to the Bank. The General Purpose Re-loadable card is equipped with Reloading and ATM Withdrawal facility which is very much useful for the end-user. The card, issued under "RuPay" Brand, can be reloaded any number of times subject to the ceiling amount.

#### Kisan Credit Card

The Kisan Credit Card has emerged as an innovative credit delivery mechanism, to meet the production and credit requirements of the farmers, in a timely and hassle-free manner. The ATM Card made the quick delivery or disbursement of credit possible. NPCI has launched an Indian Domestic Card in INR branded as RuPay.

The scheme aims at providing adequate and timely disbursement under credit support from the banking system, under a single window to the farmers, for their cultivation & other needs like meeting short term credit requirements for cultivation of crops, Post harvest expenses, Produce Marketing loan, household consumption requirements, working capital for maintenance of farm assets and activities allied to agriculture like Dairy animals, inland fishery etc.



## DIRECTORS' REPORT

### BNA Recyclers

Cash Deposit Machines are migrated as Re-cyclers with Cash Withdrawal facility for customers. In re-cyclers, both cash deposit and withdrawal can be made in the same machine and the cash deposited by the customers can be re-cycled for withdrawals.

Your Bank migrated 202 out of 353 cash deposit machines as re-cyclers.

### Automatic Pass Book KIOSK

Customers can use this Automatic Pass book kiosk for getting their passbooks printed automatically and immediately. The customer on inserting their passbook into the printer, the printer will automatically print the passbook by turning pages without any hassles to the customers.

The pass book kiosks are deployed in 56 branches of your Bank and the Bank proposes to roll out the same in more branches in FY 17.

### Launch of e-Book with additional features for customers - enhancements version by version

E-Book, launched during December 2014, has been upgraded with multiple features, is being enhanced during every version. The bank is constantly re-visiting the application and providing improved options with innovative features to keep the customers delighted.

### Issuance of Chip based Multi-Currency Travel Cards and Addition of 5 more currencies in Travel Card

Your Bank issues Chip based Travel cards for Security purpose with three currencies viz: USD, EURO and SGD. This card carries the feature of having multiple wallets in a single card. We have introduced five additional currencies in the existing multi currency travel cards namely, Canadian Dollar CAD, British Pounds GBP, Japanese Yen JPY, Swiss Francs CHF, Swedish Kroner SEK. Customers can load the respective currencies and make use of them to avoid the cross-currency conversion charges.

### Implementation of NACH (National Automated Clearing House)

Electronic Clearing Service (ECS) has been replaced with NACH by NPCI and the bank has enabled the services to the customers.

### Foreign Inward Remittance through IMPS

NRIs can transfer funds to person in India through the Correspondent bank on IMPS. The customer's account will be credited instantaneously, once sent by the correspondent bank.

### Introduction of IMPS facility for Corporate Customers in Internet Banking

Your Bank has implemented IMPS in the Internet Banking for the Retail and Corporate Customers to transfer funds instantaneously to their clients/ staff etc. The facility has been provided with an enhanced limit to cater the needs of the customer.

### Access to Income Tax e-Filing portal through Internet Banking

The Net Banking user will be mandated to select one of the account numbers and proceed by clicking the "Initiate" button on the screen, which will redirect the user to his respective 'user access area' in the Income Tax e-filing portal.

### Release of EMV Chip Debit cards

The Bank issues EMV chip enabled debit cards, issued under VISA, MASTER & RuPay brands to the customers. Introduced since 01.02.2016, the card complies with the RBI Guidelines on Security and Risk Mitigation measures for Electronic Payment Transactions.

### Rollout of KVB mPay Application - new version

Your bank has rolled out new version of mPay application, with new look & feel and additional features. The customer can do instant user registration in the application.

### Introduction to Direct Menu short codes in NUUP (National Unified Unstructured Supplementary Service Data Platform)

Your Bank Customers can do transactions through NUUP services offered by NPCI. The customer can dial \*99\*75# to get the NUUP Menu. The per day limit is ₹ 5,000/-. The NUUP can be used for Balance Enquiry, Mini Statement, Funds Transfer with MMID, Funds Transfer with Account Number, know your MMID, Change MPIN and Generate OTP. NPCI has introduced the menu options in many of the regional languages wherein the customer can select the respective language and make use of the same.



## DIRECTORS' REPORT

### Financial Inclusion - Rollout of Aadhaar Enabled Payment System (AEPS) and Pin Based Authentication in Micro ATMs

#### AEPS

KVB has implemented AEPS (Aadhaar Enabled Payment System) transaction using Aadhaar Based authentication in all its Micro ATMs. In an AEPS transaction, an account holder can authenticate himself using his Aadhaar number and biometric fingerprints to prove his identity.

#### Aadhaar enabled RuPay card

This card is used in the Micro ATMs. The Aadhaar number is available in the magnetic stripe of RuPay card. The Aadhaar number will be fetched/used and the customer's bio-metric will be captured to authenticate the transaction.

#### Pin Based Authentication in Micro ATMs

All ATM cards (Visa, Maestro and RuPay brands) can be used on a Micro ATM as if it is used in a ATM by using the PIN authentication. PIN based authentication at present can be used for 'Cash Withdrawal' and 'Balance Inquiry' in Micro ATMs.

#### Golden Vision Initiatives

You are aware that the Bank, in the year 2009 recognised the need to embrace emerging best practices in banking, identify new avenues for growth, re-engineer its processes to improve business effectiveness and to build new capabilities that will develop growth platform for the future. Your bank decided to embark upon a structured long-term transformation program captioned as "Golden Vision". Your Bank appointed The Boston Consulting Group (BCG), as Consultants for the Golden Vision Program. BCG's overall engagement spanned across three phases viz: Phase 1: November 2009 to November 2011, Phase 2: December 2011 to May 2013 and Phase 3: May 2013 till May 2016. The engagement of BCG came to a close on 14.05.2016 and they have played a key role in the Bank realising its objectives through various initiatives implemented during the period. Your Bank needs to sustain the implementation and scale up the initiatives with a lot of focus. The Bank has put in place a structure to govern the sustained implementation of the program.

Your Bank places on record its sincere appreciation to BCG for being a strategic partner throughout the period of the transformation journey.

#### Financial Inclusion

As per RBI Financial Inclusion Plan, the Bank was required to cover 117 villages and two urban locations through Business Correspondents upto March 2016 spread over Tamil Nadu,

Andhra Pradesh, Telengana and Karnataka States. Your Bank has covered all the 117 villages & two urban locations allocated to it.

The Bank has 42 Ultra Small Branches as at 31.03.2016.

Financial literacy has been identified as a pre-requisite for effective financial inclusion and an integral part of Pradhan Mantri Jan-Dhan Yojana in order to let the beneficiaries make best use of the financial services being made available to them. Your Bank has conducted 109 financial literacy camps in rural/unbanked rural branches. Your bank has also conducted 50 Financial Literacy Credit Camps through urban, metro/semi-urban branches.

#### Pradhan Mantri Jan-Dhan Yojana (PMJDY)

Your Bank offers Pradhan Mantri Jan-Dhan Yojana accounts to the general public, a National Mission on Financial inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households (specifically weaker sections and low income household groups) in the country. KVB introduced a separate Savings Bank Product for PMJDY, through which the bank opened 144038 accounts with an outstanding balance of ₹12.32 cr as at 31.03.2016. In addition the beneficiaries under the Scheme were issued RuPay debit cards with inbuilt accident insurance cover of ₹ 1 lakh and life insurance cover of ₹ 30,000/-.

#### Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY)

The Bank successfully reached to unbanked and economically weaker population through PMSBY, PMJJBY and APY programs that are designated to bring social security. In FY 16, your Bank enrolled 141155 customers under PMSBY, 96897 customers under PMJJBY and 2743 customers in APY.

#### Performance under Sovereign Gold Bond Scheme, 2015

With a view to reduce country's demand for physical gold, Government of India started the Sovereign Gold Bond Scheme, 2015. Your Bank operationalized the Sovereign Gold Bond Scheme in all the branches to canvass maximum applications. Your Bank could mobilise total subscription denominated in units of gold was 49709 grams amounting to ₹13.31 cr in three tranches. It is pertinent to note that your Bank is one of the top ten banks in terms of subscription amount.

#### Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated in SEBI (Listing Obligations and

## DIRECTORS' REPORT

Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

### Auditors

#### Statutory Auditors

M/s Abarna & Ananthan, Chartered Accountants, Bangalore will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have completed two years as Statutory Auditors of the Bank. In terms of the extant guidelines of RBI they have remaining two year term. In terms of Sec 139 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the Board of Directors has recommended the re-appointment of M/s Abarna & Ananthan, Chartered Accountants, Bangalore as Statutory Auditors for a period of two years subject to the approval of the Reserve Bank of India to hold office from the conclusion of the 97th AGM till the conclusion of the 99th AGM on remuneration to be decided by the Board based on the recommendation of Audit Committee of the Board.

The Bank has received consent from the Auditors 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 the rules made there under. The shareholders are requested to consider and approve the appointment of the Statutory Auditors of the Bank.

#### Secretarial Auditor and Secretarial Audit Report

Pursuant to Sec 204 of the Companies Act, 2013, your Bank had appointed Shri CS S. Solaiyappan, Practising Company Secretary, Salem to conduct the Secretarial Audit of the Bank for the financial year 2015-16. The Report of Secretarial Auditor for the year 2015-16 is annexed to this report as Annexure 1

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

#### Statutory Disclosures

The Disclosures to be made under sub-section (3) (m) of Sec 134 of the Companies Act, 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 by your Bank are explained as under:

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

##### Conservation of Energy

The Bank has undertaken various initiatives for energy conservation at its premises.

Your Bank owns 850 KW Wind Turbine Generator at Govindapuram village, Theni District in Tamil Nadu. Installed in the year 2011, the Bank is utilising the wind power generated for its Registered & Central Office at Karur and also at its Divisional Office, Chennai premises. 10,32,050 units were generated during the fiscal under reports by the wind mill.

One floor at the Central Office complex and some critical centres /offices were equipped with energy efficient LED lights, motion detector sensors.

#### Technology Absorption

The Bank has been making extensive use of information technology in all the operations. Bank is also constantly pursuing its goal of technological upgradation in a cost-effective manner for delivering quality customer service.

Technology is a key enabler and core facilitator to the goals of your Bank and is identified as one of the strategic pillars of the Bank. Your Bank has been at the forefront of leveraging technology to provide better products and services to its customers. Ever since the banking industry in the country entered into technology, your Bank has a state-of-the-art technology. All departments within the Bank use IT to deliver superior products and services to the customers.

Your Bank has adopted modern technology and applies best banking practices in the field of governance frameworks - to ensure that it renders the high standards of service quality and operational excellence and convenience to the customers. Your Bank has deployed 'Technology' as a Strategic Business enabler - to build a distinct competitive advantage and to achieve superior standards of Customer Service. The technology architecture and the IT Outsourcing structure has enabled your Bank to achieve best standards of Customer Service at comparatively lower cost structures.

KVB is moving towards service oriented architecture by implementing Enterprise Service Bus (ESB), which is a Web-services capable infrastructure that supports intelligently directed communication and mediated relationships among loosely coupled and decoupled business components. The service oriented architecture will help your Bank's large and e-commerce firms who are technology-driven or require time sensitive processing to consume your Bank's ESB Services for their payment and receivables.

## DIRECTORS' REPORT

With a view to support new and innovative methods for ensuring customer delight, your Bank has been upgrading various systems which are already in place as also implemented new systems and platforms. Your Bank has augmented direct channels infrastructure and further embarked on upgrading its core banking systems. To ensure highly resilient IT infrastructure and its optimum utilization, the Bank has implemented virtualization in its data centres which has reduced its carbon footprint.

### Foreign Exchange earnings and outgo

Foreign exchange earnings and outgo are part of the normal banking operations. Through its export financing operations, the Bank supports and encourages the country's export efforts.

### Corporate Social Responsibility (CSR)

Your Bank always desired to play a proactive role in societal development with an intention to bring positive change in the lives of many. As a responsible Corporate Citizen, your Bank has been supporting various philanthropic activities by making donations to such initiatives. Your Bank made contribution in areas of education, sports, healthcare and community welfare etc.

Statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this report as Annexure 2.

Your Bank donated a sum of ₹ 2 cr to the Tamil Nadu Chief Minister's Relief Fund when Chennai, Kancheepuram and Cuddalore districts of Tamil Nadu were flooded during the heavy rains in November - December 2015. The donation was handed over in person to the Hon'ble Chief Minister of Tamil Nadu by MD & CEO on behalf of the Bank.

### Extract of Annual Return

Extract of Annual Return as at March 31, 2016 in Form MGT 9 pursuant to sub-section 3 (a) of Sec 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 is annexed as Annexure 3 to this report.

### Board of Directors

In terms of Sec 152 of the Companies Act, 2013, Non-Executive Non-Independent Directors Shri A J Suriyanarayana and Shri M K Venkatesan, retire by rotation and being eligible offer themselves for re-election at the ensuing Annual General Meeting (AGM).

Shri B Swaminathan, Director of the Bank was appointed as the Part-time Chairman of the Bank in the Board meeting held on 23.11.2015. RBI has accorded approval for the appointment for a period three years effective from the date of his taking charge as the Part-time Chairman. Shri B Swaminathan took charge as the Chairman of the Bank on 20.01.2016. The appointment of the Chairman is placed as an agenda item in the notice of the ensuing AGM.

During the year under report Shri M V Srinivasamoorthi was appointed as an Additional Director of the Bank with effect from 27.08.2015 to hold office as Non-Executive Non-Independent Director. Shri M V Srinivasamoorthi, will hold office as Additional Director upto the date of ensuing AGM. He has expressed his willingness to seek election as Non-Executive Non-Independent Director at the ensuing AGM.

Smt CA K L Vijayalakshmi, Director was appointed as a Non-Executive Non-Independent Director at the 96th AGM held on 22.07.2015. Board in the meeting held on 26th May, 2016, re-classified her as a Non-Executive Independent Director after obtaining confirmation from her under Sec 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that she meets the criteria of independence. It is proposed to appoint Smt CA K L Vijayalakshmi as an Independent Director for a period of three years. Your Bank has received a letter from her indicating her willingness to seek election as Non-Executive Independent Director at the ensuing AGM.

Dr. K S Ravichandran, was co-opted as an Additional Director in the Board Meeting held on 26th May 2016. He will hold office as Additional Director upto the date of the ensuing AGM. In terms of Section 149 of the Companies Act, 2013 and the Listing Regulations, a Declaration has been obtained from him stating that he meets the criteria of independence. He has signified his willingness to seek election as Non-Executive Independent Director at the ensuing AGM. It is proposed to appoint Dr. K S Ravichandran as an Independent Director for a period of three years.

The relevant details including profile of the Directors and Additional Directors who are seeking election / re-election at this Annual General Meeting are furnished separately in the Notice of the AGM.

Shri K P Kumar, Part - time Chairman of the Bank demitted office consequent to the completion of his two year tenure ended on 23.09.2015.

Board places on record its appreciation for the valuable services rendered by Shri K P Kumar during his tenure.

## DIRECTORS' REPORT

### Declaration by Independent Directors

The Bank has received necessary declaration from each Independent Director under Sec 149 (7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) that they meet the criteria of independence laid down in the Companies Act, 2013 and Listing Regulations.

### Remuneration

As required by the provisions of Sec 197 (12) of the Companies Act, 2013, read with Rule 5 (2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees who were in receipt of remuneration not less than sixty lakhs rupees for FY16 are set out in this report.

The ratio of remuneration of each director to the median employees remuneration and other details in terms of sub-section 12 of Sec 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as Annexure 4.

### Confirmation as to Compliance of applicable laws

It is hereby confirmed that the Bank has proper systems in place to ensure compliance of all laws applicable to the Bank.

### Corporate Governance

A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and the rules made thereunder is enclosed as an annexure to this report.

A certificate from Shri CS S. Solaiyappan, Practicing Company Secretary, confirming compliance to the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.

### Directors' Responsibility Statement

Pursuant to Sec 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) The directors had 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 and loss of the bank for that period;
- (c) The directors had 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;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The directors had 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 had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Awards received by the Bank in 2015-16

1. KVB received "Best Bank Award for Electronic Payment Systems among Small Bank for the year 2014-15" by The Institute for Development and Research in Banking Technology, Hyderabad (IDRBT). The award was received from the hands of Hon'ble RBI Governor Shri. Raghuram Rajan, on 23rd October 2015 in the IDRBT- Banking Technology Excellence Awards function held at Hyderabad. Your Bank is receiving the IDRBT award for the seventh consecutive year.
2. Your Bank received the ABP News BFSI Best Bank (Private Sector) award
3. KVB was awarded "Best Contactless Payments" award by Elets Technomedia Pvt Ltd. in the Financial Inclusion & Payments Systems Award.
4. KVB received Best MSME Bank award under "Emerging Banks" category in the MSME Banking Excellence Awards 2015 by the CIMSME (Chamber of Indian Micro Small and Medium Enterprise).
5. KVB was awarded "ATM Net work- Runner up under Small Banks" award by National Payment Corporation of India.

## DIRECTORS' REPORT

6. KVB bagged twin awards - the Best Contactless Innovation of the Year 2016 for Smart City Cards and also Best Innovative End-to-End POS Technology Solution for the "KVB Green POS" in the End-to-End POS Technology Solution category at the Kamikaze B2B Awards and CustomerFest 2016.
7. KVB received "Best Contactless Payments" award in the Finoviti 2016 Conference and Awards conducted by Banking Frontiers.

### Acknowledgements

The Board of Directors places on record its sincere thanks to the Government of India, Reserve Bank of India, various State Governments and regulatory authorities in India for their valuable guidance, support and co-operation. The Board also acknowledges with gratitude the co-operation and support received from various State Governments, Stock Exchanges, rating agencies and other banking/financial institutions.

The Board takes this opportunity to place on record its deep sense of gratitude to its loyal shareholders for extending their support during the year and looks forward to their continued association in the years ahead.

The Board thanks the valued customers for their goodwill, patronage and continued support and looks forward to their continued patronage in scaling greater heights.

During the fiscal the Bank has received various recognitions and accolades for its excellence in the Banking domain. The Board is thankful to all such organisations and agencies for formally recognising the Bank's efforts.

The Board appreciates the sincere and dedicated services displayed by its entire staff and highly values their commitment in improving the Bank's performance.

For and on behalf of the Board of Directors,

Place: Karur

B. Swaminathan

Date : 09.06.2016

Chairman

### Statement Pursuant to Section 197 (12) of the Companies Act, 2013 & Rule 5 (2) (i) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors Report.

Name Shri	Qualification	Age	Remuneration Received	Amount ₹	Experience No. of years	a) Date of Commencement of Employment & b) Nature of Employment	Last Employment	Percentage of equity shares held in the Bank	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
K Venkataraman MD&CEO	M.Sc (Agri) CAIIB	63 years	Pay	66,00,000	38 years	a) 06.06.2011 & b) Contractual	SBI Global Factors Ltd MD&CEO	6500 (0.005%)	No
			Bank's Contribution to P.F	7,92,000					
			Perquisites	4,91,811					
			Total	78,83,811					



## MANAGEMENT DISCUSSION AND ANALYSIS

### Macro Economic and Industry developments

#### Economic Scenario

In 2015, global economic activity remained subdued. Global outlook was influenced by gradual slowdown and re-balancing of economic activity in China, lower prices for energy and other commodities and gradual tightening in monetary policy in the United States.

Subdued economic activity and disinflationary conditions forced many key central banks to resort to easing of monetary policy through a combination of conventional and unconventional measures. Some other Central Banks extended their quantitative and credit easing measures. European Central Bank and the Bank of Japan pushed their monetary policy rate into negative territory.

As per the estimates provided by the International Monetary Fund (IMF) in April 2016, World GDP growth was estimated at 3.1% in 2015 and is projected at 3.4% in 2016 and 3.6% in 2017. Global activity is expected to pick up gradually especially in emerging market and developing economies. In advanced economies, a modest and uneven recovery is expected to continue with a gradual further narrowing of output gaps.

The developments witnessed in global economies together with market concern about the future performance of the Chinese economy may have spillover effects on global economies through trade channels. These coupled with weaker commodity prices as well as diminishing confidence may result in volatility in financial markets.

Manufacturing activity and trade remained weak worldwide, reflecting a subdued global demand and investment. Additionally the decrease in imports in many emerging markets and developing economies in economic distress is also weighing heavily on the global trade. Growth in emerging markets and developing economies is expected to rise from 4% in 2015 to 4.3% in 2016 and 4.7% in 2017. However the growth in advanced economies is projected to rise to 2.1% and hold steadily in 2017.

#### Indian Economic Scenario

GDP growth of the Indian economy, as per the Central Statistical Organisation's advance estimates, is expected to increase to 7.6% as against 7.2% recorded in 2014-15. Forecasts from the World Bank showed that India will be a bright spot amid a gloomy outlook predicted for the developing economies in the next couple of years. It also predicted that the growth will be at 7.9% by 2018. The country would benefit from the backdrop of a reduction in external vulnerabilities, a strengthening domestic business cycle and supportive policy environment.

The GDP growth projection is expected to be primarily driven by private consumption demand and gross fixed capital formation (predominantly through public capital expenditure). Growth drivers, on the sectoral front are expected to be from manufacturing and agriculture & allied activities.

On the inflation front, WPI stayed in the negative for fifteen straight months till January 2016. It is showing an upward movement since then. Combined CPI also, after witnessing an all time low of 3.69% in July 2015 increased to 5.69% in January 2016. This is on account of persistent services inflation, but was still comfortably below RBI's CPI inflation target of 6%. Despite monsoon deficiency for the second consecutive year, food inflation declined, aided by limited support prices for food grains, subdued rural wage growth and the timely offloading of surplus good stocks. Fuel inflation was moderated thanks to the sharp drop in oil prices. RBI's anti-inflationary stance and the Government's fiscal consolidation approach helped contain core inflation, which remained less than 5% through the course of the year.

As per the Economic survey presented by the Government in February 2016, current account deficit will be within 1 to 1.5% of GDP. Indian currency witnessed weakness due to global economic slowdown, weak commodity prices, falling of crude oil prices, contraction in India's exports and large amount of selling by FIIs in the Indian Stock Market. The year 2015 saw FIIs being the net sellers with total pull out amounting to ₹32985 cr till Feb'16 from the equity bringing down the sensx to 17 month low of 22495 from its record of 30000. As at the end of March 2016, India's forex reserves were USD 356 Billion.

Indian rupee traded in the range of 62.19 to 68.71 during FY 16.

The fiscal deficit in 2015-16 was under control and was only marginally higher at 3.92% of the GDP against the targeted 3.9%. This shows the Government's commitment to fiscal consolidation.

#### Developments in the Banking Sector

On the Monetary policy front, the Reserve Bank of India has been able to reduce repo rate by 100 basis points since January 2015 upto March 2016. To ensure faster transmission of policy rates to lower interest rates to borrowers, RBI has directed Banks to move away from the Base Rates to Marginal Cost based Lending Rate effective from 1st April 2016. RBI, in its recent bi-monthly policy has reduced repo rate by further 25 basis points and has taken several other measures to address the liquidity shortage. These measures are expected to help in reducing the interest rates in the economy with expectation of stable CP-based inflation at 5%. As a result credit growth is expected to improve.

## MANAGEMENT DISCUSSION AND ANALYSIS

Despite global financial markets' improving volatility, the 10 year g-sec yield fell to 7.47% (decrease of 27 bps) as at the end of March 2016 on account of RBI's monetary easing measures during the course of the year and the fiscal consolidation resorted to by the Government.

The fiscal goneby was the second continuous year witnessing low credit off take and increasing stressed assets in the banking sector. One of the main reasons for the muted loan growth was steep decline in domestic demand and subdued global demand for exports resulting in lower consumption and lower capacity utilisation.

Aggregate deposits of all Scheduled Commercial Banks showed a growth of 11.3% in the fiscal 2016 as against growth of 10.7% in the previous year, while advances growth stood at 11.5% against 9.6% in the previous fiscal.

The year has been very challenging for banking industry on the asset quality front with huge surge in bad loans and provisions against the bad loans after the regulator RBI's Asset Quality Review directing many banks to reclassify the loans and set aside provisions against stressed assets.

The year under report also witnessed RBI issuing licences to Payment Banks and Small Banks to further deepen the Banking services across the country.

With the enactment of Insolvency and Bankruptcy Bill by the Parliament, it is expected that it would accelerate the winding up process for defaulting companies and provide a quicker exit route for lenders who are already grappling with the bad loans in their books.

### Business Segment Overview

During the year, your Bank continued to focus on rebalancing of its business mix, through increased accent on the retail business both under liability products and asset products.

Personal banking segment continued to be the thrust area. The bank's retail operations recorded robust growth during the year 2015-16.

Growth in deposits have been quite impressive, with aggregate deposits reaching a level of ₹50079 cr, a growth of ₹5389 cr (12.06%) over the previous year growth rate of 2.13%. The aggregate deposits of All Scheduled Commercial Banks showed a growth of 11.3% in the fiscal 2015-16.

The share of CASA deposits to the aggregate deposits increased from 22.02% in March 2015 to 23.31% in March 2016. Savings

bank deposits recorded a growth of 21.13% from ₹6314 cr as on 31.03.2015 to ₹7648 cr as on 31.03.2016. Demand deposits grew 14.14% in the year under report from ₹ 3528 cr as at the end of FY 15 to ₹ 4027cr at the end of FY 16. CASA deposits grew at 18.6%.

Retail Term deposits viz: Term Deposits of Less than ₹ 1 cr, constitute 78.19% and Term Deposits less than ₹ 5 cr constitute 84.4% of the total term deposits as at 31.03.2016. Your Bank has continued its conscious policy of shedding high cost/bulk deposits during the year.

### Corporate and Institutional Group (CIG)

Your Bank's Corporate and Institutional Banking Group provides comprehensive client focussed services comprising working capital finance, term loans, specialised corporate finance products, trade and transaction banking services and liquidity management solutions. The Bank's customers under this segment are mostly mid corporates. Your bank prioritised credit quality and all offerings made following a tight credit appraisal of the clients risk profile as well as pro-active monitoring of credit risk. For this purpose the Bank has a Centralised Loan Processing Cell (CLPC) at various Divisions.

As on 31st March 2016, your Bank's CIG advances were at ₹13763 cr accounted for 34.86% of the Advances portfolio. Due to your bank's highly selective approach in taking further exposure in the Corporate segment, resulted in a decline of 1.67% in FY 16.

### Commercial Banking Group (CBG)

Your Bank provides credit to all customers under SME segment, traders and others whose credit needs are upto ₹25 cr. Your Bank offers industry specific products by understanding customer businesses, market conditions and industry developments. This distinctive approach translated into mutually beneficial relationships with customers in these segments. Your bank offers customised products like Timber plus, Pharma plus, Transport Plus, Textile Plus, Rice Plus, Steel Plus, Commodity Plus etc., tailored to suit the specific requirements of each of these trades.

Your Bank conducted CBG SMX Program, a specialised marketing initiative, with the objective of strengthening sourcing engine, reducing TAT, providing mentoring and support as well as training to the branch heads and credit officers. SMX App was provided to track proposals sourcing as well as processing. The App provided interface on web and mobile for sales teams at Central Office, Divisional Offices and Branches to track the proposals in real time. The programme yielded desired results with the sourcing of more than 900 proposals worth ₹ 2500 cr during the year under report.

## MANAGEMENT DISCUSSION AND ANALYSIS

CBG digitisation has been taken up which resulted in reduction of TAT considerably. Lead Management System was also introduced to ensure efficient lead capture, timely customer meetings and effective capture of customer responses.

The Bank's CBG advances were at ₹12763 cr constituting 32.33% of the total advances as on 31st March 2016.

### Personal Banking Group (PBG)

In tune with the objectives of building quality, granularity and profitability in the assets portfolio, your bank has many Retail Banking Products such as Car loans, Personal Loans, Home loans etc.

As on 31st March 2016, your bank's retail advances were at ₹5918 cr constituting 14.99% of the total advances.

### Debit Cards

Your Bank had issued 8.93 lakh debit cards during the year taking the total number of cards issued viz: ATM card, VISA Master, Master EMV, RuPay Debit, RuPay Kisan etc to 62.56 lakh.

### POS

Your Bank added 923 POS terminals across various merchant locations throughout the geography, taking the total to 10157 as at 31.03.2016. During the year under report over 96 lakh transactions were made through the KVBPOS and the gross value of the transactions routed through the terminals were at ₹2847.62 cr for FY 16.

### Agricultural Banking Group (ABG)

For boosting its agricultural lending portfolio constituting direct lending to the farmers/group of farmers, the Bank has extended assistance to individuals/groups/entities engaged in farming, agricultural processing units, entities supporting agricultural sectors, Jewel loans and Warehouse Receipt loans to farmers etc.,

The Bank has in place dedicated agriculture officers in Divisions and Branches. In respect of Jewel loans the Bank has improved the product with added features and its service delivery at the branches.

In order to improve the Jewel loan portfolio which witnessed a decline in the last fiscal 2014-15, the Bank adopted a comprehensive marketing initiative to reverse the portfolio decline. Bank conducted Jewel Loan Utsav. Under the program the activities undertaken were: marketing through SMS and radio campaigns driven at the Central Office, Division and Branch

driven on the ground marketing through jewel loan officers, appraisers etc which saw branches launch a number of initiatives. These activities resulted in positive increase of ₹100 cr in the portfolio and agriculture jewel loan portfolio improved by ₹273 cr.

The Bank's ABG advances were at ₹7032 cr, constituting 17.81% of the gross advances as on 31.03.2016.

### Transaction Banking Group (TBG)

The Bank's TBG group has a stabilised Cash Management Product (CMP) offering with payment and collection services for corporate clients and also Supply Chain Finance Solutions since FY 16. The solution supports the working capital function of any organisation through a robust integrated electronic transaction banking platform using a latest technology. The Bank offers a suite of Transaction Banking Solutions through its nation wide network of branches and correspondent banks. The products offered under Cash Management Services are: Collections & Payments. Under Supply Chain Finance, the products are: Vendor finance and Dealer Finance. Your Bank is positioning Transaction Banking as a niche product and expects to play a vital role in improving its Current Account (CA) Portfolio and advances portfolio in the years to come.

### Outlook for the fiscal 2016-17

Indian economy is on the verge of a major transformation, with several initiatives set to be implemented shortly. Positive sentiments, improved consumer confidence and more controlled inflation are likely to prop-up the economic growth. Enhanced spending in infrastructure, speedy implementation of projects and continuation of reforms are expected to fuel the growth. The India Metrological Department (IMD) has reiterated its initial prediction of "above normal" monsoon in this year's south west monsoon season. The projected plentiful rainfall is expected to bring an end to two consecutive years of drought. The GDP is expected to grow more than the last year's growth rate, driven by pick up in rural demand.

The Government is yet to announce the implementation of the Seventh Pay Commission recommendations and it is expected to be implemented in second half of the current fiscal. The implementation is expected to fuel inflation as also the growth.

These factors suggest that India's banking sector is also poised for growth as the rapidly growing business would turn to banks for their credit needs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SWOT Analysis

Your Bank has displayed strong financial health across macroeconomic cycles in the Indian economy especially in a very challenging year for banks. The performance is borne out of the fact that your bank has requisite competency and execution skills built over the century. Your Bank continued to deliver good profitability while at the same time maintaining its asset quality. The asset quality of the bank has been the result of reduction of adverse selection, strong credit appraisal processes, high level of due diligence, robust risk management processes in place. The Bank has been maintaining a PCR of above 75% over many years now.

Century old bank has its young and talented staff with higher productivity which has reflected in increasing per employee business and the per employee profits recorded year after year.

The Bank which started itself as a SME bank will continue to position itself as a more comprehensive player to cater to the needs of SME customers in the retail segment.

Your Bank has expanded its footprints with 667 branches across the country and it has shown commendable performance over the years. The Bank continues to maintain significant presence in the south with more number of branches and a strong franchise.

With the rise in the infrastructure projects and clearance of stalled projects, growth is expected. The licences issued for the new entrants viz: Payment banks and Small banks, competition is expected to increase among the existing players.

Information Technology in banking is a survival and growth strategy and is fundamental to the effective functioning in the Banking Industry. While your Bank has always been ahead in employing technology in bringing about innovative products and efficient customer service, considering the developments including disruptive technology in the financial industry, the Bank is in the process of developing several digital initiative to provide comprehensive digital solutions to retail and SME customers.

Indian economy which has slowed down in the past couple of years, has tremendous potential demand which remains latent. With Government initiatives to stimulate growth especially through activating stalled projects, structural reforms and expanding public spending, the release of this latent demand is expected to be strong growth drivers of the economy. The credit demand and growth opportunities are expected to be of substantial magnitude in the times to come, when Government efforts materialise. Your Bank is well positioned and well poised to capture these opportunities and realise its growth targets rapidly.

### Risk Management Function

A robust risk management system will ensure long term financial security and success of the Bank. The Bank has put in place a robust and integrated Risk Management system to ensure that risks assumed by it are within the defined risk appetites and monitored. The overall responsibility of setting the Bank's risk appetite and effective risk management rests with the Board and apex level management of the Bank. The risk is managed through following Committees viz: Risk Management and Asset Liability Management Committee of the Board (RMALM), Credit Risk Management Committee (CRMC), Asset and Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC). These Committees work within the overall guidelines and policies approved by the Board.

The Bank has Policies for identification, measurement and management of major risks- liquidity risk, market risk, credit risk and operational risk. These policies are reviewed and updated from time to time, keeping in view the dynamic business environment, Risk Management Department acts as a nodal centre for co-ordination with other Departments/operating units engaged in managing risk in their respective business areas.

A comprehensive Asset Liability Management (ALM) System is in place for effective management of Liquidity Risk and Interest Rate Risk, which are identified, measured and monitored by the ALCO through the prescribed Statements viz: Statement of Structural Liquidity, Statement of Short Term Dynamic Liquidity, Liquidity Coverage Ratio statement, Statement of Interest Rate Risk Sensitivity (Traditional and Duration Gap methods), Stress Testing on Liquidity and Earnings etc. ALCO discusses these Statements in detail and takes corrective action where necessary. As per the Bank's ALM Policy, a Contingency Funding Plan is prepared & reviewed on quarterly basis. Benchmark Prime Lending Rate (BPLR)/Base Rate (Lending Rate) and Card Rates for Deposits are discussed and decided by ALCO.

**Credit Risk:** The Bank has a structured and standardised credit approval process which includes comprehensive credit rating of proposals. For Retail Loans, the Bank uses a risk scoring model. In order to control the magnitude of credit risk, internal and prudential norms on benchmark, financing ratios, single borrower and group borrower exposure, industry specific and sector-specific exposure, exposure to sensitive sectors, hurdle rate for taking a fresh exposure etc have been set up. Credit appraisal systems and a clearly defined delegation of powers form an integral part of the Bank's Credit Policy.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Market Risk** is largely managed through adherence to various policies, in the conduct of the investment and trading activities along with adherence to various risk limits like position limits, stop loss limits, Management Action Trigger (MAT) through constant monitoring of the risk positions. Scenario Analysis on market risk covering events such as decline in stock markets, rise in bond yields and foreign exchange rate movements are conducted regularly as per the Stress Testing Policy of the Bank to assess resilience of investment portfolio.

One of the major tools for managing **Operational Risk** is to put in place a well established internal control system, which includes segregation of duties, clear management reporting lines and adequate operating procedures. Most of the operational risk events are associated with weak links in internal control systems or laxity in complying with the existing internal control systems and procedures. The Bank has suitable systems and procedures for managing and control of operational risks.

The Bank has in place BASEL III capital frame work implemented. Accordingly Bank is computing Capital to Risk weighted Assets Ratio as per Pillar I of Basel III frame work. To improve transparency of capital base, Bank plans to move over to advanced approaches of Basel II guidelines for credit, market and operational risks in a phased manner.

### Internal Control, Inspection and Audit

The Bank has in place a well established independent audit system and structure to ensure adequate internal control for safe and sound operations. Your Bank's Internal Audit Department (IAD) performs independent and objective assessment to monitor adequacy, effectiveness and adherence to internal control systems and procedures laid down by the management and extant regulations. This function supports the Bank's role in safeguarding its assets. The macro level guidance and direction on the control aspects is provided by the Audit Committee of the Board (ACB). The Committee takes an overall view on the internal control aspects and formulates the related policy guidelines.

An efficient and sound internal audit provide high quality counsel to the Management on the effectiveness of risk management practices and internal control mechanisms as also the regulatory compliance by the Bank.

Internal Audit is carried out under Risk Based Internal Audit (RBIA) as envisaged under Risk Based Supervision of RBI with focus on assessment of risks on the basis of inherent business risk and internal control mechanism. RBIA lays greater emphasis on the

internal auditor's role in mitigating various risks while at the same time continuing the traditional risk management and control methods involving transaction testing etc. RBIA not only offer suggestions to the management for mitigating current risks but also on potential future risks, thus playing a vital role in the risk management process of the bank.

Under RBIA branches have been categorised into three groups as per risk perception and are subject to varying degrees of audit.

The Internal Audit Department reports to the MD & CEO for day to day activities and to the Audit Committee for Audit Planning and Reporting. As against the plan to conduct RBIA during the year your bank has conducted RBIA in respect of all branches except 5 branches which are under low risk category.

Your bank also subjects its operations to Concurrent Audit by various experienced audit firms to complement its Internal Audit function.

Concurrent Audit also covers core activities such as Treasury operations, International Division, Regional Processing Centres, ATM Cell, Demat cell, other Operations and branches.

Concurrent Audit of select branches are done by external audit firms taking into account risk perception and business turnover. During the year 2015-16, 298 branches covering 83% of the total business of the Bank were subjected to concurrent audit.

In addition to the regular inspection and concurrent audit, the Bank also conducted surprise inspection at identified Large Branches and High risk rated branches as and when the need arose for such audits.

Apart from the RBIA and concurrent audits, your bank also conducts revenue audit of identified branches once in a year. During the year 2015-16, 396 branches were subjected to revenue audit.

Information Security Audit is conducted once in a year covering all branches and back offices viz: Central Office, Divisional Offices, Regional Processing Centres etc. During the year under report the bank conducted IS Audit across 658 branches/offices.

Management Audit of all the Central Office departments were conducted during the year 2015-16.

Your Bank has a system of re-appraisal of jewels under Jewel loan portfolio once in a year covering all branches which have the Jewel Loan portfolio. During 2015-16, in 575 branches, re-appraisals were carried out.



## MANAGEMENT DISCUSSION AND ANALYSIS

Currency chests of the Bank are subjected to inspection at periodical intervals as per extant guidelines of RBI. Inspection of all the five currency chests of the Bank were covered during the year under report.

In order to maintain a healthy credit portfolio especially in the case of advances with a fund based limit of ₹ 5 cr and above or the total exposure of ₹10 cr and above, your Bank has introduced onsite credit audit of borrowal accounts from the fiscal 2017 onwards. The main objective of credit Audit is to ensure that the Bank's laid down policies in the area of credit appraisal, sanction and loan administration are complied with and improvement brought about in the quality of credit portfolio with resultant favourable impact on the profitability and reduce stressed assets.

### Compliance Function

Your Bank has put in place a comprehensive Compliance Policy, the same was also reviewed during the year under report. The Bank has followed various guidelines issued by RBI regarding compliance functions in the bank. The Bank has also ensured that Statutory/Regulatory and any other mandatory information required to be sent to RBI and other regulators.

The Bank is focusing employee education through circulars, frequent contact sessions etc to sensitize them of the need for a strong compliance culture and also striving to develop a robust compliance culture in the Bank. The Department is functioning as a focal point for regulators like RBI, SEBI etc for all compliance related matters.

Your Bank has also conducted Snap audit in 275 branches to ensure that the compliance aspects are followed at the branch level.

Your Bank has put in place KYC/AML Policy approved by the Board of Directors and transaction monitoring procedures as per RBI guidelines. The Bank has an AML cell at Central Office which uses AMLOCK software for examining and identifying suspicious transactions. The customer accounts have been divided into different risk categories and alerts are generated based on pre-defined parameters. These alerts help in identification of suspicious transactions which are further reported to FIU-INDIA.

### Financial Performance with respect to Operational Performance

In 2015-16, the Bank strove to improve its performance on fronts despite significant challenges emanating from the macroeconomic environment. Your Bank has delivered a steady financial and operating performance for the financial year 2015-16.

Interest income increased from ₹5395.88 cr to ₹5443.40 cr, a year ago, showing a growth rate of 0.88%. Interest expended decreased from ₹ 3929.97 cr to ₹ 3662.03 cr. The Net Interest Income grew at 21.52% from ₹1465.91 cr to ₹1781.37 cr.

Non-Interest Income rose to ₹706.81 cr from ₹580.84 cr, registering a growth of 21.69%.

Your Bank's operating revenue recorded an increase of 21.57% from ₹2046.75 cr to ₹2488.18 cr.

The operating expenses increased from ₹1103.45 cr to ₹1252.76 cr, recording a growth of 13.53%. In the operating expenses, Establishment expenditure registered a margin rise of 0.06% from ₹ 547.05 cr in FY 15 to ₹ 547.38 cr in FY16. Other operating expenses increased by 26.77% from ₹ 556.41 cr to ₹705.38 cr.

Your Bank posted an Operating Profit of ₹1235.42 cr for the fiscal 2015-16, against ₹943.29 cr recorded in the corresponding period a year ago, an increase of 30.97%. Your Bank has crossed the milestone figure of ₹1200 cr for the first time.

The Net profit for the year ended 2015-16 posted an increase of 22.26% from ₹464.28 cr in FY 15 to ₹ 567.63 cr in FY 16.

For the year ended the Net Interest Margin of the Bank rose by 52 basis points from 2.91% to 3.43%, compared to the previous fiscal 2014-15.

The Return on Average assets was at 1.03% at the end of the fiscal under report as against 0.88% in the previous fiscal 2014-15.

The Earnings per Share (EPS) increased from ₹ 39.86 as at 31.03.2015 to ₹ 46.59 as at 31.03.2016. Book value of share was at ₹ 375.25 as against ₹348.42 as at the end of 31.03.2015.

The Bank's Return on Equity was at 12.41%, up from 10.93% delivered in FY 15 and the Return on Assets was at 1.03%, an increase of 15 basis points from the previous year ratio of 0.88%.

Net owned funds of your bank were ₹4572.95 cr as on 31.03.2016, showing an absolute increase of ₹326.92 cr over the previous fiscal.

### Human Resource Management

Your Bank recognizes human capital as the most prized asset and has developed a HR strategy with the objective of encouraging

## MANAGEMENT DISCUSSION AND ANALYSIS

employees to excel in their performance to achieve business targets.

To meet the requirements of Business Growth, Branch Network Expansion and attrition/retirements, the Bank recruited 463 employees during the year. The total staff strength of the Bank as on 31st March 2016 was at 7211 as compared to 7197 on the last day of the previous fiscal ended on 31st March 2015. Due to effective manpower planning and judicious recruitment, your bank has an excellent team of young staff whose average age is 33. The Bank provides optimum opportunities to its employees to rise up in their career and shoulder higher responsibilities.

Business per employee of the Bank has been consistently increasing over the years and during the period it stood at ₹12.41 cr up from ₹ 11.30 cr during the FY 15. Profit per employee increased from ₹ 6.45 lakh as at 31.03.2015 to ₹ 7.87 lakh as at 31.03.2016.

Your Bank has conducted 178 in house programme for 3929 participants. The bank has also nominated 454 participants for external training programmes at NIBM-Pune, IIM - Bangalore and Lucknow, IDRBT, Hyderabad, IIBF, Mumbai etc.,

The Bank has an e-learning platform for assessments and tests on various topics.

Your Bank has also undertaken several initiatives to incentivise your employees for ensuring excellent performance as well as for employee well being. The Bank has put in place a performance linked cash incentive scheme wherein the qualifying employees were provided with cash incentives based on their performance.

The Bank made improvements in the existing Career Development System to reduce subjectivity and expanding its implementation to all roles. CDS now covers all officers of the Bank and the same was used as input for promotion considerations.

The Bank has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013. An internal compliance committee has been set up to redress the complaints received regarding sexual harassment. All employees working in the Bank are covered under this policy. There has been no complaint during the year under report.

The Industrial relations climate in the Bank stayed amicable throughout the year. The representatives from workers and officer unions participated in various discussions on developmental and other issues with the Management and efforts were made to resolve the same.

## CORPORATE GOVERNANCE REPORT

### Corporate Governance

Corporate governance encompasses a set of systems and practices to ensure that the Bank's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholder's aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mind-set of the organisation. We are committed to meet the aspirations of all our stakeholders. The Bank shall continue to endeavour to enhance its shareholders' value by protecting their interests by ensuring performance at all levels and maximising returns with optimal use of resources in its pursuit of excellence. Over the years we have strengthened governance practices. These practices define the way business is conducted and value is generated.

The Bank, a company incorporated under the Companies Act and a listed entity doing commercial banking business, follows letter and spirit the provisions of Corporate Governance practices under

the regulations stated therein apart from complying with the Guidelines issued by the Reserve Bank of India in this regard.

### Board of Directors

Your Bank's Board of Directors is broad-based and its composition is governed by the provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, the Articles of Association of your Bank and the requirements of Corporate Governance as envisaged under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Board functions directly as well as through various Board Committees constituted to provide focussed governance in the important functional areas of the Bank. As on March 31, 2016, the Board comprised of eleven Directors, including Part-time Chairman (Non-Executive Independent), Managing Director & Chief Executive Officer, three Non-Executive Independent directors and six Non-Executive Non-Independent directors.

### Relationship between Directors inter-se

None of the Directors of the bank is related to one another.

### Board Meetings

During the FY16, your bank had 26 Board meetings as detailed below:

29.04.2015	04.07.2015	31.07.2015	23.09.2015	23.11.2015	05.02.2016	24.03.2016
30.04.2015	05.07.2015	26.08.2015	15.10.2015	19.12.2015	04.03.2016	29.03.2016
28.05.2015	22.07.2015	27.08.2015	31.10.2015	30.12.2015	05.03.2016	
29.05.2015	23.07.2015	22.09.2015	22.11.2015	13.01.2016	14.03.2016	

### Directors' attendance at the Board Meetings and at the last AGM

The details of attendance of each Director at the Board meetings along with the number of meetings held during the year and attendance at the last Annual General Meeting.

Name of the Director Sarvashri	Period	No. of Board meetings held	Board meetings attended	Attendance at the 96th Annual General Meeting
B Swaminathan # Part-time Chairman - Non-Executive Independent	01.04.2015 - 31.03.2016	26	19	Present
K P Kumar \$ Part-time Chairman - Non-Executive Independent	01.04.2015 - 23.09.2015	13	13	Present
K Venkataraman MD & CEO	01.04.2015 - 31.03.2016	26	26	Present
CA S Ganapathi Subramanian Non-Executive - Independent	01.04.2015 - 21.07.2015	6	6	Not Applicable
G Rajasekaran Non-Executive	01.04.2015 - 31.03.2016	26	26	Present

## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	Period	No. of Board meetings held	Board meetings attended	Attendance at the 96th Annual General Meeting
A J Suriyanarayana Non-Executive	01.04.2015 - 31.03.2016	26	25	Present
K K Balu Non-Executive - Independent	01.04.2015 - 31.03.2016	26	26	Present
N S Srinath Non-Executive - Independent	01.04.2015 - 31.03.2016	26	23	Present
Dr V G Mohan Prasad Non-Executive - Independent	01.04.2015 - 31.03.2016	26	16	Present
M K Venkatesan Non-Executive	01.04.2015 - 31.03.2016	26	25	Present
A K Praburaj Non-Executive	01.04.2015 - 31.03.2016	26	26	Present
Smt CA K L Vijayalakshmi Non-Executive	01.04.2015 - 31.03.2016	26	25	Present
M V Srinivasamoorthi Additional Director Non-Executive	27.08.2015 - 31.03.2016	16	15	Not Applicable

# Director till 19.01.2016 & and taken charge as Part-time Chairman of the Bank w.e.f. 20.01.2016.

\$ Part-time Chairman till 23.09.2015

None of the directors is a Director in any public limited company and hence the requirement under Regulation 26 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as to membership of ten Committees and Chairmanship of five Committees is not applicable.

### Board procedure

The date and place of the meetings are advised to all Directors well in advance. The agenda papers which provide all relevant, adequate, material information, explanatory notes etc are circulated to the Directors to facilitate meaningful, informed and focused discussions at the meetings.

The Board was presented with the information on various important aspects of business operations, new initiatives, budgets, financial results, minutes of the Audit and other Committees of the Board and such other matters as are required to be placed before the Board in tune with the Regulatory and statutory guidelines, instructions including the Listing regulations.

### Remuneration of Directors

Shri B Swaminathan, Part-time Chairman (Non-Executive

Independent) was paid remuneration of ₹ 1,79,032/- during the period under report. He was also paid ₹ 12,90,000/- towards sitting fees for attending the Board and Committee meetings.

Shri K P Kumar, Part-time Chairman (Non-Executive Independent) was paid honorarium of ₹ 4,32,500/- during the period from 01.04.2015 till 23.09.2015 under report. He was also paid ₹6,80,000/- towards sitting fees for attending the Board and Committee meetings.

Shri K Venkataraman, MD & CEO, was paid ₹ 78,83,812/- (Gross), being the fixed pay and perquisites for the year 2015-16. Details disclosed elsewhere in the report.

The remuneration paid to the Chairman and MD & CEO are in accordance with the terms of appointment approved by RBI.

Non-Executive Directors were paid sitting fees for attending the Board and Board Committee meetings at ₹ 35,000/- and ₹20,000/- respectively.



## CORPORATE GOVERNANCE REPORT

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2015-16 are given below:

Name of the Director Sarvashri	Amount (₹ in lakh)
K P Kumar	6.80
B Swaminathan	12.90
CA S Ganapathi Subramanian	4.60
G Rajasekaran	20.50
A J Suriyanarayana	19.45
K K Balu	14.70
N S Srinath	15.50
Dr V G Mohan Prasad	7.65
M K Venkatesan	19.60
A K Praburaj	19.75
Smt CA K L Vijayalakshmi	11.20
M V Srinivasamoorthi	8.85

Directors' shareholding as on 31.03.2016

Name of the Director Sarvashri	Number of shares
B Swaminathan	1,000
K Venkataraman	6,500
G Rajasekaran	3,22,024
A J Suriyanarayana	2,29,909
K K Balu	5,000
N S Srinath	533
Dr V G Mohan Prasad	29,703
M K Venkatesan	1,88,396
A K Praburaj	13,834
Smt CA K L Vijayalakshmi	500
M V Srinivasamoorthi	33,000

### Criteria for appointment as Director of the Bank

Nomination Committee of the Board shall identify and ascertain the qualification, experience, track record, integrity etc. of the person who is considered for being appointed/re-appointed as Director of the Bank and apply due diligence in compliance of the extant guidelines of the Reserve Bank of India on Fit and Proper criteria, applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

### Committees

#### Audit Committee of the Board of Directors (ACB)

Audit Committee was constituted by the Bank in 1995 as per the directions of the Reserve Bank of India to look into the matters specified by them. The terms of reference of ACB are in alignment with the Listing Regulations which include, inter-alia, the following:

- Oversight of the Bank's financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
- Reviewing with the management the annual financial statements and auditors report thereon before submission to the Board for approval with specific reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Disclosure of related party transactions
  - Compliance with the Listing and other legal requirements relating to financial statements;
  - Significant adjustments made in the financial statements arising out of audit findings, qualifications in the draft audit report;
- Reviewing with the management the quarterly financial statements before submission to the Board for approval
- Reviewing with the management the statement of application of funds raised through an issue (public, rights, preferential issue etc.), the statement of funds utilized other than for those stated in the offer documents, report submitted by monitoring agency monitoring the utilization proceeds, and making appropriate recommendations to the Board to take steps in this regard;
- Review of Long Form Audit Report as prepared by statutory auditors;
- Periodic inspection report submitted by RBI;
- Monitoring the adequacy of the internal control environment, adequacy of checks and balances including Management Information Systems (MIS) and the adequacy of internal audit function, its policies, its structure, coverage and frequency of internal audits;

## CORPORATE GOVERNANCE REPORT

- i. Discussions and review with the internal audit and Concurrent Auditors, their reports/findings with an objective of reporting any significant/material findings to the Board;
- j. Reviewing the findings of any internal investigations by the internal auditors into matters where are suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- k. Reviewing the Whistle Blower Policy and Vigil Mechanism;
- l. Evaluation of internal financial control and risk management systems;
- m. Reviewing the compliance function periodically;
- n. Approval of appointment of CFO (i.e. the person who is heading the finance function after assessing the qualifications, experience and background etc)
- o. Review the following information
  - (i) Management Discussion and Analysis of financial conditions and results of operations;
  - (ii) Statement of significant related party transactions (as defined by the ACB) submitted by the management etc;
- p. Performing any other functions, duty as stipulated by the Companies Act, Reserve Bank of India, SEBI Regulations and any other regulatory authority or under any applicable laws as prescribed from time to time;

Eleven Audit Committee Meetings were held during FY 2015-16 and not more than one hundred twenty days lapsed between two consecutive meetings of the ACB.

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

Attendance at the meetings are given below.

Name of the Director Sarvashri	No. of meetings attended
N S Srinath Chairman of the Committee (from 22.07.2015)	7
B Swaminathan, Chairman	8
A J Suriyanarayana	9
K K Balu (from 15.10.2015)	4
Dr V G Mohan Prasad	6
Smt CA K L Vijayalakshmi (from 22.07.2015)	5
CA S Ganapathi Subramanian (Chairman of the Committee till 21.07.2015)	4
K P Kumar (Member till 23.09.2015)	6
G Rajasekaran (Member till 14.10.2015)	6

### Advances Committee

The Board level sub-committee is constituted to approve credit proposals, review, renewal or modification of various types of funded and non-funded credit facilities to customers within such authority as is delegated to the Committee by the Board from time to time. This Committee also reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).

The Committee met 21 times during the fiscal 2015-16. The members of the Committee and their attendance are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	19
G Rajasekaran	20
A J Suriyanarayana	19
N S Srinath	15
M K Venkatesan	21
A K Praburaj	21
CA S Ganapathi Subramanian (Member till 21.07.2015)	6

### Nomination and Remuneration Committee

Pursuant to the provisions of the Companies Act, 2013, Listing regulations and the extant guidelines of Reserve Bank of India, Board has constituted "Nomination & Remuneration Committee" (NRC) w.e.f. 13.01.2016. Previously there were two Committees for Nomination and Compensation and Remuneration separately.

The terms of reference of the Committee include:

1. Undertaking due diligence of candidates before their appointments/re-appointment as directors
2. Recommend to the Board the policy/criteria for evaluation of performance of directors - Independent directors, Chairman and the Board as a whole.
3. Recommend to the Board on the remuneration of Whole Time Director/s, Chief Executive Officers etc.
4. To administer the Employees Stock Option Scheme of the Bank.

## CORPORATE GOVERNANCE REPORT

The members of the re-christened Committee are: Shri K K Balu, Chairman of the Committee and the members are: Sarvashri B Swaminathan, Chairman, A J Suriyanarayana, N S Srinath and Dr V G Mohan Prasad.

The Committee has not met after its reconstitution. However the Nomination Committee which had its members Sarvashri CA S Ganapathi Subramanian (Chairman of the Committee), K P Kumar, A J Suriyanarayana, K K Balu, N S Srinath and Dr V G Mohan Prasad, met thrice during the fiscal FY 2015-16. Sarvashri CA S Ganapathi Subramanian and K P Kumar attended the meetings till their tenure. Sarvashri A J Suriyanarayana and K K Balu attended all the three meetings. The other members viz: Sarvashri N S Srinath and Dr V G Mohan Prasad attended two meetings.

Compensation and Remuneration Committee which had six members viz: Sarvashri CA S Ganapathi Subramanian (Chairman of the Committee), K P Kumar, G Rajasekaran, K K Balu, B Swaminathan and A K Praburaj. Sarvashri CA S Ganapathi Subramanian and K P Kumar attended one meeting each which was conducted during their tenure. Except Shri B Swaminathan who attended one meeting, the other members viz: Sarvashri G Rajasekaran, K K Balu and A K Praburaj attended all the two meetings.

### Customer Service & Stakeholders Relationship Committee

With a view to strengthen the Corporate Governance structure and also ensure innovative measures for enhancing the quality of customer service and improving level of customer satisfaction for all categories of clientele at all times, the Reserve Bank of India has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS).

A sub-committee of the Board constituted during the year 2001 to specifically look into the grievances of shareholders/investors. The Companies Act, 2013 and the Listing Regulations requires that a Stakeholders Relationship Committee has to be constituted to consider and resolve the grievances of security holders.

The Board of the Bank had constituted a Customer Service and Shareholders and Investors' Grievance Committee in tune with the Corporate Governance requirements under Listing requirements. The said Committee has been re-christened as Customer Service and Stakeholders' Relationship Committee by the Board on 22.07.2015.

The terms of reference of the Committee, inter-alia, include the following:

Formulating comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations

of his account, the product approval process, annual survey of depositor satisfaction and the triennial audit of such services. The Committee shall also examine any other issues which have a bearing on the quality of customer service rendered by the Bank.

Reviewing and redressing complaints received from security holders such as shareholders, bond holders and any other security holders with specific reference to non-receipt of dividend, non-receipt of interest on bonds, annual report, transfer of shares or other bonds, etc. issue of duplicate share/debenture or bond certificate, splitting or consolidation, dematerialisation, transmission of securities etc.

The Committee met twice during the year on 22.09.2015 and 04.03.2016.

The composition of the Committee and the attendance of members are given below:

Name of the Director Sarvashri	No. of meetings attended
M K Venkatesan Chairman of the Committee (from 13.01.2016)	1
K Venkataraman, MD & CEO	2
G Rajasekaran	2
V G Mohan Prasad (from 13.01.2016)	1
A K Praburaj (from 13.01.2016)	1
Smt CA K L Vijayalakshmi (from 13.01.2016)	1
K P Kumar (Member till 23.09.2015)	1
B Swaminathan (Member till 12.01.2016)	Nil
K K Balu (Member till 12.01.2016)	1
N S Srinath (Member till 12.01.2016)	1

During the year 2015-16, 26 complaints were received from the shareholders and investors. All the complaints were redressed and there are no complaints pending as on 31.03.2016.

Shri. R Kannan, Company Secretary and Deputy General Manager is the Compliance Officer.

### Risk Management and Asset Liability Management Committee

The terms of reference include the following:

Review of the risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrating risk management containing credit, market transaction and operational risk exposures etc and to ensure smooth transition to the new Capital Adequacy Framework.

## CORPORATE GOVERNANCE REPORT

Providing macro level framework for risk management on ALM matters, formulation of critical business policies, efficient allocation of capital and designing of products with appropriate strategies. Supervision of all RBI directives on Asset Liability Management.

The Committee met four times during the year under report on 29.05.2015, 26.08.2015, 30.12.2015 and 05.03.2016. Members of the Committee and their attendance at the meetings of the Committee are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	4
G Rajasekaran (from 13.01.2016)	1
K K Balu (from 13.01.2016)	1
A K Praburaj	4
Smt CA K L Vijayalakshmi (from 13.01.2016)	1
M V Srinivasamoorthi ( from 13.01.2016)	1
K P Kumar, Chairman (Member till 23.09.2015)	2
CA S Ganapathi Subramanian (Member till 21.07.2015)	1
B Swaminathan (Member till 12.01.2016)	3
N S Srinath (Member till 12.01.2016)	3

### NPA Management Committee

The NPA Management Committee functions with the following main objectives:

Monitoring of stressed assets especially reviewing major NPA accounts periodically including quick mortality assets. The Committee met five times during the year. Members of the Committee and their attendance position at the meetings are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	5

Contd.

Name of the Director Sarvashri	No. of meetings attended
B Swaminathan, Chairman	3
A J Suriyanarayana (from 13.01.2016)	2
N S Srinath	4
M K Venkatesan	5
Smt CA K L Vijayalakshmi (from 13.01.2016)	2
CA S Ganapathi Subramanian (Member till 21.07.2015)	1
K K Balu (Member till 12.01.2016)	3

### Fraud Monitoring Committee

The major functions of the Committee are to monitor and review all frauds of ₹ 1.00 Cr and above so as to:

1. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
2. Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.
3. Monitor progress of CBI/Police investigation and recovery position.
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and
6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

The Committee is also entrusted with responsibility of monitoring the cyber and electronic banking frauds as per extant guidelines.

Five meetings were held during the year under report. The Composition and details of the meetings attended by the Directors are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	5

Contd.



## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of meetings attended
K K Balu	5
N S Srinath	5
A K Praburaj (from 13.01.2016)	1
Smt CA K L Vijayalakshmi (from 13.01.2016)	1
M V Srinivasamoorthi (from 13.01.2016)	1
CA S Ganapathi Subramanian (Member till 21.07.2015)	Nil
B Swaminathan, Chairman (Member till 12.01.2016)	3
M K Venkatesan (Member till 12.01.2016)	4

### Staff and Development Committee

The Committee deals with the HR aspects of the Bank such as performance measurement management, HR policy including recruitment, address concerns expressed by various quarters like Employees' Union, Officers' Association, etc.,

The Committee met 19 times during the year. The Composition and details of the meetings attended by the Directors are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	5
B Swaminathan, Chairman (from 13.01.2016)	11
G Rajasekaran	19
A J Suriyanarayana	18
M K Venkatesan	18
A K Praburaj	19
M V Srinivasamoorthi (from 13.01.2016)	12
K K Balu (Member till 12.01.2016)	5

### Information Technology Strategy Committee

The terms of reference of IT Strategy Committee, inter-alia, include the following:

- Suggest improvement and monitor the implementation of modern technology in the Bank;

- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ratifying that the IT strategy is indeed aligned with business strategy;
- Ensuring that the IT organizational structure complements the business model and its direction;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Bank's growth;
- Make aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- Assessing Senior Management's performance in implementing IT strategies;
- Issuing high-level policy guidance (eg: related to risk, funding, or sourcing tasks);
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- Overseeing the aggregate funding of IT at bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks;
- Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);
- Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

The Committee met 5 times during the year. The Composition and attendance by its members are given below:

Name of the Director Sarvashri	No. of meetings attended
B Swaminathan, Chairman Chairman of the Committee (from 13.01.2016)	1
K Venkataraman, MD & CEO	5
G Rajasekaran	5

Contd.

## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of meetings attended
A J Suriyanarayana	4
M K Venkatesan	5
A K Praburaj	5
M V Srinivasamoorthi (from 13.01.2016)	2

### Corporate Social Responsibility Committee

Corporate Social Responsibility (CSR) Committee constituted, in accordance to the terms of Section 135 of the Companies Act, 2013 and the Rules made there under.

The terms of reference of the CSR Committee are:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- To monitor the Corporate Social Responsibility Policy of the Bank from time to time.

The Committee met once during the year under report. Attendance details are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	1
B Swaminathan, Chairman	1
G Rajasekaran	1
K K Balu	1
M K Venkatesan	1
M V Srinivasamoorthi	1

CSR Policy of the Bank, recommended by the CSR Committee and approved by the Board has been placed on the website of the bank.

### Board Level Performance Evaluation

The Companies Act, 2013 and the provisions of Listing Regulations stipulate the performance evaluation of the Directors including Chairman and the Board as a whole. As stipulated in the guidelines the Nomination & Remuneration Committee of the Bank has formulated criteria for the performance evaluation of

Independent Directors and the Board of Directors.

The process for performance evaluation is as detailed below:

- Independent Directors in a separate meeting shall evaluate the performance of non-independent directors, Chairman of the Board as well as the Board. While evaluating the performance of the Chairman, the views of Executive and Non-Executive Directors shall be ascertained.
  - Board shall review the performance of all Independent Directors.
- At a separate meeting of the Independent Directors held on 29.03.2016, the following were carried out:
- Review of the performance of non-independent directors and the Board as a whole.
  - Review of the performance of the Part-time Chairman of the Bank, after ascertaining the views of MD & CEO and other non-executive directors of the Bank (excluding the Chairman).
  - Assessment of quality, quantity and timelines of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Nomination and Remuneration Committee of the Board has laid down the evaluation criteria for performance evaluation of Independent Directors. In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of Independent Directors was done by the entire Board of Directors, excluding the director being evaluated.

### General Body Meetings

- Location and time, where the last three Annual General Meetings were held:

Financial Year	Details of Location	Day, Date and Time
2014-15	The Karur Vysya Bank Ltd Regd. & Central Office, Erode Road, Karur 639 002.	Wednesday, 22nd, July 2015, 10.00 a.m.
2013-14	The Karur Vysya Bank Ltd Regd. & Central Office, Erode Road, Karur 639 002.	Wednesday, 23rd, July 2014, 10.00 a.m.
2012-13	The Karur Vysya Bank Ltd Regd. & Central Office, Erode Road, Karur 639 002.	Friday, 19th, July 2013, 10.15 a.m.

## CORPORATE GOVERNANCE REPORT

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes, at the 95th AGM held on 23.07.2014, a special resolution was passed to amend the Articles of Association (AOA) of the Bank to align the various clauses of the AOA in tune with the new Companies Act, 2013 and the rules made there under and also in tune with the amendments made during 2012 under the Banking Regulations Act, 1949.  No special resolutions were passed at the Annual General Meetings held on 19.07.2013 and 22.07.2015.
(c)	Whether any special resolution passed last year through postal ballot- details of voting pattern.	None.
(d)	Person who conducted the postal ballot exercise.	Not Applicable
(e)	Whether any special resolution is proposed to be conducted through postal ballot?	No
(f)	Procedure for the postal ballot	Not Applicable

### DISCLOSURES

During the financial year ended March 31, 2016

#### (a) Related Party Transactions

All transactions entered into with Related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Sec 188 of the Companies Act, 2013. There were no materially significant related party transactions with the promoters, Directors or the Management or relatives that may have a potential conflict with the interests of the Bank.

Disclosures as required under AS 18 has been made in the notes to the financial statements.

Details of transactions with related parties which are not material are placed before the Audit Committee from time to time as per the Regulations.

The Board of Directors of the Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of Companies Act, 2013 and the Listing Regulations and the same has been displayed on the website of the Bank [www.kvb.co.in](http://www.kvb.co.in).

(b) There are no instances of non-compliance by the Bank, penalties and strictures imposed by Stock Exchanges and SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(c) All the Directors and Senior Managerial Personnel have affirmed the compliance of the Code of Conduct laid down by the bank. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end of this report.

#### (d) CEO/CFO Certification

The MD & CEO and the Chief Financial Officer have issued certificate pursuant to the provisions of Regulation 17 of Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent true and fair view of the Bank's affairs. They also further certify that no transactions entered into during the year were fraudulent, illegal or violative of the code of conduct of the bank, they are responsible for establishment and maintenance of the Internal Financial Control for financial reporting and they have indicated to the auditors and the Audit Committee about any significant changes in internal control over financial reporting, significant changes in the accounting policies and instance of significant frauds, if any which they were aware.

## CORPORATE GOVERNANCE REPORT

(e) The Bank put in place a 'Whistle Blower Policy' in compliance of the provisions of Regulation 4 (2) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013. This policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector Banks instituted by the Reserve Bank of India. Under the Whistle Blower Policy, the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The objective of the policy is to identify any untoward events with the help of the employees and to take timely corrective measures so as to prevent/protect the Bank at the initial stage itself. This mechanism also provides adequate safeguards against victimization of employees who avail of this mechanism and also provides for direct access to the Chairman of the Audit Committee of the Board, in exceptional cases. None of the whistle blowers have been denied access to the Audit Committee of the Board.

The details of the Whistle Blower Policy is available on the website of the Bank [www.kvb.co.in](http://www.kvb.co.in).

(f) The Bank has complied with all mandatory requirements under the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

(g) Familiarisation Programme

Independent Directors are familiarised with their roles, rights and responsibilities in the Bank as well as with the nature of industry and business model of the Bank by providing all materials at the time of their appointment as Directors and through presentations on economy & industry overview, key regulatory developments, strategy and performance which are made to the Directors from time to time.

During the year under report Non-Executive Directors Shri M K Venkatesan and Shri A K Praburaj, have attended a seminar on IT Governance for Directors of Banks at the Institute for Development and Research in Banking Technology (IDRBT), Hyderabad on 27th and 28th July 2015.

(h) Non-mandatory items of Corporate Governance: Your Bank has ensured the implementation of the non-mandatory items such as:

- Separate posts of Chairman and MD & CEO.
- Maintaining a Chairman's office at the Central Office.
- Unmodified audit opinion /reporting.

### Disclosure of details of Unclaimed Shares Suspense Account under Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sl. No.	Particulars	No. of shareholders	No. of shares
1	Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense a/c as on 01.04.2015	878	91,255
2	Number of shareholders who approached the Bank for transfer of shares from Unclaimed Shares Suspense a/c during the fiscal 2015-16	13	2,217
3	Number of shareholders to whom shares were transferred from the Unclaimed Shares Suspense a/c during the fiscal 2015-16	13	2,217
4	Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense a/c as on 31.03.2016	865	89,038

The voting rights on the above mentioned 89,038 shares shall remain frozen till the rightful owner of such shares claims the shares.

### Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015

In pursuance of the Regulations, the Bank has formulated Code of Conduct for Prevention of Insider Trading for Designated

Employees and Directors for dealing in Shares of the Bank. The Bank has received periodic information from those who are covered under the Code as required under the Regulations. Company Secretary has been designated as the Compliance Officer for this purpose.

Further, the trading window for dealing in shares of the Bank has been closed for the Directors and the Designated Employees of the Bank as per the following details.



## CORPORATE GOVERNANCE REPORT

Dates of closure of Trading Window	Purpose of closure
24.04.2015 to 03.05.2015	Declaration of Quarterly Financial Results for the quarter ended March 2015 and Annual Financial Results for the FY 2014-15.
24.07.2015 to 01.08.2015	Declaration of Quarterly Financial Results for the quarter ended June 2015.
08.10.2015 to 17.10.2015	Declaration of Quarterly Financial Results for the quarter ended September 2015.
06.01.2016 to 17.01.2016	Declaration of Quarterly Financial Results for the quarter ended December 2015.
09.03.2016 to 16.03.2016	Declaration of Interim Dividend for the Financial Year 2015-16
18.05.2016 to 30.05.2016	Declaration of Quarterly Financial Results for the quarter ended March 2016 and Annual Financial Results for the FY 2015-16.

### Means of Communication

Quarterly/Half yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. The results are generally published in the Business Line and Tamil Daily "Dinamalar". After the quarterly and annual results are approved by the Board and

informed to the Stock Exchange/s, formal presentations are made to analysts by the management and the same is also placed on the Bank's website [www.kvb.co.in](http://www.kvb.co.in).

The Bank regularly conducts meeting with Institutional Investors and Analysts every quarter, after the results are declared. The Investors Presentations are uploaded in the Bank's website.

### GENERAL SHAREHOLDER INFORMATION

#### 97th Annual General Meeting

- Date : 21st July 2016 (Thursday)
- Time and Venue : 10.00 a.m.  
Registered & Central Office  
Erode Road, Karur 639 002
- Financial year : 01.04.2015 to 31.03.2016
- Date of the Book Closure : 14.07.2016 to 21.07.2016
- Listing on of Stock Exchanges : Listed on National Stock Exchange of India Limited, Mumbai

Equity shares of the Bank are traded as a 'permitted' security in Bombay Stock Exchange.

- Dividend Payment Date : From 22.07.2016 to 27.07.2016 (Final Dividend)
- Share Transfer Agents : SKDC Consultants Limited,  
Kanapathy Towers, 3rd Floor,  
1391/A-1, Sathy Road,  
Ganapathy, Coimbatore 641 006.  
Tel: 0422-6549995,2539835,  
2539836  
Email: [info@skdc-consultants.com](mailto:info@skdc-consultants.com)

Bank's address for correspondence : The Karur Vysya Bank Limited  
Investor Relations Cell,  
Regd & Central Office,  
Erode Road, Karur - 639 002.  
Phone : 04324-269440-44  
Fax: 04324-225700  
E-mail: [kvbshares@kvbmail.com](mailto:kvbshares@kvbmail.com)  
Website: [www.kvb.co.in](http://www.kvb.co.in)

Corporate Identity Number : L65110TN1916PLC001295 (CIN)

## CORPORATE GOVERNANCE REPORT

Listing fees payable to the National Stock Exchange for the financial year 2015-16 where the shares are listed, has already been paid.

### Stock Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited, Mumbai.

Month	High	Low
Apr-15	559.55	475.00
May-15	489.90	457.15
Jun-15	516.10	443.05
Jul-15	503.35	465.00
Aug-15	504.00	463.20
Sep-15	466.00	421.20

Month	High	Low
Oct-15	453.80	413.00
Nov-15	455.00	418.00
Dec-15	494.95	433.10
Jan-16	515.70	415.50
Feb-16	470.00	394.10
Mar-16	436.95	394.00

### Financial Calendar: 1st April 2015 to 31st March 2016

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2015	31.07.2015	31.12.2015	13.01.2016
30.09.2015	15.10.2015	31.03.2016	27.05.2016

### Distribution of shareholding as on March 31, 2016

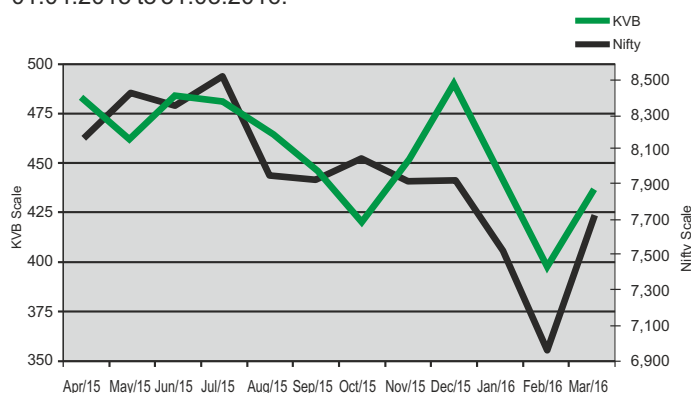
Category	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	472,058	3,202,888	3,674,946	3.02	7,020	49,875	56,895	71.17
251 - 500	467,867	2,472,887	2,940,754	2.41	1,329	6,581	7,910	9.89
501 - 1000	784,535	4,053,862	4,838,397	3.97	1,092	5,484	6,576	8.23
1001 - 2000	745,426	5,157,233	5,902,659	4.84	515	3,583	4,098	5.13
2001 - 3000	502,657	2,927,069	3,429,726	2.81	203	1,172	1,375	1.72
3001 - 4000	329,283	2,153,379	2,482,662	2.04	93	617	710	0.89
4001 - 5000	183,924	1,808,756	1,992,680	1.64	41	400	441	0.55
5001 - 10000	693,530	6,267,931	6,961,461	5.71	102	895	997	1.25
10001 & above	1,674,716	87,966,453	89,641,169	73.56	51	887	938	1.17
Total	5,853,996	116,010,458	121,864,454	100.00	10,446	69,494	79,940	100.00
% to Total	4.80	95.20	100.00		13.07	86.93	100.00	

## CORPORATE GOVERNANCE REPORT

Members Profile as on March 31, 2016

Particulars	No of Shares	% of shares
Promoters	2636278	2.16
Financial Institutions & Banks	144942	0.12
Mutual Funds	18223178	14.95
Venture Capital Funds	1287553	1.06
Insurance Companies	5062165	4.15
Foreign Institutional Investors	15740381	12.92
Non-Resident Indians	1285168	1.05
Foreign Portfolio Investors- Corporate	13291511	10.91
Bodies Corporate	5752210	4.72
Clearing Members	153149	0.13
Hindu Undivided Families	1348749	1.11
Trusts	120040	0.10
Directors & relatives	168161	0.14
Resident Individuals	56650969	46.48
Total	121864454	100

The Equity performance in comparison to NSE Nifty during 01.04.2015 to 31.03.2016.



### Share Transfer System

The shares of the Bank being traded in dematerialised form are transferable through the Depository system. The share transfers in physical form are processed by the Share Transfer Agents M/s SKDC Consultants Ltd., Coimbatore and approved by the Chairman /Board of Directors at least once in a fortnight. There are no share transfer request pending for transfer as on 31.03.2016.

The Equity Shares of the Bank have been allotted International Securities Identification Number (ISIN) INE036D01010. The Stock code is KARURVYSYA.

As the end of March 2016, 116,010,458, shares i.e.95.20% have been dematerialized.

However, members with share certificates in physical form can transfer their shareholding by sending the share certificates along with the self-attested copies of PAN of both the transferor and transferee and duly executed and stamped transfer deed signed by the transferor (or on his/her behalf) and the transferee to the Bank's Share Transfer Agents.

The Shareholders of the Bank who have not dematerialized their share so far may approach any of the Depository Participants of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) for dematerializing their shareholding.

The bank has complied with SEBI requirements with regard to Secretarial Audit for the purpose of reconciliation of the total admitted capital in physical mode as also with both the Depositories NSDL and CDSL and the total issued and listed capital of the bank and in respect of other matters covered under the directions of SEBI by the statutory auditors of the bank. Quarterly compliance reports have been submitted to NSE in this regard.

### Unpaid dividend

As per the provisions of Sec 205(a) of Companies Act, 2013, the unpaid Dividend for the FY 2007-08 has been transferred to Investor Education and Protection Fund on 31.08.2015. The Unpaid Dividend of 2008-09 will become due for transfer to the fund during August 2016.

The following table gives the unclaimed dividend from the year 2008-09 with the position as on 31.03.2016 and the last date for claiming the dividend before transfer to the said Fund. The figures given are as at 31.03.2016.

## CORPORATE GOVERNANCE REPORT

Financial Year	Unclaimed dividend (₹)	Date of Declaration	Last date for claiming dividend
2008-09	31,22,065	27.07.2009	26.08.2016
2009-10	28,41,048	21.07.2010	20.08.2017
2010-11	62,85,631	27.07.2011	26.08.2018
2011-12	99,41,274	30.07.2012	29.08.2019
2012-13	1,11,52,148	19.07.2013	18.08.2020
2013-14	1,00,79,979	23.07.2014	22.08.2021
2014-15	1,49,69,188	23.07.2015	22.08.2022

In terms of a notification issued by the Ministry of Corporate Affairs vide notification dated May 10, 2012, the Bank has uploaded the information regarding unclaimed amounts due to be transferred to IEPF on the Ministry's Website and also on Bank's Website.

The Shareholders may claim the unclaimed/unpaid amount due to them by making a request to the Bank giving their particulars before the same are transferred to IEPF.

Pursuant to Regulation 6 (2) (d) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Bank has created a separate e-mail ID for redressal of Investor Complaints and Grievances. The said e-mail ID is kvb\_sig@kvbmail.com

Declaration as required under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

All Directors and Senior Management Personnel of the Bank have affirmed compliance with the Code of Conduct of the Bank for the year ended March 31, 2016.

Place: Karur

Date: 27.05.2016

**K Venkataraman**

Managing Director & Chief Executive Officer





## CORPORATE GOVERNANCE REPORT

### CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of The Karur Vysya Bank Limited

I have examined the compliance of conditions of corporate governance by The Karur Vysya Bank Limited ('the Bank') for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Bank with the National Stock Exchange of India Limited ('NSE') for the period from April 1, 2015 to November 30, 2015; and as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from December 1, 2015 to March 31, 2016.

I state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In my opinion, and to the best of our information and according to the explanations given to me, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ LODR.

I further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

Place: Karur  
Date: May 27, 2016

CS S Solaiyappan  
Practicing Company Secretary  
ACS No. 1573/CP No. 3573

**ANNEXURE 1****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2016

[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 in Form No.MR 3]

To  
The Members,  
The Karur Vysya Bank Limited,  
CIN: L65110TN1916PLC001295  
Erode Road, Karur - 639 002.

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya Bank Limited (hereinafter called the Bank). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books of The Karur Vysya Bank Limited, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on 31.03.2016, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31.03.2016, in accordance to the provisions of:

1. The Companies Act, 2013 and the amendments thereon (the Act) and the Rules made thereunder and the Companies Act, 1956 and the Rules made there under to the extent applicable;
  2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder ;
  4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder including the FDI policy; and
  5. 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.
6. And other applicable laws like:
- a) The Banking Regulation Act, 1949;
  - b) Reserve Bank of India Act, 1934;
  - c) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ;
  - d) The Bankers' Books Evidence Act, 1891;
  - e) Recovery of Debts due to Bank & Financial Institution Act, 1993;
  - f) Credit Information Companies (Regulation) Act, 2005;
  - g) Prevention of Money laundering Act, 2002;
  - h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
  - i) Industrial Disputes (Banking and Insurance Companies) Act, 1949; and
  - j) Information Technology Act, 2000.

I have also examined compliances with the applicable Laws and Regulations of the following:

- (i) The Companies Act, 2013 including Secretarial Standards issued by The Institute of Company Secretaries of India in accordance to the Companies Act.
- (ii) The Equity and Debt Listing Agreement and also SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Bank with National Stock Exchange of India Limited, Mumbai.
- (iii) The Banking Regulation Act, 1949.

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

The Board has an approved Corporate Social Responsibility Policy formulated in tune with the Act/Guidelines. The Bank has a CSR Committee constituted as per the provisions of the Act. I am informed that the Bank would be making necessary reporting of CSR in its Report of the Board of Directors as envisaged under Section 135 of the Act and the Rules made thereunder.

I further report that the Board of Directors of the Bank 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 applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, the Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board Committees are in tune with the applicable provisions.

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 and at the meeting for meaningful deliberations and informed decision.

Decisions of the Board / Committee meetings are on consensus and results are recorded in minutes with observations / directions if any made in respect of any agenda item.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Directors of the Bank have furnished necessary declarations & executed Deed of Covenants as required under extant guidelines of Reserve Bank of India.

I further report that during the audit period the Bank has allotted 2,34,845 Equity Shares of ₹ 10/- each under Employees Stock Option Scheme-2011 and complied with the procedural formalities with the relevant regulations.

Note: This Report is to be read with my Letter of even date which is annexed as Annexure 'A' and forms an integral part of this Report.

#### ANNEXURE 'A'

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records and Statutory Registers is the responsibility of the management of the Bank. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Date: 19.05.2016  
Place: Salem

**CS S. Solaiyappan**  
A C S. No.: 1573  
C. P. No.: 3573

## ANNEXURE 2

The Annual Report on Corporate Social Responsibility (CSR) Activities

A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken

### The Karur Vysya Bank Limited's CSR Policy

The Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions the bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment. At the core of this is its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

The Bank's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.

The policy shall apply to all CSR initiatives and activities to be undertaken by the Bank at various locations, within India, for the benefit of targeted segments of the society.

### Your Bank's focus areas under CSR

- (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional and handicrafts:

- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects;
- (xi) Slum area development.

### Overview of Activities

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, your bank contributed to various activities during the year the details of which are briefly as under;

- (a) Promoting Preventive Health Care, Sanitation, Education & empowering Women
- (b) Social Business Projects
- (c) Ensuring Environment Sustainability Promoting Preventive Health Care (including Swachh Bharat)

### Web-link to the CSR Policy

[http://www.kvb.co.in/customer\\_support/banking\\_codes\\_policies.html](http://www.kvb.co.in/customer_support/banking_codes_policies.html)

### Composition of CSR Committee

Your bank recognizes its responsibility towards the society and environment in which it operate and accordingly had been working towards CSR and Sustainable Development. Your bank has constituted Corporate Social Responsibility Committee to monitor the CSR activities. Details of the composition of the Committee is given in the Corporate Governance Report.



**Details of CSR spent during the financial year**

- a) Total amount to be spent for the financial year : ₹ 10.97 Cr The Bank has spent ₹ 2.05 Cr during the Financial Year  
b) Amount unspent if any: ₹ 8.92 Cr  
c) Manner in which the amount spent during the financial year is as detailed below :

(₹ in lakhs)							
S. No. (1)	CSR Project or Activity Identified (2)	Sector in which the project is covered (3)	Projects or Programs (1) Local Area or Other (2) Specify the State and District where projects or Programs was Undertaken (4)	Amount outlay (budget) project or program wise (5)	Amount spent on the Projects or Programs Subheads: (1) Direct Expenditure on Projects or Programs (2) Overheads (6) ₹	Cumulative Expenditure upto the Reporting Period (7) ₹	Amount Spent : Direct or Through Implementing Agency (8)
1	Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3)	Promoting Preventive Health Care, Sanitation, Education & empowering Women	Tamil Nadu Karnataka Gujarat	-	158.46	158.46	Donations given to various Implementing Agencies / Organisations
2	Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3)	Social Business Projects	Tamilnadu Gujarat Maharashtra Kolkata	-	40.37	40.37	Donations given to various Implementing Agencies / Organisations
3	Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3)	Ensuring Environment Sustainability Promoting Preventive Health Care (including Swachh Bharat)	Tamil Nadu	-	6.33	6.33	Donations given to various Implementing Agencies / Organisations
TOTAL					205.16	205.16	

The CSR Committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Bank. The Bank is in the process of identifying suitable project for carrying the activities carried under the Policy of the Bank and hence could not spend fully the amount required to be spent in 2015-16. The Bank is committed to its CSR spending in the coming years supplemented by its committed focus towards sustainable development and responsible banking.

**K Venkataraman**  
Managing Director & CEO

**B Swaminathan**  
Chairman

**ANNEXURE 3**
**EXTRACT OF ANNUAL RETURN**

as on financial year ended 31.03.2016  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of  
the Company (Management & Administration) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L65110TN1916PLC001295
ii	Registration Date	22.06.1916
iii	Name of the Company	The Karur Vysya Bank Ltd
iv	Category/Sub-category of the Company	Public Limited Company
v	Address of the Registered office & Contact details	Post Box No 21, Erode Road, Karur - 639 002
vi	Whether listed company	Yes, NSE
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 Phone No: 0422- 2539835, 836  Contact Person: Mr. Jaya Kumar or Mr. Ramachandran

**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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Banking Services	64191	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES : The Bank has no Holding, Subsidiary & Associate Company.**

SL No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares Held	Applicable Section
					NA

**IV (i) SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% change during the year
	Physical		% of Total Shares		Physical		% of Total Shares		
	Demat	Total	Demat	Total	Demat	Total	Demat	Total	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	26,29,058	0	26,29,058	2.16	26,36,278	0	26,36,278	2.16	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	26,29,058	0	26,29,058	2.16	26,36,278	0	26,36,278	2.16	0
(2) Foreign									
a) NRI Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	26,29,058	0	26,29,058	2.16	26,36,278	0	26,36,278	2.16	0
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds/UTI	179,71,861	1780	179,73,641	14.78	182,21,398	1780	182,23,178	14.95	0.18
b) Banks / FI	3,09,712	0	3,09,712	0.25	1,44,802	0	1,44,802	0.12	(0.14)
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	12,87,553	0	12,87,553	1.06	12,87,553	0	12,87,553	1.06	0
f) Insurance Companies	48,62,548	0	48,62,548	4.00	50,62,165	0	50,62,165	4.15	0.16
g) FIs	263,55,780	1270	263,57,050	21.67	157,39,111	1270	157,40,381	12.92	(8.75)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	140	0	140	0	140	0	140	0	0
Foreign Financial Institutions/Banks									
Foreign Portfolio Investment - Corporate	56,02,778	0	56,02,778	4.61	132,91,511	0	132,91,511	10.91	6.30
Sub-total (B)(1)	563,90,372	3,050	563,93,422	46.36	537,46,680	3,050	537,49,730	44.11	(2.26)

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	62,97,023	22,342	63,19,365	5.20	57,26,868	22,342	57,49,210	4.72	(0.48)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	231,50,373	44,87,767	276,38,140	22.72	295,81,139	43,75,725	339,56,864	27.86	5.14
i) Individual shareholders holding nominal share capital upto ₹1 lakh for previous year and ₹2 lakh for current year									
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh for previous year and ₹2 lakh for current year	237,66,500	17,94,099	255,60,599	21.02	212,48,895	14,45,210	226,94,105	18.62	(2.39)
c) Others (specify)									
Trusts	1,75,630	0	1,75,630	0.14	1,20,040	0	1,20,040	0.10	(0.04)
Directors & their Relatives	5,30,031	0	5,30,031	0.44	1,68,161	0	1,68,161	0.14	(0.30)
Foreign Nationals	60	0	60	0	60	0	60	0	0
Non Resident Indians	10,81,191	7,669	10,88,860	0.90	12,77,439	7,669	12,85,108	1.05	0.15
Clearing Members	1,29,081	0	1,29,081	0.11	1,53,149	0	1,53,149	0.13	0.02
Hindu Undivided Families	11,64,603	760	11,65,363	0.96	13,48,749	0	13,48,749	1.11	0.15
Bodeis Corporate LLP - DR	0	0	0	0	3,000	0	3,000	0	0
Sub-total (B)(2)	562,94,492	63,12,637	626,07,129	51.47	596,27,500	58,50,946	654,78,446	53.73	2.26
Total Public Shareholding (B) = (B)(1)+(B)(2)	1126,84,864	63,15,687	1190,00,551	97.84	1133,74,180	58,53,996	1192,28,176	97.84	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	1153,13,922	63,15,687	1216,29,609	100.00	1160,10,458	58,53,996	1218,64,454	100.00	0



**(ii) Share Holding of Promoters and Promoter Group**

Sl. No.	Shareholders Name	Shareholding at the beginning of the Year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% change in share holding during the year
		No. of Share	% of total shares of the Company	% of Shares Pledged encumbered to total shares	No. of Share	% of total shares of the Company	% of Shares Pledged encumbered to total shares	
1	A S JANARTHANAN	6,88,961	0.57	8.13	6,88,961	0.57	8.13	0
2	A J SURIYANARAYANA	2,29,311	0.19	12.21	2,29,311	0.19	12.21	0
3	SURIYANARAYANA A J (HUF)	598	0	0	598	0	0	0
4	A J VIJAYA	93,290	0.08	0	93,290	0.08	0	0
5	NIRMALA	82,268	0.07	0	82,268	0.07	0	0
6	ANURADHA C B	58,036	0.05	0	58,036	0.05	0	0
7	SREEMATHI S	50,752	0.04	0	50,752	0.04	0	0
8	S VASANTHA	45,425	0.04	0	45,425	0.04	0	0
9	RAJASEKARAN G	3,22,024	0.26	4.66	3,22,024	0.26	4.66	0
10	R NAGESWARI	1,67,712	0.14	8.94	1,67,712	0.14	8.94	0
11	RAMKUMAR R	1,11,389	0.09	13.47	1,11,389	0.09	13.47	0
12	R ARCHANA	1,01,067	0.08	0	1,01,067	0.08	0	0
13	SRIMATHI E	15,400	0.01	100.00	15,400	0.01	100.00	0
14	MANI G	2,83,253	0.23	0	2,83,253	0.23	0	0
15	SHYAMALA A	1,318	0	0	1,318	0	0	0
16	M K VENKATESAN (HUF)	1,20,000	0.10	0	1,20,000	0.10	0	0
17	MUNUGOOR K VENKATESAN	68,396	0.06	0	68,396	0.06	0	0
18	USHA M V	40,535	0.03	29.36	40,535	0.03	29.36	0
19	ISWARRYA V	8,503	0.01	0	8,503	0	0	0
20	M V PRAJEETH	397	0	0	397	0	0	0
21	M K SRINIVASAN	75,313	0.06	59.14	75,313	0.06	59.14	0
22	M G VIVEKANANDAN	710	0	0	710	0	0	0
23	M V LAKSHMI NARASIMHAN	3,510	0	0	3,510	0	0	0
24	M V SRINIVASAMOORTHY	23,000	0.02	97.83	33,000	0.03	98.49	0.01
25	KAMALA RAJASEKARAN	1,906	0	0	1,906	0	0	0
26	A K PRABURAJ	13,834	0.01	28.91	13,834	0.01	0	0
27	A V KANDASWAMY	9,667	0.01	0	9,667	0.01	0	0
28	A K KASTHURI	8,348	0.01	0	8,568	0.01	0	0
29	A P PREETHA	4,135	0	0	4,135	0	0	0
	Total	26,29,058	2.16		26,36,278	2.16		

**(iii) Change in promoters and promoters Group shareholding (please specify if there is no change)**

Sl. No.	Name of the Promoter / Promoter Group	Share holding at the beginning of the Year(01.04.2015)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (31.03.2016)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
1	A S JANARTHANAN	6,88,961	0.57		No Change		6,88,961	0.57
2	A J SURIYANARAYANA	2,29,311	0.19		No Change		2,29,311	0.19
3	SURIYANARAYANA A J (HUF)	598	0		No Change		598	0
4	A J VIJAYA	93,290	0.08		No Change		93,290	0.08
5	NIRMALA	82,268	0.07		No Change		82,268	0.07
6	ANURADHA C B	58,036	0.05		No Change		58,036	0.05
7	SREEMATHI S	50,752	0.04		No Change		50,752	0.04
8	S VASANTHA	45,425	0.04		No Change		45,425	0.04
9	RAJASEKARAN G	3,22,024	0.26		No Change		3,22,024	0.26
10	R NAGESWARI	1,67,712	0.14		No Change		1,67,712	0.14
11	RAMKUMAR R	1,11,389	0.09		No Change		1,11,389	0.09
12	R ARCHANA	1,01,067	0.08		No Change		1,01,067	0.08
13	SRIMATHI E	15,400	0.01		No Change		15,400	0.01
14	MANI G	2,83,253	0.23		No Change		2,83,253	0.23
15	SHYAMALAA	1,318	0		No Change		1,318	0
16	M K VENKATESAN (HUF)	1,20,000	0.10		No Change		1,20,000	0.10
17	MUNUGOOR K VENKATESAN	68,396	0.06		No Change		68,396	0.06
18	USHA M V	40,535	0.03		No Change		40,535	0.03
19	ISWARRYA V	8,503	0.01	26-06-2015	3,000	Transfer	5,503	0
20	M V PRAJEETH	397	0		No Change		397	0
21	M K SRINIVASAN	75,313	0.06		No Change		75,313	0.06
22	M G VIVEKANANDAN	710	0		No Change		710	0
23	M V LAKSSHMI NARASIMHAN	3,510	0		No Change		3,510	0
24	M V SRINIVASAMOORTHY	23,000	0.02	17-04-2015	6,000	Transfer		
				08-05-2015	3,000	Transfer		
				29-05-2015	1,000	Transfer		
25	KAMALA RAJASEKARAN	1,906	0		No Change		1,906	0
26	A K PRABURAJ	13,834	0.01		No Change		13,834	0.01
27	A V KANDASWAMY	9,667	0.01		No Change		9,667	0.01
28	A K KASTHURI	8,348	0.01	18-12-2015	220	Transfer	8,568	0.01
29	A P PREETHA	4,135	0		No Change		4,135	0

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	Name of the Shareholder	Share holding at the beginning of the Year (01.04.2015)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (31.03.2016)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
1	OLYMPUS INDIA HOLDINGS LIMITED \$	57,90,187	4.76		No Change		57,90,187	4.75
2	WARHOL LIMITED \$	53,00,687	4.36		No Change		53,00,687	4.35
3	JHUNJUNWALA RAKESH RADHESHYAM	36,36,897	2.99	24-04-2015 07-08-2015 28-08-2015 04-09-2015 11-09-2015 25-09-2015 06-11-2015 31-03-2016	(1,00,000) (1,50,000) (3,00,000) (5,00,000) (1,00,000) 8,000 (2,50,000) 1,00,000	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer		
4	FRANKLIN INDIA MUTUAL FUND (Under various Mutual Fund Schemes) Increase and Decrease on various dates during FY 15-16 in various schemes	34,92,139	2.87		23,44,912	Transfer	23,44,897	1.92
5	AMANSA HOLDINGS PRIVATE LIMITED	33,18,790	2.73	01-05-2015 08-05-2015 15-05-2015 22-05-2015 29-05-2015 05-06-2015 30-06-2015 03-07-2015 10-07-2015 17-07-2015 30-09-2015 02-10-2015 09-10-2015 16-10-2015 23-10-2015	4,68,291 32,992 (1,65,440) (2,28,500) (23,000) (50,000) (2,68,500) (3,53,133) (62,000) (5,97,000) (1,93,000) (1,28,677) (2,62,924) (11,60,550) (3,27,399)	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer		
6	SAIF ADVISORS MAURITIUS LIMITED A/C SAIF INDIA IV	28,50,309	2.34		No Change		28,50,309	2.34
7	SUNDARAM MUTUAL FUND A/C (Under various Mutual Fund schemes) Increase and Decrease on various dates during FY 15-16 in various schemes	28,10,445	2.31		2,64,142	Transfer	30,74,587	2.52
8	HDFC TRUSTEE COMPANY LIMITED (Under various schemes) Increase and Decrease on various dates during FY 15-16 in various schemes	26,35,000	2.17		(36,100)	Transfer	25,98,900	2.13

Sl. No.	Name of the Shareholder	Share holding at the beginning of the Year (01.04.2015)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (31.03.2016)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
9	CX SECURITIES LIMITED	25,23,052	2.07	24-04-2015 01-05-2015	(81,000) (8,00,000)	Transfer Transfer	16,42,052	1.35
10	ICICI PRUDENTIAL MUTUAL FUND (Under various schemes) Increase and Decrease on various dates during FY 15-16 in various schemes	23,53,308	1.93		118,952	Transfer	24,72,260	2.03
11	M3 INVESTMENT PRIVATE LIMITED	20,42,871	1.68		No Change		20,42,871	1.68
12	RAKESH JHUNJUNWALA (RARE ENTERPRISES)	7,00,000	0.58	07-08-2015 28-08-2015 04-09-2015 11-09-2015 25-09-2015 06-11-2015 18-03-2016 31-03-2016	1,50,000 3,00,000 5,00,000 1,00,000 (8,000) 2,50,000 1,00,000 (1,00,000)	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	19,92,000	1.63

\$ Shareholding has not changed in absolute terms. The variation in terms of percentage is due to increase in paidup capital of the Bank on account of allotment of shares pursuant to exercise of stock options during FY 16.



**(v) Shareholding of Directors & Key Managerial Personnel**

Sl. No.	Name of the Director and KMP	Share holding at the beginning of the Year (01.04.2015)		Date	Increase/ Decrease in Shareholding (No of shares)	Reason	Cumulative Share holding during the year (31.03.2016)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
1	B SWAMINATHAN, CHAIRMAN	500	0	04-03-2016	500	Transfer	1,000	0
2	K VENKATARAMAN, MD&CEO	6,500	0.01		No Change		6,500	0.01
3	G RAJASEKARAN	3,22,024	0.26		No Change		3,22,024	0.26
4	A J SURIYANARAYANA	2,29,909	0.19		No Change		2,29,909	0.19
5	K K BALU	3,131	0	15-05-2015	1,000	Transfer		
				19-02-2016	568	Transfer		
				26-02-2016	78	Transfer		
				04-03-2016	174	Transfer		
				11-03-2016	49	Transfer	5,000	0
6	N S SRINATH	533	0		No Change		533	0
7	DR V G MOHAN PRASAD	32,203	0.03	12-06-2015	(2,500)	Transfer	29,703	0.02
8	M K VENKATESAN	1,88,396	0.15		No Change		1,88,396	0.15
9	A K PRABURAJ	13,834	0.01		No Change		13,834	0.01
10	K L VIJAYALAKSHMI	500	0		No Change		500	0
11	M V SRINIVASAMOORTHY &	NA	NA	NA	NA	NA	33,000	0.03
12	K P KUMAR \$	20,308	0.02		No Change		NA	NA
13	S GANAPATHI SUBRAMANIAN \$	1,400	0		No Change		NA	NA
<b>KEY MANAGERIAL PERSONNEL</b>								
14	K VENKATESWARA RAO(President & COO)	39,952	0.03		No Change		39,952	0.03
15	T SIVARAMA PRASAD(General Manager & CFO)	2,626	0		No Change		2,626	0
16	R KANNAN (Company Secretary)	3,700	0		No Change		3,700	0

& Opening Balance of Directors co-opted during the FY 15-16 taken as NIL and the closing Balance as on 31.03.2016 after induction are furnished.  
 \$ Demitted office of Directorship during FY 16.

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits * ₹	Unsecured Loans ** ₹	Deposits *** ₹	Total Indebtedness ₹
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	10,533,057,000.00	5,580,570,000.00	-	16,113,627,000.00
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	58,980,821.92	2,836,438.36	-	61,817,260.28
<b>Total (i+ii+iii)</b>	10,592,037,821.92	5,583,406,438.36	-	16,175,444,260.28
<b>Change in Indebtedness during the financial year</b>				
Addition	481,000,000.00	16,208,012,500.00	-	16,689,012,500.00
Reduction	7,033,117,000.00	18,300,932,500.00	-	25,334,049,500.00
<b>Net Change</b>	(6,552,117,000.00)	(2,092,920,000.00)	-	(8,645,037,000.00)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,980,940,000.00	3,487,650,000.00	-	7,468,590,000.00
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	11,161,644.00	2,828,689.00	-	13,990,333.00
<b>Total (i+ii+iii)</b>	3,992,101,644.00	3,490,478,689.00	-	7,482,580,333.00

\* Includes refinance facilities availed from NHB, NABARD, EXIM excludes Repo/MSF, CBLO, Call money borrowings

\*\* Includes LOC borrowings and our Lower Tier II Bonds

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

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**  
**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount in ₹
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961 (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	SHRI K VENKATARAMAN, MD&CEO	66,00,000.00 4,91,811.00 NIL
2	Stock option		NIL
3	Sweat Equity		NIL
4	Commission as % of profit others (specify)		NA
5	Others, please specify Bank's Contribution to Provident Fund <b>Total (A)</b> <b>Ceiling as per the Act: See note</b>		<b>7,92,000.00</b> <b>78,83,811.00</b>

Note: In terms of Provisions of the Companies Act, 2013 the remuneration payable to MD&CEO shall not exceed 5% of netprofit of the Bank. The remuneration paid to MD&CEO is within the said limit. Remuneration is approved by RBI.

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount	
		B Swaminathan	K K Balu	N S Srinath	Dr V G Mohan Prasad	K P Kumar \$	S Ganapathi Subramanian #		
1	Independent Directors								
	(a) Fee for attending board/committee meetings * (b) Commission (c) Others, please specify Honorarium/Salary Total (1)	6,65,000/6,25,000 1,79,032 14,69,032	9,10,000/5,60,000 14,70,000	8,05,000/7,45,000 15,50,000	5,60,000/2,05,000 7,65,000	4,55,000/2,25,000 11,12,500	2,10,000/2,50,000 4,60,000	36,05,000 6,11,532 42,16,532	26,10,000 26,10,000
	Other Non Executive Directors								
2	(a) Fee for attending board committee meetings * (b) Commission (c) Others, please specify Total (2) Total (B)=(1+2) Total Managerial Remuneration Overall Ceiling as per the Act : See note	9,10,000/11,40,000 20,50,000 35,19,032	8,75,000/10,70,000 19,45,000 34,15,000	8,75,000/10,85,000 19,60,000 35,10,000	9,10,000/10,65,000 19,75,000 27,40,000	8,75,000/2,45,000 11,20,000 22,32,500	5,25,000/3,60,000 8,85,000 13,45,000	49,70,000 49,70,000 91,86,532	49,65,000 4,965,000 75,75,000

Note: In terms of Provisions of the Companies Act, 2013 the remuneration payable to Directors other than Executive Director shall not exceed 1% of Netprofit. The Directors were paid only sitting fees for attending Board/Committee meetings. The remuneration paid is well within the said limit.  
# Demitted office on 21.07.2015 \$ Demitted office on 23.09.2015

\* Fee for attending Board ₹ 35000 Fee for attending Committee ₹ 20000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		President & COO	CFO	Company Secretary	Amount in ₹	
1	<b>Gross Salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	29,65,776.00 1,91,250.00 NA	23,52,330.00 1,39,520.00 NA	21,17,888.00 62,080.00 NA	74,35,994.00 3,92,850.00 NA	
2	Stock option	NIL	NIL	NIL	NIL	
3	Sweat Equity	NA	NA	NA	NA	
4	Commission as % of profit others, specify	NA	NA	NA	NA	
5	Others, please specify (Bank's Contribution to Pension Fund)	1,03,242.00	1,03,927.00	53,836.00	2,61,005.00	
	<b>Total</b>	32,60,268.00	25,95,777.00	22,33,804.00	80,89,849.00	

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. Company Penalty Punishment Compounding B. Directors Penalty Punishment Compounding C. Other officers in default Penalty Punishment Compounding			NIL		



**ANNEXURE 4**

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

SL No	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees of the financial year	MD & CEO 12.78x Chairman 2.95x
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the Financial Year	Chairman 56.35% MD&CEO Nil GM&CFO 9.78% Company Secretary 19.30%
III	The percentage increase in the median remuneration of employees in the financial year	24.24%  The calculation of percentage increase in Median remuneration is done based on comparable employees.
IV	The number of permanent employees on the rolls of the Bank	There were 7211 employees as on 31.03.2016
V	The explanation on the relationship between average increase in remuneration and Bank performance	WTD i.e. MD & CEO was paid fixed pay and allowances as approved by RBI. Variable pay was not considered for FY 16.  All employees of the Bank were paid salary upto the General Manager cadre were paid remuneration as per Bi-partite settlement entered into between the Indian Banks' Association and the Employees' and Officers' union of various banks. They draw yearly increment under time scale as applicable to their respective cadres.  Performance linked incentives are applicable to all employees based on certain performance parameters which is cadre wise.  Bank also paid ex-gratia based on the profitability of the Bank during the fiscal.
VI	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank	For the FY 2015-16, KMPs were paid approx 0.28% of the net profit for the year
VII	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and 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	The Market Capitalisation of the Bank has decreased from ₹6615.43 cr as of March 31, 2015 to ₹5323.04 cr as of March 31, 2016. Over the price to earnings ratio reduced from 13.65x to 9.38x. The Bank has not made public offering i.e. IPO so far.

SL No	Requirements	Disclosure
VIII	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Does not arise as the average percentile increase in salaries of employees is marginally higher.
IX	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank	MD&CEO            0.14% President & COO    0.06% GM& CFO            0.05% DGM& CS            0.04%
X	The Key parameters for any variable component of remuneration availed by the directors	None of the Directors including MD&CEO were paid variable component of remuneration
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	None of the employees had received more than the highest paid Director - MD & CEO.
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed

## INDEPENDENT AUDITOR'S REPORT

### To the Members of The Karur Vysya Bank Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of The Karur Vysya Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March 2016, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these Financial Statements are the returns of 7 branches/offices audited by us, 717 branches/offices audited by Branch Auditors.

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

2. 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 the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') 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 of material misstatements.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial 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. 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.
7. 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.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
  - a. In case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2016,
  - b. In case of the Profit and Loss Account of the profit for the year ended on that date; and
  - c. In case of the Cash Flow Statement, of cash flows for the year ended on that date.

#### Emphasis of Matter

9. Attention is drawn to note no. 3.4.3 regarding deferment of loss of Rs. 437.83 Cr. arising from the sale of certain non performing assets during the year ended 31st March 2016 in terms of RBI Master Circular DBR.No.BP.BC. 2/21.04.048/2015-16.

## INDEPENDENT AUDITOR'S REPORT

10. Attention is drawn to note no. 9 regarding deferment of Rs. 41.83 Cr. towards provision for accounts declared as fraud during the year ended 31st March 2016 in terms of RBI Circular DBR.No.BP.BC.83/21.01.048/2014-15 dated 01st April 2015.

Our conclusion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

11. 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 Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

12. 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.

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

13. Further, as required by section 143(3) of the Act, we further report that:

i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

iii. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 143(8) of the Companies Act 2013 have been sent to us and have been properly dealt with by us in preparing this report.

iv. 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 the branches not visited by us.

v. 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, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

vi. on the basis of written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

vii. with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

viii. 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

b. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts and

c. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

**For Abarna & Ananthan**  
Chartered Accountants  
Firm Registration No.000003S

**Lalitha Rameswaran**  
Partner  
Membership No. 207867  
# 521, 3rd Main, 6th Block, 2nd Phase,  
BSK 3rd Stage, Bengaluru 560 085. Phone: 080 26426022,  
Email : audit@abarna-ananthan.com

Karur  
May 27, 2016



## INDEPENDENT AUDITOR'S REPORT

### Annexure A to the Independent Auditor's Report of even date on the Financial Statements of The Karur Vysya Bank Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of The Karur Vysya Bank Limited ('the Bank') as at 31st March 2016 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI')".

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that
  - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
  - b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and provide reasonable assurance regarding prevention or

## INDEPENDENT AUDITOR'S REPORT

timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements. Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Abarna & Ananthan**  
 Chartered Accountants  
 Firm Registration No.000003S

**Lalitha Rameswaran**  
 Partner  
 Membership No. 207867  
 # 521, 3rd Main, 6th Block, 2nd Phase,  
 BSK 3rd Stage, Bengaluru 560 085. Phone: 080 26426022,  
 Email : [audit@abarna-ananthan.com](mailto:audit@abarna-ananthan.com)

Karur  
 May 27, 2016

## BALANCE SHEET AS AT 31ST MARCH 2016

(000's omitted)

	SCHEDULE	AS ON 31.03.2016 ₹	AS ON 31.03.2015 ₹
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	121,86,45	121,62,96
Reserves & Surplus	2	4451,08,65	4124,40,09
Deposits	3	50078,90,12	44690,26,99
Borrowings	4	1573,23,97	2900,75,37
Other Liabilities and Provisions	5	1438,62,58	1315,42,37
	TOTAL	<u>57663,71,77</u>	<u>53152,47,78</u>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	2529,05,71	2692,91,75
Balances with Banks and Money at call and short notice	7	262,54,07	56,16,89
Investments	8	13221,67,22	12375,15,12
Advances	9	39084,38,30	36108,93,98
Fixed Assets	10	420,11,84	411,16,58
Other Assets	11	2145,94,63	1508,13,46
	TOTAL	<u>57663,71,77</u>	<u>53152,47,78</u>
Contingent Liabilities	12	10358,32,98	12581,99,36
Bills for collection		2720,22,45	2523,24,30
Significant Accounting Policies	17		
Notes on Accounts	18		

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

**B. SWAMINATHAN**  
Chairman

**A.J. SURIYANARAYANA**  
Director

**Dr. V.G. MOHAN PRASAD**  
Director

**K. L. VIJAYALAKSHMI**  
Director

**K. VENKATARAMAN**  
MD & CEO

**K.K. BALU**  
Director

**M. K. VENKATESAN**  
Director

**M.V. SRINIVASAMOORTHY**  
Additional Director

**G. RAJASEKARAN**  
Director

**N. S. SRINATH**  
Director

**A. K. PRABURAJ**  
Director

**Dr. K. S. RAVICHANDRAN**  
Additional Director

**K. VENKATESWARA RAO**  
PRESIDENT & COO  
Karur  
27th May 2016

**T. SIVARAMA PRASAD**  
GENERAL MANAGER & CFO

**R. KANNAN**  
COMPANY SECRETARY

As per our report of even date  
For ABARNA & ANANTHAN.,  
Chartered Accountants  
Firm Regn No. 000003S  
(LALITHA RAMESWARAN)  
Partner (M.No. 207867)

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016

(000's omitted)

	SCHEDULE	Year Ended 31.03.2016 ₹	Year Ended 31.03.2015 ₹
<b>I INCOME</b>			
Interest earned	13	5443,40,10	5395,87,54
Other Income	14	706,81,50	580,84,01
<b>TOTAL</b>		<b>6150,21,60</b>	<b>5976,71,55</b>
<b>II EXPENDITURE</b>			
Interest expended	15	3662,03,39	3929,97,43
Operating expenses	16	1252,75,41	1103,44,73
Provisions and Contingencies		667,79,34	487,67,93
<b>TOTAL</b>		<b>5582,58,14</b>	<b>5521,10,09</b>
<b>III PROFIT</b>			
Net Profit from ordinary activities		567,63,46	455,61,46
Exceptional item		0	8,67,00
Net Profit for the year		567,63,46	464,28,46
Profit brought forward		1,48,69	1,10,29
Transferred from Proposed Dividend (Balance Amount)		0	43,70
Withdrawn from General Reserve for creating Special Reserve		0	30,00,00
<b>TOTAL</b>		<b>569,12,15</b>	<b>495,82,45</b>
<b>IV APPROPRIATIONS</b>			
Transfers to			
Statutory Reserve		145,00,00	120,00,00
Capital Reserve		4,61,00	12,16,25
Revenue & Other Reserves		181,63,00	58,50,00
Investment Reserve		34,00	53,00,00
Special Reserve U/s 36(1)(viii) of IT Act		30,00,00	60,00,00
Proposed Dividend (Including Interim Dividend)		170,61,02	158,42,38
Dividend Tax		34,73,22	32,25,13
		<b>566,92,24</b>	<b>494,33,76</b>
<b>BALANCE OF PROFIT</b>		<b>2,19,91</b>	<b>1,48,69</b>
<b>TOTAL</b>		<b>569,12,15</b>	<b>495,82,45</b>
Basic Earnings Per Share in ₹		46.59	39.86
Diluted Earnings Per Share in ₹		46.59	39.78
Significant Accounting Policies	17		
Notes on Accounts	18		

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

**B. SWAMINATHAN**  
Chairman

**K. VENKATARAMAN**  
MD & CEO

**G. RAJASEKARAN**  
Director

**A.J. SURIYANARAYANA**  
Director

**K.K. BALU**  
Director

**N. S. SRINATH**  
Director

**Dr. V.G. MOHAN PRASAD**  
Director

**M. K. VENKATESAN**  
Director

**A. K. PRABURAJ**  
Director

**K. L. VIJAYALAKSHMI**  
Director

**M.V. SRINIVASAMOORTHY**  
Additional Director

**Dr. K. S. RAVICHANDRAN**  
Additional Director

**K. VENKATESWARA RAO**  
PRESIDENT & COO

**T. SIVARAMA PRASAD**  
GENERAL MANAGER & CFO

**R. KANNAN**  
COMPANY SECRETARY

Karur  
27th May 2016

As per our report of even date  
For ABARNA & ANANTHAN.,  
Chartered Accountants  
Firm Regn No. 000003S  
(LALITHA RAMESWARAN)  
Partner (M.No. 207867)



**SCHEDULES**

(000's omitted)

	<b>AS ON 31.03.2016 ₹</b>	<b>AS ON 31.03.2015 ₹</b>
<b>SCHEDULE 1 - CAPITAL</b>		
Authorised Capital :		
20,00,00,000 Equity Shares of ₹ 10 each	<u>200,00,00</u>	<u>200,00,00</u>
Issued Capital:		
12,19,45,257 / (12,17,10,412) Equity Shares of ₹ 10/-each	<u>121,94,53</u>	<u>121,71,04</u>
Subscribed & Paid up Capital:		
12,16,29,609 Equity shares of ₹ 10/- each	<u>121,62,96</u>	<u>107,18,11</u>
Add: Issue of 6,713 equity shares of ₹ 10/- each kept in abeyance	<u>Nil</u>	<u>67</u>
Issue of 21,546 equity shares of ₹ 10/- each under KVBESOS 2008	<u>Nil</u>	<u>2,16</u>
Issue of 1,34,12,015 equity shares of ₹ 10/- each under QIP	<u>Nil</u>	<u>13,41,20</u>
Issue of 10,08,229 equity shares of ₹ 10/- each under KVBESOS 2011	<u>Nil</u>	<u>1,00,82</u>
Issue of 2,34,845 equity shares of ₹ 10/- each under KVBESOS 2011	<u>23,49</u>	<u>Nil</u>
<b>TOTAL</b>	<u><b>121,86,45</b></u>	<u><b>121,62,96</b></u>

**SCHEDULE 2 - RESERVES AND SURPLUS**

I Statutory Reserve		
Opening Balance	<u>1271,53,31</u>	<u>1151,53,31</u>
Addition during the year	<u>145,00,00</u>	<u>120,00,00</u>
	<u><b>1416,53,31</b></u>	<u><b>1271,53,31</b></u>
II Capital Reserve		
Opening Balance	<u>90,28,24</u>	<u>78,11,99</u>
Addition during the year	<u>4,61,00</u>	<u>12,16,25</u>
	<u><b>94,89,24</b></u>	<u><b>90,28,24</b></u>
III Share Premium		
Opening Balance	<u>1204,17,39</u>	<u>553,14,42</u>
Add : Addition during the year (Rights issue - kept in abeyance)	<u>Nil</u>	<u>9,19</u>
Add : Addition during the year (ESOS 2011-1008229 @ 457.65 )	<u>Nil</u>	<u>46,14,16</u>
Add : Addition during the year (ESOS 2011-234845 @ 457.65 )	<u>10,74,76</u>	<u>Nil</u>
Add : Addition during the year (ESOS 2008-21546 )	<u>Nil</u>	<u>98,62</u>
Add : Addition during the year - QIP	<u>Nil</u>	<u>611,58,79</u>
	<u><b>1214,92,15</b></u>	<u><b>1211,95,18</b></u>

**SCHEDULES**

	AS ON 31.03.2016 ₹	AS ON 31.03.2015 ₹
		(000's omitted)
Less : Amount appropriated towards allotment of Bonus shares kept in abeyance earlier	Nil	1
Less : Amount appropriated towards QIP issue Expense	Nil	7,77,78
	<u>1214,92,15</u>	<u>1204,17,39</u>
<b>IV Revenue and Other Reserve</b>		
<b>a) General Reserve</b>		
Opening Balance	1291,94,61	1263,44,61
Addition during the year	181,63,00	58,50,00
Less : Transferred to Special Reserve	Nil	30,00,00
Add : Transferred from ESOS Outstanding	2,45,43	Nil
Less : Provision for Unamortised Fraud Account	41,83,00	Nil
	<u>1434,20,04</u>	<u>1291,94,61</u>
<b>b) Investment Reserve</b>		
Opening Balance	53,00,00	Nil
Addition during the year	34,00	53,00,00
Deduction during the year	Nil	Nil
	<u>53,34,00</u>	<u>53,00,00</u>
<b>c) Employee Stock Option outstanding</b>		
Opening Balance	6,97,86	26,81,72
Addition during the year	Nil	Nil
Deduction during the year	4,52,43	19,83,86
Less : Transferred to General Reserve	2,45,43	Nil
	<u>Nil</u>	<u>6,97,86</u>
<b>d) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961</b>		
Opening Balance	205,00,00	145,00,00
Addition during the year	30,00,00	30,00,00
Add : Transferred from General Reserve	Nil	30,00,00
	<u>235,00,00</u>	<u>205,00,00</u>
<b>V Balance of Profit :</b>	<u>2,19,91</u>	<u>1,48,69</u>
<b>TOTAL</b>	<u>4451,08,65</u>	<u>4124,40,09</u>

**SCHEDULES**

(000's omitted)

<b>AS ON</b>	<b>AS ON</b>
<b>31.03.2016</b>	<b>31.03.2015</b>
₹	₹

**SCHEDULE 3 - DEPOSITS**

A I. Demand Deposits :		
i) From Banks	7,03,00	1,42,26
ii) From Others	4020,16,61	3527,04,75
	<b>4027,19,61</b>	<b>3528,47,01</b>
II. Savings Bank Deposits	<b>7647,31,67</b>	<b>6313,70,27</b>
III. Term Deposits		
i) From Banks	27,67,79	29,12,15
ii) From Others	38376,71,05	34818,97,56
	<b>38404,38,84</b>	<b>34848,09,71</b>
TOTAL OF I, II & III	<b>50078,90,12</b>	<b>44690,26,99</b>
B Deposits from Branches :		
i) In India	50078,90,12	44690,26,99
ii) Outside India	Nil	Nil
TOTAL	<b>50078,90,12</b>	<b>44690,26,99</b>

**SCHEDULE 4 - BORROWINGS**

I Borrowings in India		
i) Reserve Bank of India	Nil	75,00,00
ii) Other Banks	Nil	600,00,00
iii) Other Institutions and Agencies	1224,47,47	1667,69,67
iv) Subordinated debts for Tier II Capital	150,00,00	150,00,00
	<b>1374,47,47</b>	<b>2492,69,67</b>
II Borrowings outside India	<b>198,76,50</b>	<b>408,05,70</b>
TOTAL	<b>1573,23,97</b>	<b>2900,75,37</b>
Secured Borrowings included in I and II above	<b>826,38,07</b>	<b>1214,39,10</b>

**SCHEDULES**

(000's omitted)

<b>AS ON</b>	<b>AS ON</b>
<b>31.03.2016</b>	<b>31.03.2015</b>
₹	₹

**SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS**

I) Bills Payable	253,17,18	286,17,18
II) Inter Office Adjustments (Net)	Nil	Nil
III) Interest Accrued	225,01,20	211,66,82
IV) Deferred Tax	182,96,81	27,79
V) Others (including provisions)	777,47,39	817,30,58
TOTAL	1438,62,58	1315,42,37

**SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA**

I) Cash in Hand (Including Foreign Currency Notes)	523,77,43	627,15,57
II) Balances with Reserve Bank of India In Current Account	2005,28,28	2065,76,18
TOTAL	2529,05,71	2692,91,75

**SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICES**

I In India		
i) Balances with Banks :		
a) In Current Accounts	31,66,62	33,78,12
b) In Other Deposit Accounts	43,73	43,73
ii) Money at Call and Short Notice with Banks	30,00,00	10,00,00
	62,10,35	44,21,85
II Outside India		
In Current Accounts	1,33,32	11,95,04
In Other Deposit Accounts	199,10,40	Nil
TOTAL	262,54,07	56,16,89

**SCHEDULES**

(000's omitted)

	AS ON 31.03.2016 ₹	AS ON 31.03.2015 ₹
<b>SCHEDULE 8 - INVESTMENTS</b>		
I Gross Investments in India	<b>13281,39,53</b>	12435,17,69
Less : Provision for Investment Depreciation	<b>59,72,31</b>	60,02,57
Net Investments in India	<b>13221,67,22</b>	12375,15,12
Break-up		
i) Government Securities	<b>12163,99,12</b>	11511,41,25
ii) Other Approved Securities	<b>Nil</b>	Nil
iii) Shares	<b>90,62,41</b>	107,12,86
iv) Debentures and Bonds	<b>574,21,11</b>	379,78,17
v) Subsidiaries & Joint Ventures	<b>Nil</b>	Nil
vi) Mutual Fund Units & Others	<b>392,84,58</b>	376,82,84
TOTAL	<b>13221,67,22</b>	12375,15,12
II Investments outside India	<b>Nil</b>	Nil
TOTAL	<b>13221,67,22</b>	12375,15,12
<b>SCHEDULE 9 - ADVANCES</b>		
A i) Bills purchased and discounted	<b>1349,35,76</b>	1980,80,50
ii) Cash Credits, Overdrafts and Loans repayable on Demand	<b>29447,38,84</b>	28150,33,34
iii) Term Loans	<b>8287,63,70</b>	5977,80,14
TOTAL	<b>39084,38,30</b>	36108,93,98
B i) Secured by tangible assets (incl. Book Debts)	<b>37338,58,75</b>	34400,76,75
ii) Covered by Bank / Government guarantees	<b>1273,80,68</b>	1123,90,90
iii) Unsecured	<b>471,98,87</b>	584,26,33
TOTAL	<b>39084,38,30</b>	36108,93,98
C I Advances in India		
i) Priority Sector	<b>16988,72,84</b>	14269,56,46
ii) Public Sector	<b>1938,16,18</b>	2103,55,53
iii) Banks	<b>Nil</b>	Nil
iv) Others	<b>20157,49,28</b>	19735,81,99
TOTAL	<b>39084,38,30</b>	36108,93,98
II Advances Outside India	<b>Nil</b>	Nil
TOTAL	<b>39084,38,30</b>	36108,93,98



## SCHEDULES

(000's omitted)

	<b>AS ON</b>	<b>AS ON</b>
	<b>31.03.2016</b>	<b>31.03.2015</b>
	₹	₹

### SCHEDULE 10 - FIXED ASSETS

I Premises :		
At cost as on 31st March of the preceding year	152,86,61	152,66,80
Addition during the year	44,52,81	19,81
	197,39,42	152,86,61
Deduction during the year	2,18	Nil
	197,37,24	152,86,61
Depreciation to date	41,86,94	37,94,80
	155,50,30	114,91,81
II Building under construction	3,57,99	16,65,82
III Other Fixed Assets :		
(Including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	703,02,69	608,54,99
Addition during the year	60,36,58	94,72,26
	763,39,27	703,27,25
Deduction during the year	4,94	24,56
	763,34,33	703,02,69
Depreciation to date	502,30,78	423,43,74
	261,03,55	279,58,95
TOTAL	420,11,84	411,16,58

### SCHEDULE 11 - OTHER ASSETS

I Inter Office Adjustments (Net)	56,40,71	25,03,74
II Interest Accrued	265,37,27	257,47,07
III Tax paid in advance / Tax deducted at source (Net)	333,71,76	316,79,04
IV Stationery and Stamps	7,46,96	8,73,86
V Deferred Tax	Nil	Nil
VI Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII Others	1482,97,93	900,09,75
TOTAL	2145,94,63	1508,13,46

## SCHEDULES

(000's omitted)

<b>AS ON</b>	<b>AS ON</b>
<b>31.03.2016</b>	<b>31.03.2015</b>
₹	₹

### SCHEDULE 12 - CONTINGENT LIABILITIES

I	Claims against the Bank not acknowledged as debts	<b>3,97,02</b>	5,11,60
II	Liability on account of outstanding		
	a) Forward Exchange Contracts	<b>4861,50,44</b>	7967,43,87
	b) Derivatives	<b>Nil</b>	Nil
III	Guarantees given on behalf of Constituents in India	<b>3081,61,58</b>	2772,20,04
IV	Acceptances, Endorsements and other Obligations	<b>2346,50,16</b>	1837,23,85
V	Other items for which the Bank is contingently liable	<b>64,73,78</b>	Nil
	<b>TOTAL</b>	<b>10358,32,98</b>	<b>12581,99,36</b>

<b>Year Ended</b>	<b>Year Ended</b>
<b>31.03.2016</b>	<b>31.03.2015</b>
₹	₹

### SCHEDULE 13 - INTEREST EARNED

I	Interest / discount on advances/bills	<b>4329,37,45</b>	4211,31,22
II	Income on Investments	<b>1095,78,36</b>	1158,16,61
III	Interest on balances with Reserve Bank of India and other inter-bank funds	<b>2,24,49</b>	6,24,11
IV	Others	<b>15,99,80</b>	20,15,60
	<b>TOTAL</b>	<b>5443,40,10</b>	<b>5395,87,54</b>

### SCHEDULE 14 - OTHER INCOME

I	Commission, Exchange and Brokerage	<b>459,52,90</b>	397,32,49
II	Profit/Loss on sale of investments-Net	<b>94,40,57</b>	71,03,01
III	Profit on sale of land, buildings and other assets	<b>11,10</b>	25,89
IV	Profit on exchange transactions - Net	<b>54,65,49</b>	43,90,51
V	Miscellaneous Income	<b>98,11,44</b>	68,32,11
	<b>TOTAL</b>	<b>706,81,50</b>	<b>580,84,01</b>

**SCHEDULES**

(000's omitted)

	Year Ended 31.03.2016 ₹	Year Ended 31.03.2015 ₹
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**SCHEDULE 15 - INTEREST EXPENDED**

I Interest on Deposits	<b>3432,72,98</b>	3540,35,94
II Interest on Reserve Bank of India/ Inter-bank borrowings	<b>34,97,94</b>	82,65,60
III Others	<b>194,32,47</b>	306,95,89
TOTAL	<b><u>3662,03,39</u></b>	<u>3929,97,43</u>

**SCHEDULE 16 - OPERATING EXPENSES**

I Payments to and Provisions for employees	<b>547,37,73</b>	547,05,30
II Rent, Taxes and Lighting	<b>119,48,64</b>	108,93,68
III Printing and Stationery	<b>12,97,09</b>	14,28,10
IV Advertisement and Publicity	<b>32,97,50</b>	19,88,63
V Depreciation on Bank's Property	<b>82,80,63</b>	81,35,67
VI Directors' fees, allowances and expenses	<b>2,33,64</b>	63,01
VII Auditors' fees and expenses (includes for branch auditors)	<b>1,93,02</b>	1,89,62
VIII Law Charges	<b>1,46,20</b>	1,54,51
IX Postages, Telegrams, Telephones, etc.	<b>23,77,20</b>	20,27,27
X Repairs and maintenance	<b>45,07,29</b>	31,67,59
XI Insurance	<b>45,89,10</b>	42,86,03
XII Other Expenditure	<b>336,67,37</b>	233,05,32
TOTAL	<b><u>1252,75,41</u></b>	<u>1103,44,73</u>

## SCHEDULES

### SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

#### A. BACKGROUND

The Karur Vysya Bank Limited, incorporated in Karur, India is a publicly held Banking company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations.

#### B. BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles, (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices prevailing in the banking industry in India.

##### Use of Estimates:

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statement and the reported income and expenses during the reported period. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The differences, if any between estimates and actual will be dealt appropriately in future periods.

#### C. PRINCIPAL ACCOUNTING POLICIES

##### 1. Foreign Exchange Transactions

Monetary Assets and Liabilities in Foreign Currencies, Outstanding Forward Contracts and Spot and Forward Positions are translated at the Exchange Rates prevailing at the year end as notified by FEDAI and the resultant Profit/Loss is recognised in the Profit and Loss Account.

Income and expenditure items are translated at the exchange rates ruling on the respective dates of the transaction.

Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies are translated at Closing Spot Rates notified by FEDAI at the year-end.

##### 2. Investments

Investments are categorized into three categories - (i) Held to Maturity, (ii) Held for Trading and (iii) Available for sale, with sub- classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiary and Joint Ventures and (vi) Others - Units of Mutual Funds, Certificate of Deposits etc., in accordance with the guidelines issued by Reserve Bank of India.

The category under which the investments would be classified is decided at the time of acquisition.

Shifting of securities among the categories are accounted at the least of the acquisition cost / book value / market price prevailing on the date of shifting and depreciation, if any, on such shifting is fully provided for.

Investments classified under HTM category are carried at acquisition cost except in cases where the acquisition cost is higher than the face value, in which case the premium is amortized over the remaining period to maturity.

Investments classified under HFT and AFS categories are marked to market at regular intervals and net depreciation within each sub-classification is recognized and provided for, while net appreciation is ignored.

The Bank follows the method of calculating and accounting of profit on sale of investments under weighted average cost method.

##### 3. Derivatives

Interest rate swaps pertaining to trading position and which are outstanding as on Balance Sheet date are marked to market and net appreciation is ignored and net depreciation is recognized in the Profit & Loss Account. Foreign Currency Options and Swaps are accounted in accordance with the guidelines issued by FEDAI.

##### 4. Advances

Advances are classified as Performing and Non-performing Assets and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the Balance Sheet are net of provisions, claims received from credit guarantee institutions etc.

##### 5. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off.

## SCHEDULES

### 6. Depreciation

Depreciation on Fixed Assets are provided on Straight Line Method (SLM) in respect of all fixed assets other than buildings. Computers including software however continue to be depreciated under SLM. Computers, including software are depreciated under SLM at the rate of 33.33% as per the guidelines issued by the Reserve Bank of India.

Useful life of the assets has been estimated inline with Schedule II of the Companies Act, 2013.

Depreciation on assets purchased and sold during the year is provided on pro rata basis.

### 7. Revenue / Expense Recognition

Income and Expenditure are generally accounted on accrual basis.

Interest income on all advances other than non-performing assets is recognized on accrual basis. In respect of non-performing assets, the interest income is recognized on cash basis.

Commission (including commission received on insurance business), exchange, brokerage and locker rent are accounted on cash basis.

Interest Income on Tax Refund is accounted on Receipt basis.

### 8. Employee Benefits

In accordance with Accounting Standard 15 issued under the Companies (Accounting Standards) Rules, 2006, Provision for Gratuity, Pension and other defined employee benefits are made on accrual basis as per Actuarial valuation done at the year-end and short term benefits are accounted for as and when the liability becomes due.

Options granted under Employee Stock Option Scheme (ESOS) are valued and accounted for using Intrinsic Value Method.

### 9. Segment Reporting

The Bank recognises the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

Business Segment is classified into (a) Treasury (b) Corporate and Wholesale Banking, (c) Retail Banking and (d) Other Banking Operations.

### 10. Earnings per Share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity share holders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings per equity share are computed by using the weighted average number of equity shares and dilutive potential equity share outstanding as at the year end.

### 11. Income-tax

Tax expenses comprise current and deferred taxes. Provision for current Income tax is made after due consideration of the judicial pronouncements and legal opinion.

Deferred income taxes recognizes timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized in the books of account to the extent of their future reversibility. Deferred Tax Liabilities are recognized fully in the year of accrual.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

### 12. Impairment of Assets

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

### 13. Provisions and Contingent Liabilities

A provision is recognised when there is an obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets are not recognized since this may result in the recognition of income that may never be realized.



## SCHEDULES

### 14. Net Profit

The net profit disclosed in the Profit and Loss Account is after providing for:

Provision for Taxes,

Provision for Standard Assets and Non Performing Assets,

Provision for Depreciation on investments, employee benefits and

Other usual and necessary provisions

### SCHEDULE 18 - NOTES ON ACCOUNTS

#### 1. INTER BRANCH TRANSACTIONS:

Inter Branch/Office accounts reconciliation has been completed upto 31.03.2016 and all the Inter branch entries have been reconciled upto 31.03.2016.

#### 2. BALANCING OF BOOKS:

The books of accounts have been balanced and tallied in all branches of the Bank as on 31.03.2016.

#### 3. DISCLOSURES AS PER RESERVE BANK OF INDIA REQUIREMENTS:

##### 3.1 Capital

SI	Particulars	2015-16		2014-15	
		Basel III	Basel II	Basel III	Basel II
i)	Common Equity Tier 1 capital ratio (%)	11.26	Nil	13.56	Nil
ii)	Tier 1 capital ratio (%)	11.26	11.22	13.56	13.43
iii)	Tier 2 capital ratio (%)	0.91	1.04	1.06	1.20
iv)	Total Capital ratio (CRAR) (%)	12.17	12.26	14.62	14.63
v)	Amount of equity capital raised (₹ in crore)	0.23	0.23	14.45	14.45
vi)	Amount of additional Tier 1 capital raised, of which	Nil	Nil	Nil	Nil
	- PNCPS	Nil	Nil	Nil	Nil
	- PDI	Nil	Nil	Nil	Nil
vii)	Amount of Tier 2 capital raised, of which	Nil	Nil	Nil	Nil
	- Debt capital instruments	Nil	Nil	Nil	Nil
	- Preference share capital instruments	Nil	Nil	Nil	Nil
	- Perpetual cumulative preference shares (PCPS)	Nil	Nil	Nil	Nil
	- Redeemable non cumulative preference shares (RNCPS)	Nil	Nil	Nil	Nil
	- Redeemable cumulative preference shares (RCPS)	Nil	Nil	Nil	Nil

## SCHEDULES

### 3.2 Investments:

(₹ in crore)

Particulars	2015-16	2014-15
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India **	13281.40	12435.18
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation / NPI		
(a) In India	59.72	60.03
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	13221.68	12375.15
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments and Non Performing Investments		
(i) Opening balance	60.03	198.45
(ii) Add: Provisions made during the year	22.73	14.95
(iii) Less: Write-off/write-back of excess provisions during the year	23.04	153.37
(iv) Closing balance	59.72	60.03

\*\* Excluding Repo Borrowing of ₹ 1321 crore, Reverse Repo of ₹ 100 crore (2015-16) & Repo Borrowing of ₹ 2110 crore, Reverse Repo of ₹ Nil (2014-15)

Note: Pursuant to RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16, 2015, the Bank has, effective quarter ended June 30, 2015, included deposits placed with NABARD / SIDBI / NHB (₹ 331.85 crore) on account of shortfall in priority sector targets under schedule 11 - "Other Assets". Hitherto these were included under "Investments". The above change in classification has no impact on the profit of the Bank for the year ended 31st March, 2016 and previous year presented.

### 3.2.1 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 31.03.2016
Securities sold under repos				
i. Government Securities	20.80	2194.40	673.89	1373.84
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government Securities	5.20	759.20	23.87	104.00
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil

## SCHEDULES

### 3.2.2 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
1	PSUs	254.29	235.86	Nil	23.43	109.09
2	FIs	300.08	238.90	Nil	0.22	34.67
3	Banks	89.89	60.00	Nil	Nil	Nil
4	Private Corporates	100.37	46.87	Nil	15.41	20.41
5	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6	Others	362.82	262.82	Nil	262.82	262.82
	Sub Total	1107.45	844.45	Nil	301.88	426.99
7	Less: Provision held towards depreciation and non performing investments	49.77	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>1057.68</b>	<b>844.45</b>	<b>Nil</b>	<b>301.88</b>	<b>426.99</b>

Note: Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.

ii) Non performing Non-SLR investments:

(₹ in crore)

Particulars	2015-16	2014-15
Opening balance	13.14	2.81
Additions during the year	25.01	10.33
Reductions during the above period	Nil	Nil
Closing balance	38.15	13.14
<b>Total provisions held</b>	<b>16.90</b>	<b>13.14</b>

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### 3.2.3 Sale and transfers to / from HTM Category

Sale of securities from HTM category does not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

**3.2.4** The percentage of SLR investment under Held to Maturity Category as on 31.03.2016 was 20.51 % of Demand and Time Liability of the bank ( Previous year 21.70 % ) which is within permissible limit as per RBI guidelines .

**3.2.5.** In accordance with RBI guidelines, Bank has shifted Securities amounting to ₹ 153.03 crore from AFS to HTM category and ₹ 598.91 crore from HTM to AFS category and the resultant depreciation of ₹ 3.38 crore has been charged to Profit & Loss account during the first quarter of the current financial year.

### 3.3 Derivatives

#### 3.3.1. Forward Rate Agreement/ Interest Rate Swap:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
1 The notional principal of swap agreements	Nil	Nil
2 Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
3 Collateral required by the bank upon entering into swaps	Nil	Nil
4 Concentration of credit risk arising from the swaps	Nil	Nil
5 The fair value of the swap book	Nil	Nil

#### 3.3.2 Exchange Traded Interest Rate Derivatives:

(₹ in crore)

	Particulars	2015 - 16	2014 - 15
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2016 (instrument wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)	Nil	Nil

#### 3.3.3 Disclosures on risk exposure in derivatives:

##### Qualitative Disclosure:

##### Structure, Organisation, Scope, Nature of risk management in derivatives:

The organization structure consists of Treasury Department which is segregated into three functional areas i.e., front office, mid office and back office.

Rupee derivative deals are executed for hedging or for trading. The risk in the derivatives portfolio is monitored by assessing the mark to market (MTM) position of the portfolio on a daily basis and the impact on account of probable market movements. The overall portfolio is operated within the risk limit fixed by the Bank.

Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly

## SCHEDULES

basis. The MTM values are informed to the clients every month and margin topped up where required.

The Board reviews the risk profile of the outstanding portfolio at regular intervals.

### Accounting:

Accounting Policies as per RBI guidelines have been adopted. The hedge swaps are accounted for like a hedge of the asset or liability. The income / expense on hedge swaps are accounted on accrual basis except where swaps transactions whose underlying is subjected to mark to market. Such hedge swaps are marked to market on a monthly basis and the gain / losses are recorded as an adjustment to the designated asset / liability. The Non hedge swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

### Collateral Security:

As per market practice, no collateral security is insisted on for the contracts with counter parties like Banks / PDs etc. For deals with Corporate Clients, appropriate collateral security / margin etc. are stipulated whenever considered necessary.

### Credit Risk Mitigation:

Most of the deals are contracted with Banks / Major PDs/highly rated clients and no default risk is anticipated on the deals with them.

Dealing in derivatives is centralized in the treasury of the Bank. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and ensures compliance with various internal and regulatory guidelines. Back Office undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting.

The market making and the proprietary trading activities in derivatives are governed by the derivatives policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. As far as forex derivatives are concerned, they are undertaken on back-to-back basis only.

Risk monitoring on derivatives portfolio is done on a daily basis. The Bank measures and monitors risk using PVBP (Price Value of a Basis Point) approach. Risk reporting on derivatives forms an integral part of the management information system and the marked to market position and the PVBP of the derivatives portfolio shall be reported on a daily basis to the top management.

Risk monitoring on forex derivatives is done on a monthly basis. It is reported to the top management and related clients on monthly basis.

### Quantitative Disclosures:

(₹ in crore)

Sl. No.	Particulars	2015 - 16		2014 - 15	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
(i)	Derivatives (Notional Principal Amount)	Nil	Nil	Nil	Nil
	a) For hedging				
	b) For trading				
(ii)	Marked to Market Positions	Nil	Nil	Nil	Nil
	a) Asset (+)				
	b) Liability (-)				
(iii)	Credit Exposure	Nil	Nil	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	Nil	Nil	Nil	Nil
	a) on hedging derivatives				
	b) on trading derivatives				
(v)	Maximum and Minimum of 100*PV01 observed during the year	Nil	Nil	Nil	Nil
	a) on hedging				
	b) on trading				



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### 3.4 Asset Quality

#### 3.4.1 Non-Performing Asset:

(₹ in crore)

Sl. No.	Particular	2015 - 16	2014-15
(i)	Net NPAs to Net Advances (%)	0.55%	0.78%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	677.78	279.18
	(b) Additions during the year	1133.41	619.24
	(c) Reductions during the year	1300.01	220.64
	(d) Closing balance	511.18	677.78
(iii)	Movement of Net NPAs		
	(a) Opening balance	280.97	139.91
	(b) Additions during the year	877.26	164.59
	(c) Reductions during the year	942.06	23.53
	(d) Closing balance	216.17	280.97
(iv)	Movement of provisions for NPAs (excluding provision on Standard Assets)		
	(a) Opening balance	380.00	114.48
	(b) Provisions made during the year	350.12	494.86
	(c) Write off/Write back of excess provisions	445.12	229.34
	(d) Closing balance	285.00	380.00

**SCHEDULES**
**3.4.2 Disclosure of Restructured Accounts - FY 2015-16**

(₹ in crore)

Sl No.	Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total								
	Asset Classification	Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY (Opening Figures*)	No. of borrowers	16	1	Nil	3	20	35	5	1	3	44	146	9	3	18	176	197	15	4	24	240	
		Amount outstanding	666.95	52.45	Nil	10.40	729.80	46.06	0.83	0.01	0.09	46.99	1229.74	58.45	3.36	0.37	1291.92	1942.75	111.73	3.37	10.86	2068.71	
		Provision thereon	82.05	52.45	Nil	10.40	144.90	2.40	0.12	0.01	0.09	2.62	80.14	41.80	1.34	0.37	123.65	164.59	94.37	1.35	10.86	271.17	
2	Fresh Restructuring during the year*1	No. of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	11	Nil	Nil	Nil	11	11	Nil	Nil	Nil	11	
		Amount outstanding	19.09	Nil	Nil	Nil	19.09	Nil	Nil	Nil	Nil	Nil	308.88	Nil	Nil	Nil	308.88	327.97	Nil	Nil	Nil	327.97	
		Provision thereon	Nil	Nil	Nil	Nil	Nil	1.35	0.05	Nil	Nil	1.40	36.12	0.08	2.82	0.27	39.29	37.47	0.13	2.82	0.27	40.69	
3	Upgradations to restructured standard category during the FY	No. of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3	Nil	Nil	-3	Nil	3	Nil	Nil	Nil	-3	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.07	Nil	-0.07	Nil	0.07	0.07	Nil	Nil	Nil	-0.07	Nil
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.01	Nil	-0.01	Nil	0.01	0.01	Nil	Nil	Nil	-0.01	Nil
4	Restructured standard advances which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-1	Nil	Nil	Nil	-1	-6	Nil	Nil	Nil	-6	-22	Nil	Nil	Nil	-22	-29	Nil	Nil	Nil	-29	Nil
		Amount outstanding	-19.99	Nil	Nil	Nil	-19.99	-9.61	Nil	Nil	Nil	-9.61	-2.04	Nil	Nil	Nil	-2.04	-31.64	Nil	Nil	Nil	-31.64	Nil
		Provision thereon	-1.27	Nil	Nil	Nil	-1.27	-0.16	Nil	Nil	Nil	-0.16	-0.11	Nil	Nil	Nil	-0.11	-1.54	Nil	Nil	Nil	-1.54	Nil

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(₹ in crore)

Sl No.	Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification	Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
5	No. of borrowers		-5	5	Nil	Nil	Nil	-2	2	Nil	Nil	Nil	-48	28	3	17	Nil	Nil
	Amount outstanding during the FY		-304.37	304.37	Nil	Nil	Nil	-0.53	0.53	Nil	Nil	Nil	-386.70	385.59	0.83	0.35	0.07	Nil
	Provision thereon		-21.36	21.36	Nil	Nil	Nil	-0.02	0.02	Nil	Nil	Nil	-34.23	34.21	Nil	0.02	Nil	Nil
6	No. of borrowers		-1	-6	Nil	-1	-8	-7	-5	Nil	-2	-14	-2	-28	-1	Nil	-31	-53
	Amount outstanding during the FY*2		-2.91	-356.82	Nil	-9.25	-368.98	-13.59	-0.88	Nil	-0.09	-14.56	-176.08	-443.48	-0.05	Nil	-619.61	-1003.15
	Provision thereon		-0.34	-73.81	Nil	-9.25	-83.40	-0.29	-0.12	Nil	-0.09	-0.50	-1.96	-76.01	-0.02	Nil	-77.99	-161.89
7	No. of borrowers		9	Nil	Nil	2	11	20	2	1	1	24	88	9	5	32	134	169
	Amount outstanding during the FY (Closing figures*3)		358.77	Nil	Nil	1.15	359.92	22.33	0.48	0.01	Nil	22.82	973.87	0.56	4.14	0.65	979.15	1361.96
	Provision thereon		59.08	Nil	Nil	1.15	60.23	3.28	0.07	0.01	Nil	3.36	79.97	0.08	4.14	0.65	84.84	148.43

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

\* Foot Note 1 - The figures under Sr. No.2 include amount further advanced in the existing CDR accounts (₹ 19.09 crore) and further advances in existing accounts under "Others Standard" category (₹ 46.09 crore), 9 accounts restructured afresh under Taminadu flood relief package (₹ 11.41 crore) and 2 accounts restructured under JLF mechanism (₹ 251.38 crore) during the FY.

\* Foot Note 2 - The figures under Sr.No.6 include recovery/write off closure sale

\* Foot Note 3 - The provision under Sr. No.7 includes total provision held on restructured accounts

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

(₹ in crore)

Particulars	2015 - 16	2014 - 15
(i) No. of accounts	564	32
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	788.82	52.24
(iii) Aggregate consideration	308.30	74.92
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / (loss) over net book value	(490.89)	22.68

During the Financial Year 2015-16, Bank has sold NPAs to ARCs resulting in loss of ₹505.46 crore of which ₹ 67.63 crore has been amortised in the current FY and a sum of ₹437.83 crore is carried forward for amortization in the subsequent years in terms of RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015. The excess provision to the extent of cash recovery reversed to profit and loss account during the year amounts to ₹ 11.50 crore.

#### 3.4.3.1. Investments in Security Receipts

(₹ in crore)

Particulars	2015 - 16	2014 - 15
(i) Backed by NPAs sold by the bank as underlying	262.82	243.27
(ii) Backed by NPAs sold by other banks / financial institutions/ non banking financial companies as underlying	Nil	Nil
<b>Total</b>	<b>262.82</b>	<b>243.27</b>

Note : In addition to the above, an amount of ₹ 253.73 crore (previous year ₹ 23.55 crore) is held under 'Share & Other Application money' under 'Other Assets' pending receipt of Security Receipts towards sale of NPAs to ARC.

### 3.4.4 Details of Non Performing Financial Assets Purchased /Sold - (sold / purchased to / from other banks)

#### A. Details of non performing financial assets purchased:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
1. (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

#### B. Details of non performing financial assets sold:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

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### 3.4.5 Provisions on Standard Asset:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
Provisions towards Standard Assets	196.66	201.94

### 3.5 Business Ratios:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
(i) Interest Income as a percentage to Working Funds	9.85%	10.21%
(ii) Non-interest income as a percentage to Working Funds	1.28%	1.10%
(iii) Operating Profit as a percentage to Working Funds	2.24%	1.78%
(iv) Return on Assets	1.03%	0.88%
(v) Business (Deposits plus advances) per employee (₹ in crore)	12.41	11.30
(vi) Profit per employee (₹ in lakh)	7.87	6.45

### 3.6 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in crore)

Particulars	Deposits	Gross Advances	Gross Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	78.44	3123.02	1683.12	Nil	359.02	317.38
2 to 7 days	502.70	193.55	216.39	891.35	22.37	33.36
8 to 14 days	533.57	290.10	274.72	Nil	46.72	0.69
15 to 28 days	695.02	613.53	195.22	Nil	187.87	0.12
29 days to 3 months	4560.14	2697.08	796.58	33.21	359.62	37.35
Over 3 months to 6 months	3369.60	2964.43	687.59	100.59	202.04	108.79
Over 6 months to 1 year	8536.21	5737.03	1796.92	Nil	2.58	24.63
Over 1 year to 3 years	9578.42	16218.29	2503.49	Nil	Nil	283.63
Over 3 years to 5 years	6574.26	3414.80	1630.59	548.09	3.74	76.21
Over 5 years	15650.54	4223.87	3496.78	Nil	3.74	0.56
<b>Total</b>	<b>50078.90</b>	<b>39475.70</b>	<b>13281.40</b>	<b>1573.24</b>	<b>1187.70</b>	<b>882.72</b>

The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.



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### 3.7 Exposures

#### 3.7.1 Exposure to Real Estate Sector:

(₹ in crore)

Category	2015 - 16	2014 - 15
a) Direct exposure		
(i) Residential Mortgages - Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loans eligible for priority sector advances may be shown separately)	2422.28	2026.53
(ii) Commercial Real Estate - Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2300.04	1833.20
(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).	242.52	151.40
<b>Total Exposure to Real Estate Sector</b>	<b>4964.84</b>	<b>4011.13</b>

#### 3.7.2 Exposure to Capital Market:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	104.80	111.51
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	1.58	1.98
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	170.33	152.15
(vi) Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	61.66	63.56

## SCHEDULES

### 3.7.2 Exposure to Capital Market:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) Financing to stockbrokers for margin trading;	Nil	Nil
(x) All exposures to Venture Capital Funds (both registered and unregistered)	50.33	25.20
<b>Total Exposure to Capital Market</b>	<b>388.70</b>	<b>354.40</b>

### 3.7.3 Risk Category wise Country Exposure

(₹ in crore)

Risk Category	Exposure (net) as at 31.03.2016	Provision held as at 31.03.2016	Exposure (net) as at 31.03.2015	Provision held as at 31.03.2015
Insignificant	392.72	Nil	141.30	Nil
Low	195.05	Nil	252.27	Nil
Moderate	10.89	Nil	11.51	Nil
High	2.30	Nil	3.44	Nil
Very High	Nil	Nil	2.01	Nil
Restricted	5.45	Nil	3.16	Nil
Off-credit	Nil	Nil	0.86	Nil
<b>Total</b>	<b>606.41</b>	<b>Nil</b>	<b>414.55</b>	<b>Nil</b>

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required in terms of RBI guidelines.

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

The Bank has not exceeded the prudential credit exposure limits in respect of Single Borrower Limit and Group Borrower Limit other than food credit.

### 3.7.5. Unsecured Advances:

The total of advances for which intangible securities such as charge over the rights, licenses, authorisations, etc have been taken as securities is **NIL**

### 3.8 Disclosure of Penalties imposed by RBI:

During the year RBI has levied penalty of ₹ 47,500/- emanated out of deficiencies found while processing the currency notes remitted by currency chests.

## 4. DISCLOSURE REQUIREMENT AS PER ACCOUNTING STANDARDS (AS):

In compliance with the guidelines issued by the RBI regarding disclosure requirements of the various Accounting Standards, the following information is disclosed:

## SCHEDULES

### 4.1 Net Profit or loss for the period, Prior Period Items and Changes in Accounting Policies (AS-5):

There are no material prior period income and expenditure included in the Profit & Loss account, which requires a disclosure as per AS-5.

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2016.

### 4.2 Revenue Recognition: (AS-9):

Income / Expenditure items recognized on cash basis are either not material or does not require disclosure under AS-9.

### 4.3. Employee Benefits : (AS -15) :

The Bank is following AS-15 (Revised 2005) 'Employee Benefits' as under:

- (i) In respect of Contributory Plan, viz., Provident Fund, the Bank pays fixed contribution at pre-determined rates to a separate Trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.
- (ii) In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per the guidelines.
- (iii) In respect of Leave encashment, provisioning requirement has been made based on actuarial valuation.

The disclosure requirements as per the Accounting Standards are given below:

#### Principal Actuarial Assumptions

Particulars	Gratuity	Pension	Privilege Leave
Discount Rate	7.75%	7.75%	7.75%
Salary escalation rate	5.50%	5.50%	5.50%
Attrition rate	1.81%	2.66%	1.35%
Expected rate of return on Plan Assets	9.70%	9.47%	Nil

#### Expenses recognized in Profit and Loss Account

(₹ in crore)

Particulars	Gratuity	Pension	Privilege Leave
Current Service Cost	6.53	13.61	0.70
Interest cost on benefit obligation	7.59	22.40	4.54
Expected return on plan assets	(10.07)	(33.30)	--
Net Actuarial gain / (loss) recognised in the year	11.21	66.07	26.20
Expenses recognised in the Profit and Loss Account	15.26	68.78	31.44

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### Changes in the present value of the defined benefit obligation

(₹ in crore)

Particulars	Gratuity	Pension	Privilege Leave
Present value of obligation as at 1.4.2015	99.39	297.05	59.19
Interest cost	7.59	22.40	4.54
Current Service Cost	6.53	13.61	0.70
Benefits paid	(9.04)	(34.02)	(4.98)
Net actuarial gain / (loss) on obligation	10.77	51.90	26.20
Present value of the defined benefit obligation as at 31.3.2016	115.24	350.94	85.65

### Change in the fair value of plan assets

(₹ in crore)

Particulars	Gratuity	Pension	Privilege Leave
Fair value of plan assets as at 1.4.2015	108.31	339.66	--
Expected Return on plan assets	10.07	33.30	--
Contribution by employer	7.57	28.10	4.98
Benefits Paid	(9.04)	(34.02)	(4.98)
Actuarial gain / (loss)	(0.44)	(14.17)	--
Fair value of plan assets as at 31.3.2016	116.47	352.87	--

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### 4.4 Segment Reporting: (AS-17)

Part A: Business segments

(₹ in crore)

Sl. No.	Particulars	2015-16 (Audited)	2014-15 (Audited)
(a)	<b>Segment Revenue</b>		
	1. Treasury Operations	1247.51	1280.11
	2. Corporate/Wholesale Banking Operations	1786.07	1630.05
	3. Retail Banking Operations	3105.66	3056.43
	4. Other Banking Operations	10.98	10.13
	<b>Total</b>	<b>6150.22</b>	<b>5976.72</b>
(b)	<b>Segment Results</b>		
	1. Treasury Operations	256.85	131.09
	2. Corporate/Wholesale Banking Operations	448.24	357.39
	3. Retail Banking Operations	748.23	677.37
	4. Other Banking Operations	10.00	9.33
	<b>Total</b>	<b>1463.32</b>	<b>1175.18</b>
(c)	Unallocated Expenses	227.90	231.89
(d)	<b>Operating Profit</b>	<b>1235.42</b>	<b>943.29</b>
(e)	Income Taxes	344.00	7.17
(f)	Other Provisions	323.79	480.51
(g)	Exceptional Item	Nil	8.67
(h)	<b>Net Profit</b>	<b>567.63</b>	<b>464.28</b>
(i)	Other Information	Nil	Nil
(j)	<b>Segment Assets</b>		
	1. Treasury Operations	13252.11	12385.59
	2. Corporate/Wholesale Banking Operations	13991.59	13454.14
	3. Retail Banking Operations	25092.79	22654.80
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Assets	5327.23	4657.95
	<b>Total</b>	<b>57663.72</b>	<b>53152.48</b>
(k)	<b>Segment Liabilities</b>		
	1. Treasury Operations	12858.05	12348.98
	2. Corporate/Wholesale Banking Operations	12672.63	12063.49
	3. Retail Banking Operations	22733.42	20313.94
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	4826.67	4180.04
	<b>Capital Employed</b>	<b>4572.95</b>	<b>4246.03</b>
	<b>Total</b>	<b>57663.72</b>	<b>53152.48</b>

## SCHEDULES

### Part B: Geographic segments

Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branch.

### 4.5 Related Party Transactions (AS-18):

#### Disclosure about transactions with Key Management Personnel

Key Management Personnel	Designation	Item	Amount (₹)
Shri K.P. Kumar	Chairman -period from 01/04/2015 to 23/09/2015	Honorarium	4,32,500.00
Shri B. Swaminathan	Chairman - from 20/01/2016	Honorarium	1,79,032.30
Shri K.Venkataraman	MD & CEO	Remuneration	78,83,811.88

(₹ in crore)

Items/Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Deposit	Nil	Nil	Nil	Nil	Nil	Nil	1.58 (Max. during the year 1.58)	2.97 (Max. during the year 2.97)	Nil	Nil	1.58	2.97
Placement of deposits	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Advances	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-funded commitments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Leasing/HP arrangements availed	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Leasing/HP arrangements provided	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Purchase of fixed assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sale of fixed assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest paid	Nil	Nil	Nil	Nil	Nil	Nil	0.12	0.28	Nil	Nil	0.12	0.28
Interest received	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rendering of services	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Receiving of services	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management contracts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



## SCHEDULES

### 4.6 Earnings per Share (AS-20):

SI. No.	Particulars	2015 - 16	2014 - 15
1	Basic EPS after Extraordinary items (₹)	46.59	39.86
2	Basic EPS before Extraordinary items (₹)	46.59	39.12
3	Diluted EPS after Extraordinary items (₹)	46.59	39.78
4	Diluted EPS before Extraordinary items (₹)	46.59	39.04

#### Computation of Basic EPS (after Extraordinary items)

SI. No.	Particulars	2015 - 16	2014 - 15
A	Net Profit (₹ in crore)	567.63	464.28
B	Weighted number of shares	121846438	116478007
C	Basic EPS (A/B) (₹)	46.59	39.86
D	Nominal Value per share (₹)	10.00	10.00

#### Computation of Diluted EPS (after Extraordinary items)

SI. No.	Particulars	2015 - 16	2014 - 15
A	Net Profit (₹ in crore)	567.63	464.28
B	Weighted number of shares (including Potential Equity Shares)	121846438	116712852
C	Diluted EPS (A/B) (₹)	46.59	39.78
D	Nominal Value per share (₹)	10.00	10.00

#### Computation of Basic EPS (before Extraordinary items)

SI. No.	Particulars	2015 - 16	2014 - 15
A	Net Profit (₹ in crore)	567.63	455.61
B	Weighted number of shares	121846438	116478007
C	Basic EPS (A/B) (₹)	46.59	39.12
D	Nominal Value per share (₹)	10.00	10.00

#### Computation of Diluted EPS (before Extraordinary items)

SI. No.	Particulars	2015 - 16	2014 - 15
A	Net Profit (₹ in crore)	567.63	455.61
B	Weighted number of shares (including Potential Equity Shares)	121846438	116712852
C	Diluted EPS (A/B) (₹)	46.59	39.04
D	Nominal Value per share (₹)	10.00	10.00

## SCHEDULES

### 4.7 Accounting for Taxes on Income (AS-22):

The Bank has recognized Deferred Tax Asset / Liability (DTA/DTL) and has accounted for the Net Deferred Tax as on 31.03.2016. Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

#### Deferred Tax Liabilities

(₹ in crore)

Sl. No.	Particulars	As on 31.03.2016	As on 31.03.2015
1	Depreciation on Fixed Asset	25.66	25.33
2	Interest received but not due	3.29	(19.90)
3	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	81.33	49.29
4	Others	151.52	1.68
	<b>TOTAL</b>	<b>261.80</b>	<b>56.40</b>

#### Deferred Tax Assets

(₹ in crore)

Sl. No.	Particulars	As on 31.03.2016	As on 31.03.2015
1	Provision for leave encashment	30.30	20.53
2	Provision for Bad and doubtful debts	36.24	35.59
3	Carried Forward Loss	12.29	Nil
4	<b>TOTAL</b>	<b>78.83</b>	<b>56.12</b>

Note : The Bank does not recognize deferred tax on the difference between accounting income and taxable income on account of difference in valuation of securities, as the Bank considers this as permanent difference.

### 4.8. Impairment of Assets (AS - 28)

In the opinion of the Management, there is no impairment of its Fixed Assets to any material extent as at 31.03.2016 requiring recognition in terms of Accounting Standard 28.

4.9. The Bank has paid an amount of ₹ 283.47 crore ( Previous Year ₹ 240.52 crore) towards disputed Income Tax liability. In the opinion of the Bank, no provision is considered necessary based on favourable decisions by various courts.

## 5 ADDITIONAL DISCLOSURES

### 5.1 Provisions and Contingencies:

Break-up of 'Provision and Contingencies' shown under the head Expenditure in Profit & Loss Account	2015 - 16	2014 - 15
Provision for Standard Assets	(5.28)	29.78
Provision for Bad & Doubtful Debts	349.59	467.03
Provision for Depreciation on Investments	(0.69)	(94.81)
Provision towards sacrifice of Interest on Restructured Advances	(61.26)	53.63
Provision for Frauds and Other provision	4.91	0.88
Provision for food credit (@)	35.52	Nil
Provision for wage revision	Nil	20.00
Provision for unhedged Foreign Currency Exposure	1.00	4.00
Provision for Income Tax	161.31	26.51
Provision for Deferred Tax	182.69	(19.34)
<b>Total</b>	<b>667.79</b>	<b>487.68</b>

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(@) In compliance of RBI communication no. DBR.No.BP.13018/21.04.048/2015-16 dated April 12th, 2016, Bank has provided a sum of ₹ 35.52 crore being 15% of the existing outstanding of ₹ 236.81 crore as on 31.03.2016 under food credit availed by Government of Punjab out of the total exposure of ₹ 589.80 crore in Food Credit. As permitted by RBI, Banks are required to make provision @ 7.50% by March 2016 and additional 7.50% in June 2016 on the amount outstanding as on that date. However, Bank has made the required provision in full (i.e., 15%) in March 2016 quarter itself.

### 5.2 Movement of Floating Provision/Counter Cyclical Buffer

(₹ in crore)

Particulars	2015 - 16	2014 - 15
Floating Provision at the beginning of the year	9.69	18.69
Floating Provision made during the year	Nil	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines*	Nil	(*) 9.00
Floating Provision at the end of the year	9.69	9.69

\* Pursuant to RBI/2014-15/522 DBR.NO.BP.BC./79/21.04.048/2014-15 dated March 30, 2015, Bank has withdrawn 50 % of the floating provision for making specific provision.

### 5.3 Draw Down from Reserves

#### General Reserve

The bank has withdrawn an amount of ₹ 41.83 crore towards unamortised fraud provision and transferred the same to provision in terms of RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016.

### 5.4. Disclosure of Complaints

#### (A) Customer Complaints<sup>@</sup> as on 31.03.2016

Sl. No.	Particulars	2015 - 16	2014 - 15
(a)	No. of complaints pending at the beginning of the year	32	23
(b)	No. of complaints received during the year (#)	18937	16537
(c)	No. of complaints redressed (#)	18914	16528
(d)	No. of complaints pending at the end of the year	55*	32

@ Customer complaints includes ATM Transaction complaints

# Includes ATM failed transactions complaints received and redressed of 18388 during FY 2015-16 (Previous Year 16200 complaints)

\* Out of 55 pending complaints as on 31.03.2016, 10 complaints were resolved during the month of April 2016

#### (B) Awards passed by Banking Ombudsman

Sl. No.	Particulars	2015 - 16	2014 - 15
(a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
(b)	No. of awards passed by the banking ombudsman during the year	Nil	Nil
(c)	No. of awards implemented during the year	Nil	Nil
(d)	No. of unimplemented awards at the end of the year	Nil	Nil

Note : The above data has been compiled on the basis of the guidelines of RBI and certain assumptions made by management and have been relied upon by auditors.

### 5.5 Disclosure of Letter of Comfort (LOCs):

The amount of Letter of comfort issued during the year 2015-16 was ₹ 3395.57 crore (Previous year ₹ 2058.46 crore) and outstanding as on 31.03.2016 was ₹ 1447.19 crore (Previous year ₹ 948.61 crore)

## SCHEDULES

### 5.6 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio as on 31.03.2016 was 82.46 %

### 5.7 Bancassurance Business:

The bank has received an amount of ₹ 9.36 crore (Life Insurance - ₹ 6.35 crore and Non Life Insurance ₹ 3.01 crore) towards fee/remuneration in respect of the bancassurance business undertaken during 01.04.2015 to 31.03.2016.

### 5.8.1 Concentration of Deposits:

(₹ in crore)

Particulars	As on 31.03.2016	As on 31.03.2015
Total Deposits of Twenty Largest Depositors	4706.57	3999.17
Percentage of Deposits of Twenty Largest Depositors to Total Deposits of the bank	9.40%	8.95%

### 5.8.2 Concentration of Advances

(₹ in crore)

Particulars	As on 31.03.2016	As on 31.03.2015
Total Advances to Twenty Largest Borrowers	5682.60	5782.65
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the bank	9.81%	11.19%

### 5.8.3 Concentration of Exposures

(₹ in crore)

Particulars	As on 31.03.2016	As on 31.03.2015
Total Exposures to Twenty Largest Borrowers / Customers	5769.62	5889.34
Percentage of Exposures to Twenty Largest Borrowers/Customers to Total Exposure of the bank on borrowers/customers	9.78%	11.20%

### 5.8.4 Concentration of NPAs

(₹ in crore)

Particulars	As on 31.03.2016	As on 31.03.2015
Total Exposure to top four NPA Accounts	204.03	323.34

### 5.9 Sector-wise Advances

(₹ in crore)

Sl. No.	Sector	As on 31.03.2016			As on 31.03.2015		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied Activities	7867.55	56.72	0.72%	6477.81	29.22	0.45%
2	Advances to industries sector eligible as priority sector lending	3302.07	41.59	1.26%	2518.18	37.35	1.48%

## SCHEDULES

### 5.9 Sector-wise Advances

(₹ in crore)

Sl. No.	Sector	As on 31.03.2016			As on 31.03.2015		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
3	Services	4636.78	76.26	1.64%	4383.03	40.90	0.93%
4	Personal Loans	1276.27	29.01	2.27%	953.68	28.21	2.96%
	Sub total (A)	17082.67	203.58	1.19%	14332.70	135.68	0.95%
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied Activities	584.01	Nil	Nil	Nil	Nil	Nil
2	Industry	12707.03	195.11	1.54%	10098.42	416.48	4.12%
3	Services	6883.33	60.66	0.88%	7786.97	57.53	0.74%
4	Personal Loans	2218.66	51.83	2.34%	4472.68	68.09	1.52%
	Subtotal (B)	22393.03	307.60	1.37%	22358.07	542.10	2.42%
	<b>Total (A+B)</b>	39475.70	511.18	1.30%	36690.77	677.78	1.85%

The above data has been furnished by the management and have been relied upon by the auditors.

### 5.10 (i) Movement of NPAs

(₹ in crore)

Particulars	2015 - 16	2014 - 15
Gross NPAs (*) as on the beginning of the year	677.78	279.18
Additions (Fresh NPA) during the year	1133.41	619.23
Sub-total (A)	1811.19	898.41
Less :		
(i) Upgradations	26.14	3.54
(ii) Recoveries (excluding recoveries made from upgraded accounts)	331.28	66.17
(iii) Technical/Prudential write-offs	942.59	150.92
(iv) Write off other than those (iii) above	Nil	Nil
Sub-total (B)	1300.01	220.63
Gross NPAs as at the end of the year	511.18	677.78

\*Gross NPAs arrived at as per item 2 of Annex to DBOD Circular DBOD.BP.BC.No.46/21.04.048/2009-10 dated September 24, 2009

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### (ii) Movements in Technical write off:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
Opening balance of Technical/prudential write-off accounts as at beginning of the year	455.38	280.64
Add: Technical/prudential write-offs during the year	292.25	178.27
<b>Sub-total (A)</b>	<b>747.63</b>	<b>458.91</b>
Less: Recoveries / Sale made from previously technical/prudential written -off accounts during the year (B)	26.13	3.53
Closing balance ( A-B)	<b>721.50</b>	<b>455.38</b>

### 5.11 Overseas Asset, NPAs and Revenue:

(₹ in crore)

Particulars	2015 - 16	2014 - 15
Total Assets	199.10	Nil
Total NPAs	Nil	Nil
Total Revenue	0.06	Nil

**5.12 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) : NIL**

**5.13 Unamortised Pension and Gratuity Liabilities - NIL**

### 5.14 Disclosures on Remuneration:

#### Qualitative Disclosure:

#### (a) Information relating to the composition and mandate of the Nomination & Remuneration (NRC) Committee:

The Nomination & Remuneration Committee (NRC) of the Board consists of Five Directors. The Composition complies with both RBI guidelines and the provisions of Companies Act, 2013.

The Mandate of the Nomination and Remuneration committee includes:

Determining the Bank's policies on remuneration packages payable to Non-Executive Chairman, MD & CEO/WTD and the President. Positions up to the General Manager level are covered under the salary and other emoluments as per IBA package under Bipartite settlements.

Considering granting of Employees Stock Options and administering and supervising the Employee Stock Option Scheme with particular reference to quantum of options to be granted, grant price, vesting period, exercise period etc.

Prescribing procedures for making fair and reasonable adjustments to the number of options granted in case of any corporate actions such as rights issue, bonus issue, mergers etc., including conditions under which the options shall lapse due to the reasons specified in the ESOS of the Bank.

Complying with the applicable laws regarding compensation / remuneration payable to the persons covered under the compensation policy as also the Regulations governing ESOS in terms of SEBI Regulations and other applicable laws in connection therewith.



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**(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

The Compensation Policy approved by the Board, is in alignment with the RBI guidelines contained in its circular DBODNo.BC.72/29.67.001/2011-12 dated 13.01.2012.

NRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Non-Executive Chairman, MD & CEO/WTD and the President and COO in the light of the guidance from the regulator from time to time, bank's own requirement as also taking into account the prevailing market practices of payment of compensation, the cost to income ratio and the capital adequacy ratios which should support the remuneration packages. NRC shall work in close co-ordination with the Risk Management and ALM Committee of the Board in order to achieve effective alignment between remuneration and risks.

**(c) 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:**

The Committee would be taking into account the following factors while reviewing or making recommendation for reviewing the remuneration for the persons covered under the Policy:

For MD & CEO/WTD, the compensation payable is divided into fixed and variable components. The fixed component represents a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practice. Approval of RBI is obtained for the fixed compensation payable to MD & CEO/WTD.

For the Non-Executive Chairman of the Bank, only fixed pay/salary is payable apart from the sitting fees payable for attending the Board or Board Committee Meetings.

For the President, compensation payable is only fixed pay taking into account the industry practices, experience, performance and potential risk taking etc. apart from perquisites and other allowances applicable to the General Manager Cadre or such higher quantum as may be recommended by the NRC. President is also eligible for Employee Stock Options as may be decided by the NRC as per the SEBI guidelines.

**(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

The variable pay could be in cash, stock linked instruments or a mix of both. Variable pay shall relate to the performance of the Bank.

Variable pay is considered only for MD & CEO/WTD of the Bank. Variable pay shall not exceed 40% of the fixed pay in any year. This is payable on the basis of achievement of certain business targets such as reaching business figures including net profits and other qualitative factors taking into account the extraordinary items, appropriate risk management and efficient consumption of capital and comparison of results with the industry performance (bench marking).

In the event of negative contributions of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and clawback arrangements in tune with the RBI guidelines.

**(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:**

Presently no variable remuneration is being paid to the President & COO.

For MD & CEO/WTD: If the variable pay is significant, then the bank would defer the payment over a period of three years

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**(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

The Bank has paid only fixed remuneration to MD & CEO for the year 2015-16 as per RBI approval.

Apart from MD & CEO, no other executive or employee is eligible for variable pay.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions) to the WTD/MD & CEO or any other executive.

Bank shall not provide any facility or funds or permit MD/WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

**Quantitative Disclosures:**

Particulars	2015-16	2014-15
g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	During the fiscal 2015-16, two meetings were held on 22.05.2015 & 22.11.2015. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹ 20,000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹ 1,80,000/-.	During the fiscal 2014-15, one meeting was held on 28.05.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹ 5,000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹ 25,000/-.
h) Number of employees having received a variable remuneration award during the financial year	Nil	Nil
Number and total amount of sign-on awards made during the financial year	Nil	Nil
Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Nil	Nil
Total amount of deferred remuneration paid out in the financial year	Nil	Nil
j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Nil	Nil

## SCHEDULES

k) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil
Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

### 5.15 Disclosures relating to Securitisation

The bank has not sponsored any SPVs for Securitization transactions.

### 5.16 Credit Default Swaps

Bank has not initiated any trade in Credit Default Swaps.

### 5.17 Intra Group Exposures - NIL

### 5.18 Transfers to Depositor Education and Awareness Fund (DEAF) :

(₹ in crore)

Particulars	2015 - 16	2014 - 15
Opening balance of amounts transferred to DEAF	50.36	Nil
Add : Amounts transferred to DEAF during the year	15.22	50.36
Less : Amounts reimbursed by DEAF towards claims	0.85	Nil
Closing balance of amounts transferred to DEAF	64.73	50.36

### 5.19 Provision for Unhedged Forex Exposure :

The Bank has made a provision of ₹ 1 crore ( Previous Year - ₹ 4 crore) towards unhedged forex exposure for its clients for the year ended 31.03.2016.

5.20 During the financial year 2015-16, the Bank has not granted any stock options. However bank has allotted 2,34,845 shares (Previous Year 10,29,775 shares ) pursuant to the exercise of stock options by certain employees.

## SCHEDULES

### 6. Liquidity Coverage Ratio (LCR)

(₹ in crore)

	2015-16		2014-15 (Quarter ended 31.03.2015 only)	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>				
1. Total High Quality Liquid Assets (HQLA)		6903.22		4596.34
<b>Cash Outflows</b>				
2. Retail deposits and deposits from small business customers, of which:	30249.05	2883.18	27318.34	2593.07
(i) Stable deposits	2834.60	141.73	2775.27	138.76
(ii) Less stable deposits	27414.45	2741.45	24543.07	2454.31
3. Unsecured wholesale funding, of which:	4387.33	581.45	4484.86	568.81
(i) Operational deposits (all counter parties)	0	0	0	0
(ii) Non-operational deposits (all counter parties)	4387.33	581.45	4484.86	568.81
(iii) Unsecured debt	0	0	0	0
4. Secured wholesale funding		2059.40		
5. Additional requirements, of which	3985.70	355.71	3088.06	318.62
(i) Outflows related to derivative exposures and other collateral requirements	0	0	0	0
(ii) Outflows related to loss of funding on debt products	0	0	0	0
(iii) Credit and liquidity facilities	3985.70	355.71	3088.06	318.62
6. Other contractual funding obligations	48.35	48.35	0	0
7. Other contingent funding obligations	440.62	22.03	321.12	16.06
<b>8. Total Cash Outflows</b>		<b>3890.71</b>		<b>3496.56</b>
<b>Cash Inflows</b>				
9. Secured lending (e.g. reverse repos)	33.42	0	33.33	0
10. Inflows from fully performing exposures	0	0	0	0
11. Other cash inflows	2038.70	1149.11	2139.12	1264.39
<b>12. Total Cash Inflows</b>	<b>2067.12</b>	<b>1149.11</b>	<b>2172.45</b>	<b>1264.39</b>
		Total Adjusted Value		
<b>13. TOTAL HQLA</b>		<b>6903.22</b>		<b>4596.34</b>
<b>14. Total Net Cash Outflows</b>		<b>2741.60</b>		<b>2232.17</b>
<b>15. Liquidity Coverage Ratio (%)</b>		<b>251.80%</b>		<b>205.91%</b>

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### 6.1 Qualitative disclosure around LCR

The LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

#### Objective:

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The LCR requirement is binding on banks from January 1, 2015. With a view to provide a transition time for banks, the requirement has been fixed at minimum 60% for the calendar year 2015 i.e. with effect from January 1, 2015 and rise in equal steps to reach the minimum required level of 100% from January 1, 2019 as per the time line given below:

	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

#### Composition of HQLA:

- Cash in hand
  - Excess CRR balance as on that particular day
  - Excess Government Securities in excess of minimum SLR requirement
  - Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (Presently to the extent of 2% of NDTL as allowed for MSF)
  - Facility to avail liquidity for liquidity coverage ratio at 8% of NDTL
  - AAA rated bonds and AA- & above bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
  - Common equity shares not issued by the bank/financial institution/NBFC or any of its affiliated entities and included in NSE CNX Nifty and / or S & P BSE Sensex indices.
7. In accordance with the RBI circular DBOD. No. BPBC.1/21.06.201/2015-16 dated 01.07.2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website at the following link [http://www.kvb.co.in/footer/pillarIII\\_disclosures.html](http://www.kvb.co.in/footer/pillarIII_disclosures.html). These disclosures have not been subjected to audit by the Statutory Central Auditors.
  - 8 The bank has incurred an amount of ₹ 2,05,16,662/- towards Corporate Social Responsibility and is in the process of identifying various projects and its appropriateness for spending in future.
  - 9 In terms of RBI circular DBR.No.BP.BC.83/21.01.048/2014-15 dated 01st April 2015, banks are allowed to make provisions in respect of fraud accounts, over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected; During the year ended 31st March 2016, in accounts amounting to ₹157.43 crore, frauds were reported (Previous Year - ₹ 115.31 crore). The total amount of provision debited to profit and loss account during the year against these frauds was ₹ 200.91 crore (Previous Year - ₹ 30 crore) and unamortised amount at the year end is ₹ 41.83 crore (Previous Year end - ₹ 85.31 crore). In terms of RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated 18th April 2016, the un amortised amount of ₹ 41.83 crore at the year end has been debited to General Reserve. The same will be debited to Profit and Loss account in the next year and correspondingly the General Reseve will be credited as per the said circular.

## SCHEDULES

10. In accordance with UDAY (Ujwal Discom Assurance Yojna) Scheme of GOI,

Ministry of Power for operational and financial turnaround of Power Distribution Companies (DISCOMS), the Bank has subscribed to Non - SLR SDL Bonds of Government of Rajasthan (GoR) and Government of UP (GoUP) amounting to ₹ 55.24 crore and ₹14.81 crore respectively and discom bonds of ₹ 15.07 crore issued by AVVNL (Rajasthan Discom). In compliance of the RBI communication no. DBR.BP.No.11657/21.04.132/2015-16 dated 17th March 2016, the Bank has made provisions of ₹ 1.01 crore towards diminution in the fair value of the loan/discom bonds envisaged to be converted into SDL during the year 2016-17. There is no part of DISCOM dues which is not envisaged to be converted as SDL Bonds by the end of March 2017.

11. Strategic Debt Restructuring ( SDR)

During the year, the Bank has been allotted 10,38,220 no. of shares with a face value of ₹ 10 /- at the rate of ₹ 8.765 per share amounting to a book value of ₹ 0.91 crore on account of SDR mechanism in respect of one borrower account with an aggregate exposure of ₹ 45.54 crore under consortium arrangement.

12. Figures of the previous year have been regrouped/rearranged/reclassified wherever necessary.

**B. SWAMINATHAN**  
Chairman

**A.J. SURIYANARAYANA**  
Director

**Dr. V.G. MOHAN PRASAD**  
Director

**K. L. VIJAYALAKSHMI**  
Director

**K. VENKATARAMAN**  
MD & CEO

**K.K. BALU**  
Director

**M. K. VENKATESAN**  
Director

**M.V. SRINIVASAMOORTHY**  
Additional Director

**G. RAJASEKARAN**  
Director

**N. S. SRINATH**  
Director

**A. K. PRABURAJ**  
Director

**Dr. K. S. RAVICHANDRAN**  
Additional Director

As per our report of even date  
For ABARNA & ANANTHAN.,  
Chartered Accountants  
Firm Regn No. 000003S  
(LALITHA RAMESWARAN)  
Partner (M.No. 207867)

**K. VENKATESWARA RAO**  
PRESIDENT & COO

Karur  
27th May 2016

**T. SIVARAMA PRASAD**  
GENERAL MANAGER & CFO

**R. KANNAN**  
COMPANY SECRETARY



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

(000's omitted)

	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT AS PER PROFIT AND LOSS ACCOUNT</b>	<b>5676346</b>	4642846
<b>ADJUSTMENTS FOR</b>		
EXCEPTIONAL ITEMS	<b>0.00</b>	(-) 86700
DEPRECIATION	<b>828062</b>	813567
INTEREST PAID ON TIER II BOND ISSUED	<b>148204</b>	147900
PROVISIONS AND CONTINGENCIES	<b>6640294</b>	4876792
PROVISION FOR LEAVE ENCASHMENT	<b>264900</b>	88900
AMORTIZATION OF HTM SECURITIES	<b>227365</b>	287446
PROVISION FOR IMPAIRMENT OF INVESTMENTS	<b>37641</b>	126375
PROFIT/(LOSS) ON SALE OF INVESTMENTS	<b>(-)944057</b>	(-) 710301
PROFIT /(LOSS) ON SALE OF ASSETS	<b>(-)1110</b>	(-) 2589
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>12877645</b>	10184236
<b>(INCREASE)/DECREASE IN OPERATING ASSETS</b>		
PURCHASE AND SALE OF INVESTMENTS	<b>(-)7779256</b>	6420708
FUNDS ADVANCED TO CUSTOMERS	<b>(-)32637711</b>	(-) 27229340
OTHER OPERATING ASSETS	<b>(-)7707828</b>	2077166
	<b>(-)35247150</b>	(-) 8547230
<b>INCREASE/(DECREASE) IN OPERATING LIABILITIES</b>		
DEPOSITS FROM CUSTOMERS	<b>53886313</b>	9325857
BORROWINGS FROM BANKS	<b>(-)13275140</b>	(-) 3924587
OTHER OPERATING LIABILITIES	<b>1184676</b>	1106475
CASH GENERATED FROM OPERATIONS	<b>6548699</b>	(-) 2039485
DIRECT TAXES PAID	<b>(-)1750000</b>	(-) 1050000
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>4798699</b>	(-) 3089485
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	<b>(-)918300</b>	(-) 1028206
SALE OF FIXED ASSETS / OTHER ASSETS	<b>1820</b>	5045
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(-)916480</b>	(-) 1023161

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(000's omitted)

	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM SHARE CAPITAL	2348	144485
PROCEEDS FROM SHARE PREMIUM	62234	6510296
INTEREST PAID ON TIER II BOND ISSUED	(-)148204	(-) 147900
DIVIDEND PAID (incl Interim Dividend and Dividend Distribution Tax)	(-)3373483	(-) 1684735
	<u>(-)3457105</u>	<u>4822146</u>
NET CASH FLOW FROM FINANCING ACTIVITIES		
CASH FLOW FROM OPERATING ACTIVITIES	4798699	(-) 3089485
CASH FLOW FROM INVESTING ACTIVITIES	(-)916480	(-) 1023161
CASH FLOW FROM FINANCING ACTIVITIES	(-)3457105	4822146
	<u>425114</u>	<u>709500</u>
INCREASE IN CASH & CASH EQUIVALENT		
CASH AND CASH EQUIVALENTS AT THE BEGINNING	27490864	26781364
	<u>27915978</u>	<u>27490864</u>
CASH AND CASH EQUIVALENTS AT THE END		
Karur 27th May, 2016		K. Venkataraman MD & CEO

### AUDITORS' CERTIFICATE

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.03.2016. The Statement has been prepared by the Bank in accordance with the requirements of listing agreement, clause 32, with the Stock Exchange and is based on and in agreement with corresponding Profit & Loss account and Balance Sheet of the Bank covered by the report of 27th May 2016 to the shareholders of the Bank

For **Abarna & Ananthan**  
Chartered Accountants,  
Firm Reg No. 000003S

Karur  
27th May, 2016

(**Lalitha Rameswaran**)  
Partner (M.No. 207867)

## BASEL III - PILLAR DISCLOSURES

### PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2016) (BASEL III)

#### 1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a scheduled commercial bank which was incorporated on June 22, 1916 at Karur. The Bank has no subsidiaries. As on March 31, 2016, the Bank does not have investment in any insurance entity.

#### 2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Under Basel III banks are required to maintain a minimum Pillar 1 Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis (other than capital conservation buffer counter cyclical capital buffer etc.). Banks are required to maintain a minimum capital conservation buffer of 0.625% additionally for the year ended 31.03.2016.

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

##### Tier-I Capital:

The Bank's Tier I capital shall consist of Common Equity Tier I. Common Equity Tier 1 (CET1) capital must be at least 5.5% of risk-weighted assets (RWAs) i.e. for Credit risk +Market risk + Operational risk on an ongoing basis and Additional Tier I capital can be a maximum of 1.5%, thus making total Tier I capital to be at least 7%.

In addition to the minimum Common Equity Tier 1 capital of 5.5% of RWAs, banks are also required to maintain a Capital Conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital progressively from Financial Year 2016.

Tier-I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier I on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

##### Equity Capital

The Bank has authorized share capital of ₹200 crore comprising 20,00,00,000 equity shares of ₹10/- each. As on March 31, 2016 the Bank has issued subscribed and paid-up capital of ₹.121.86 crore constituting 12,18,64,454 shares of ₹10/- each.

##### Tier-II Capital:

The Bank's Tier II capital includes general provision for standard assets and subordinated debt instruments (lower Tier II bonds) eligible for inclusion in Tier II capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier II capital. Tier II capital will also include debt capital instruments issued by banks and premium, if any and Revaluation Reserves.

##### Tier II Subordinated Debt (Lower II bonds)

As on March 31 2016, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible subordinated lower Tier II Bonds) aggregating ₹150 crore, the details of which are stated below:

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a )	Tenor ( in Months )	Equivalent Amount as on 31st March 2016 (₹ in crore)
I	September 25, 2009	9.86	120	150.00

## BASEL III - PILLAR DISCLOSURES

### Composition of Capital - Tier I and Tier II:

Particulars as on March 31, 2016 (₹ in crore)

1.	Tier I capital	
1.1	Paid-up share capital	121.86
1.2	Reserves	4397.75
1.3	Gross Tier I capital (1.1 + 1.2)	4519.61
1.4	Deductions	455.18
1.5	Total Tier I capital (1.3 - 1.4)	4064.43
2.	Tier II capital	
2.1	Subordinated Debt (Lower Tier II bonds)	150.00
2.2	General Provisions/IRA and Revaluation Reserves	232.18
2.3	Investment Reserve	53.34
2.4	Gross Tier II capital (2.1 + 2.2+2.3)	435.52
2.5	Deductions	106.00
2.6	Total Tier II capital (2.4 - 2.5)	329.52
3.	Debt capital instruments eligible for inclusion in Upper Tier II capital	-
3.1	Total amount outstanding	-
3.2	Of which amount raised during the current year	-
3.3	Amount eligible to be reckoned as capital funds	-
4.	Subordinated debt eligible for inclusion in Lower Tier II capital	-
4.1	Total amount outstanding	-
4.2	Of which amount raised during the current year	-
4.3	Amount eligible to be reckoned as capital funds	-
5.	Other deductions from capital	-
5.1	Other deductions from capital	-
6.	Total eligible capital	4393.95
6.1	Total eligible capital (1.5 + 2.6)	4393.95

### 2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through robust risk management framework, control mechanism and an elaborate process for capital calculation and planning.

The Bank has formalized and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the process for assessment of the adequacy of capital to support current and future projections / risks.

The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have a material impact on its financial position. The Bank considers the following risks as material risks it is exposed to in the normal course of its business and therefore, factors these while assessing / planning capital:

- Credit Risk
- Market Risk
- Operational Risk
- Liquidity Risk
- Interest Rate Risk in the Banking Book
- Concentration Risk
- Strategic Risk
- Reputational Risk

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on the Bank's on and off balance sheet exposures to test the impact of Credit risk, Market risk, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible

## BASEL III - PILLAR DISCLOSURES

extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013. The Bank has continued parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR).

In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on March 31, 2016. Besides this, the Bank continues to apply the Standardized Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 9.625% with regard to credit risk, market risk and operational risk.

### 2.2 Capital Adequacy as on March 31, 2016

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guide lines works to 12.17% as on March 31, 2016 (as against minimum regulatory requirement of 9.625%). The Tier I CRAR stands at 11.26%. The Bank has followed the RBI guidelines in force, to arrive at the eligible capital, risk weighted assets and CRAR.

Capital requirements for Credit Risk, Market Risk and Operational Risk:

Particulars as on March 31, 2016

(₹ in crore)

1. Capital requirement for Credit Risk	2766.13
-Portfolio subject to Standardized Approach	2766.13
-Securitization exposures	0.00
2. Capital requirement for Market Risk	157.18
Standardised Duration Approach	
- Interest Rate Risk	81.07
- Foreign Exchange Risk (Including gold)	3.60
- Equity Risk	72.51

3. Capital requirement for Operational Risk	
Basic Indicator Approach	271.95
Total capital requirements at 9% (1 + 2 + 3)	3195.26
Total capital	4393.95
CRAR %	12.17%
Tier-I CRAR %	11.26%

### 3. RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon risk management issues. The Risk Management Committee of the Board reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC) and the Credit Risk Management Committee (CRMC) oversee

## BASEL III - PILLAR DISCLOSURES

specific risk areas. These committees in turn provide inputs for review by the Risk Management Committee (RMC) of the Board.

### 3.1 Risk Management Committee (RMC) of the Board:

The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and

policies, as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of Executive level Committees for risk management.

### 3.2 Executive Level Committees:

At Executive Management level, the organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

Sr.No	Executive Level	Committee Focus Area	Chairman
1	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc.	Chief Operating Officer
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control.	MD & CEO
3	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	Chief Operating Officer
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	Chief Operating Officer

## 4. CREDIT RISK (DF 3)

4(a) Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

### 4(a)(1) Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top-level functional committee for managing credit risk. The committee is responsible for implementation of Credit policy approved by the Bank's Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank's Board. The Committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.

The Committee also oversees compliance with Pillar II requirements under Basel II such as ICAAP and Stress Test.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls

The Bank has implemented the Standardized approach for regulatory capital measurement for credit risk.

### 4(a)(2) Credit risk Strategy and Risk Profile:

The bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to optimize the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments



## BASEL III - PILLAR DISCLOSURES

- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all economic and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management

### 4(a)(3) Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk management policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimize the legal risk
- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact
- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions

The Bank relies upon formal and conventional credit risk assessment, viz.:

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.

- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers (KYC) forms the bedrock of initiating and sustaining any relationship.

### 4(b) Total gross credit risk exposure as on March 31, 2016:

Category Domestic	(₹ in crore)
Fund based	43429.42
Non fund based	5136.36
Total	48565.78

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments shares, deposits placed with NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of term loans and NPAs, the outstanding amount has been considered for this purpose.

**BASEL III - PILLAR DISCLOSURES**

4(c) Geographical Distribution of Credit:

(₹ in crore)

STATE	Fund Based
ANDHRA PRADESH	5425.63
CHANDIGARH	38.14
CHHATTISGARH	20.66
DELHI	2157.39
GOA	61.01
GUJARAT	1263.88
HARYANA	195.38
JHARKHAND	30.60
KARNATAKA	2026.87
KERALA	488.55
MADHYA PRADESH	135.31
MAHARASHTRA	3527.08
ORISSA	104.10
PONDICHERRY	177.75
PUNJAB	305.61
RAJASTHAN	88.86
TAMIL NADU	17841.86
TELANGANA	4041.15
UTTAR PRADESH	343.28
WEST BENGAL	1202.59
TOTAL	39475.70

## BASEL III - PILLAR DISCLOSURES

4(d) Industry wise distributions of exposures as on March 31, 2016.

(₹ in crore)

Industry	Exposure	
	Fund Based	Non fund based
MINING & QUARRYING	523.04	49.21
FOOD PROCESSING	1282.00	267.98
BEVERAGES & TOBACCO	121.92	2.28
TEXTILES	3515.35	311.36
LEATHER AND LEATHER PRODUCTS	18.77	0.62
WOOD AND WOOD PRODUCTS	253.12	275.19
PAPER AND PAPER PRODUCTS	265.34	186.99
PETROLEUM	8.75	0.34
CHEMICALS AND CHEMICAL PRODUCTS	719.94	83.02
RUBBER, PLASTIC AND THEIR PRODUCTS	166.32	28.86
GLASS & GLASSWARE	55.96	0.44
CEMENT & CEMENT PRODUCTS	374.68	11.89
BASIC METAL AND METAL PRODUCTS	1224.95	322.56
ALL ENGINEERING	433.56	166.66
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	368.58	15.78
GEMS AND JEWELLERY	341.71	374.61
CONSTRUCTION	406.27	445.54
INFRASTRUCTURE	3353.38	424.98
OTHER INDUSTRIES	199.09	42.20
OTHERS	25842.97	2125.86
TOTAL	39475.70	5136.37

## BASEL III - PILLAR DISCLOSURES

4(e) Residual contractual maturity breakdowns of assets\* as on March 31, 2016:

(₹ in crore)

Assets	Day 1	Day 2 To Day 7	Day 8 To Day 14	Day 15 To Day 28	Over 28 days To 3 Months	Over 3 Months To 6 Months	Over 6 Months To 1 Year	Over 1 Year To 3 Years	Over 3 Years To 5 Years	Over 5 Years	Total
Cash	523.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	523.77
Balance with RBI	66.34	15.41	50.77	36.08	137.45	127.08	327.49	377.33	262.03	605.29	2005.27
Balance with other banks	258.80	0.00	0.00	0.34	0.00	0.00	0.10	3.30	0.00	0.00	262.54
Investments	1683.12	216.39	274.72	195.22	796.58	687.59	1796.92	2503.49	1630.59	3458.62	13243.24
Advances -Performing	3123.02	193.55	290.10	613.53	2697.08	2964.43	5737.03	16218.29	3251.57	3875.91	38964.51
NPA (Gross) Including NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	163.24	386.09	549.33
Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	420.12	420.12
Other Assets	410.14	51.27	51.27	0.00	0.00	0.00	0.00	0.00	0.00	1368.79	1881.47
<b>Total</b>	<b>6065.19</b>	<b>476.62</b>	<b>666.86</b>	<b>845.17</b>	<b>3631.11</b>	<b>3779.10</b>	<b>7861.54</b>	<b>19102.41</b>	<b>5307.43</b>	<b>10114.82</b>	<b>57850.25</b>

\* As per ALM guidelines

Advances and Provisions:

(f) Gross NPA

Particulars as on 31.03.2016	₹ in crore
i. Substandard	163.24
ii. Doubtful 1	61.76
iii. Doubtful 2	16.34
iv. Doubtful 3	7.60
v. Loss	262.24
<b>Total</b>	<b>511.18</b>

g) Net NPAs	216.17
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(h) NPA Ratios	
i. Gross NPAs to gross advances (%)	1.30
ii. NPAs to Net Advances (%)	0.55

## BASEL III - PILLAR DISCLOSURES

(₹ in crore)

(i) Movement of NPAs(Gross)	
i. Opening balance	677.78
ii. Additions during the year	1133.41
iii. Reductions during the year	1300.01
iv. Closing balance	511.18
(j) Movement of provisions for NPAs (excluding provision on Standard Assets)	
i. Opening balance	380.00
ii. Provision made during the year	350.12
iii. Write-off / write-back of excess provisions	445.12
iv. Closing balance	285.00
(k) Amount of Non-Performing Investments	38.15
(l) Amount of provisions held for non-performing investments	16.90
(m) Movement of depreciation on investments	
i. Opening balance as on 01.04.2015	46.88
ii. Add: Provision made during the year	18.98
iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)	23.04
iv. Closing balance as on 31.03.2016	42.82

### 5. CREDIT RISK: Disclosures for portfolio subject to the Standardized Approach (DF 4)

5(a) The Bank has used the ratings of the following domestic external credit rating agencies for the purpose of risk weighting their claims on the domestic entities for capital adequacy purpose:

- i. CRISIL
- ii. CARE
- iii. ICRA
- iv India Ratings
- v Brickwork
- vi SMERA

5(b) A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies. Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.

Notwithstanding the repayable on demand condition, cash credit exposures have been subjected to long-term rating.

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If an obligor has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same obligor whether long or short is assigned the same 150% RW unless mitigated by recognized Credit Risk Mitigants.

Bank has used only solicited rating from the recognized CRAs. In case the obligor has multiple ratings from CRAs, the Bank has a policy of choosing (if there are two ratings) lower rating.

Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.

If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or junior to the rated exposure has been assigned the same RW as the rated exposure.

No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on March 31, 2016 are as follows:

(₹ in crore)

Particulars	Fund Based	Non Fund Based
Below 100% risk weight	32486.88	145.47
100% risk weight	9761.91	3770.15
More than 100% risk weight	4495.88	77.36
Total	46744.67	3992.98

### 6. CREDIT RISK MITIGATION: Disclosures for Standardized Approach (DF 5)

6.1 The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular - Prudential guidelines on capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF).

The Bank has utilized credit risk mitigation in the form of Bank's own deposits, LIC Policies, National Savings Certificate and gold, wherever the collateral is identifiable, marketable & enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

The general principles applicable for use of credit risk mitigation techniques are as under:

- No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used
- The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes are made available on claims for which an issue-specific rating is used that already reflects that CRM.
- Principal-only ratings will not be allowed within the CRM framework. The rating should cover principal and interest.

The Bank has, therefore, put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures systems, control of Roll-off risks, and management of concentration risk arising from the use of CRM techniques and its interaction with the Bank's overall credit risk profile.



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### 6.2 Eligible Financial Collateral:

The following eligible collateral instruments are used for recognition in the comprehensive approach:

- i. Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the bank) on deposit with the bank which is incurring the counterparty exposure
- ii. Gold: Gold would include both bullion and jewellery
- iii. Securities issued by Central and State Governments
- iv. National Savings Certificates
- v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
- vi. Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either:
  - a) Attracting 100 per cent or lesser risk weight i.e. rated at least BBB (-), when issued by public sector entities and other entities (including banks and Primary Dealers); or
  - b) Attracting 100 per cent or lesser risk weight i.e. rated at least PR3/P3/F3/A3 for short-term debt instruments.
- vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:
  - a) Issued by a bank
  - b) Listed on a recognized exchange
  - c) Classified as senior debt
  - d) All rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings)A3/ICRA A3/Brickwork A3/SMERA A3 by a chosen Credit Rating Agency; and

e) The bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 (as applicable) and;

f) Banks should be sufficiently confident about the market liquidity of the security

viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's Operation mutual funds where:

a. Price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and

b. Mutual fund is limited to investing in the instruments listed in this paragraph.

6.3 Total exposure covered by guarantees/credit derivatives - Nil

### 7. SECURITIZATION EXPOSURES (DF 6)

As per RBI guidelines on Securitization exposure, investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

As on March 31, 2016, the Bank does not have any securitization exposure as originator.

### 8. MARKET RISK IN TRADING BOOK (DF 7)

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and

## BASEL III - PILLAR DISCLOSURES

acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardized Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per Reserve Bank of India prudential guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organization of the market risk management function:

The ALCO is the focal point for placing various notes/ reports with regard to liquidity risks.

Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

Reporting - The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

Measurement - The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

Particulars As on March 31, 2016	(₹ in crore)
Capital requirements for market risk	
Interest Rate Risk	81.07
Foreign Exchange Risk (Including gold)	3.60
Equity Risk	72.51
Capital requirement for Market Risk	157.18

### 9. OPERATIONAL RISK (DF 8)

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank's selection of personnel and systems of rewarding performance are aligned to meet Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

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The Bank understands the criticality of business continuity in the event of any undesirable/ unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital. The Bank is taking quantitative and qualitative steps in view of moving towards advanced approaches as prescribed by RBI.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on March 31, 2016 is ₹ 353.18 crore.

### 10. INTEREST RATE RISK IN BANKING BOOK (DF 9)

Interest Rate Risk in the Banking Book (IRRBB):

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

Risk management framework and monitoring:

The Board of the Bank, through Asset liability Management Committee, has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Chief Operating Officer and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board.

The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Risk Management Department is monitoring the limits laid down in the ALM Policy through various reports.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing etc. detailed as follows:

Interest rate sensitivity :

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets & liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the Earnings at Risk on NII for 2% change in interest rates on the open periodic gaps.

Stress testing:

The Bank measures the impact on NII/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios.

Duration gap analysis:

Movement in the interest rates also have a long-term

## BASEL III - PILLAR DISCLOSURES

impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following tables show the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

### i) Impact on NII:

Changes in interest rates (in bps) (₹ in crore)

Currency	100	200
INR	133.39	266.78

### ii) Impact on economic value of equity :

Changes in interest rates (in bps) (₹ in crore)

Currency	100	200
INR	195.86	391.72

\* No major exposure in foreign currencies

## 11. General disclosures for exposures related to counterparty credit risk (DF 10)

### Counterparty exposure

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

### Credit limits:

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as NPA ratios, liquidity ratios, etc are taken into consideration while assigning the limit. Credit exposure is monitored to ensure it does not exceed the approved credit limit.

### Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for its own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Credit exposure as on March 31, 2016

(₹ in crore)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	4861.50	5418.80	108.38	5527.18

## 12. Composition of Capital (DF 11)

(₹ in crore)

Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1336.79
2	Retained earnings	
3	Accumulated other comprehensive income (and other reserves)	3182.82
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	4519.61

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Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	
9	Intangibles (net of related tax liability)	437.83
10	Deferred tax assets	
11	Cash-flow hedge reserve	
12	Short fall of provisions to expected losses	
13	Securitization gain on sale	11.50
14	Gains and losses due to changes in own credit risk on fair valued liabilities	
15	Defined-benefit pension fund net assets	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	
17	Reciprocal cross-holdings in common equity	5.85
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)	455.18
26a	Of which : Investments in the equity capital of unconsolidated insurance subsidiaries	
26b	Of which : Investments in the equity capital of unconsolidated non- financial subsidiaries	
26c	Of which : Short fall in the equity capital of majority owned financial entities which have not been consolidated with the bank	
26d	Of which : Un amortised pension funds expenditures	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier1 and Tier2 to cover deductions	
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	455.18
29	<b>Common Equity Tier 1 capital (CET1)</b>	4064.43

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<b>Additional Tier 1 capital: instruments</b>		
30	Directly issued qualifying Additional Tier1 instruments plus related stock surplus (share premium) (31+32)	
31	Of which : classified as equity under applicable accounting standards	
32	Of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	
33	Directly issued capital instruments subject to phase out from Additional Tier1	
34	Additional Tier1 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	<b>Additional Tier1 capital before regulatory adjustments</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>		
37	Investments in own Additional Tier1 instruments	
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	Of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	
41b	Of which : Short fall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	
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 + Admissible AT1) (29+44a)	4064.43
<b>Tier 2 capital : instruments and provisions</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	150.00
47	Investment Reserve	53.34
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	232.18
51	Tier 2 capital before regulatory adjustments	435.52



**BASEL III - PILLAR DISCLOSURES**

<b>Tier 2 capital: regulatory adjustments</b>		
52	Investments in own Tier 2 instruments	
53	Reciprocal cross- holdings in Tier 2 instruments	10.00
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)	96.00
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 insurance subsidiaries	
56b	Of which: Short fall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	106.00
58	<b>Tier 2 capital (T2)</b>	329.52
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	329.52
58b	<b>Excess Additional Tier1 capital reckoned as Tier 2 capital</b>	
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a+58b)</b>	329.52
59	<b>Total capital (TC=T1+Admissible T2) (45+58c)</b>	4393.95
60	<b>Total risk weighted assets (60a+60b+60c)</b>	36098.99
60a	Of which: total credit risk weighted assets	30734.83
60b	Of which: total market risk weighted assets	1964.84
60c	Of which: total operational risk weighted assets	3399.32
<b>Capital ratios and buffers</b>		
61	Common Equity Tier1 (as a percentage of risk weighted assets)	11.26%
62	Tier1 (as a percentage of risk weighted assets)	11.26%
63	Total capital (as a percentage of risk weighted assets)	12.17%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	5.50%
65	Of which: capital conservation buffer requirement	
66	Of which: bank specific counter cyclical buffer requirement	
67	Of which: G-SIB buffer requirement	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.76%
<b>National minima (if different from Basel III )</b>		
69	National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier1 minimum ratio (if different from Basel III minimum)	7%
71	National total capital minimum ratio (if different from Basel III minimum)	9%

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<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	232.18
77	Cap on inclusion of provisions in Tier 2 under standardized approach	
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	
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>		
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	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

### 13. Main Features of Regulatory Capital Instruments

S.No		
1	Issuer	KARUR VYSYA BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement )	INE036D09013
3	Governing law(s) of the instrument	Indian Law Regulatory Treatment
4	Transitional Basel III rules Subordinated	Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (₹ in million, as of most recent reporting date.	1500
9	Par value of instrument ₹	10 lakhs
10	Accounting classification	Liability
11	Original date of issuance	25.09.2009
12	Perpetual or dated	Dated
13	Original maturity date	25.09.2019
14	Issuer call subject to prior supervisory approval	No

## BASEL III - PILLAR DISCLOSURES

S.No		
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
17	Coupons / dividends	Coupon
18	Fixed or floating dividend/coupon	Fixed
19	Coupon rate and any related index	9.86% p.a.
20	Existence of a dividend stopper	No
21	Fully discretionary, partially discretionary or Mandatory	Mandatory
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Cumulative
24	Convertible or Non-convertible	Non Convertible
25	If convertible, conversion trigger(s)	NA
26	If convertible, fully or partially	NA
27	If convertible, conversion rate	NA
28	If convertible, mandatory or optional conversion	NA
29	If convertible, specify instrument type convertible into	NA
30	If convertible, specify issuer of instrument it converts into	NA
31	Write-down feature	No
32	If write-down, write-down trigger(s)	NA
33	If write-down, full or partial	NA
34	If write-down, permanent or temporary	NA
35	If temporary write-down, description of write-up mechanism	NA
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
37	Non-compliant transitioned features	YES
38	If yes, specify non-compliant features	Tenor less than 10 years; does not have point of Non Viability Trigger

### 14. Full terms and conditions of Regulatory Capital Instruments

Instrument	Terms & Conditions	
	Unsecured Redeemable Non- Convertible Subordinated Lower Tier- II Bonds - INE036D09013	Issue size
Face Value		₹10 lakh per bond
Date of Allotment		25th September 2009
Maturity		25th September 2019
Coupon		9.86%
Interest payment		Half yearly

## BASEL III - PILLAR DISCLOSURES

### 15. Disclosures on Remuneration:

Qualitative Disclosure:

- (a) Information relating to the composition and mandate of the Nomination & Remuneration (NRC) Committee:

The Nomination & Remuneration Committee (NRC) of the Board consists of five Directors. The Composition complies with both RBI guidelines and the provisions of Companies Act, 2013.

The Mandate of the Nomination & Remuneration committee includes:

Determining the Bank's policies on remuneration packages payable to Non-Executive Chairman, MD & CEO/WTD and the President. Positions up to the General Manager level are covered under the salary and other emoluments as per IBA package under Bipartite settlements.

Considering granting of Employees Stock Options and administering and supervising the Employee Stock Option Scheme with particular reference to quantum of options to be granted, grant price, vesting period, exercise period etc.

Prescribing procedures for making fair and reasonable adjustments to the number of options granted in case of any corporate actions such as rights issue, bonus issue, mergers etc., including conditions under which the options shall lapse due to the reasons specified in the ESOS of the Bank.

Complying with the applicable laws regarding compensation / remuneration payable to the persons covered under the compensation policy as also the Regulations governing ESOS in terms of SEBI Regulations and other applicable laws in connection therewith.

- (b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Compensation Policy approved by the Board, is in alignment with the RBI guidelines contained in its circular DBODNo.BC.72/29.67.001/2011-12 dated 13.01.2012.

NRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Non-Executive Chairman, MD & CEO/WTD and the President and COO in the light of the guidance from the regulator from time to time, bank's own requirement as also taking into account the prevailing market practices of payment of compensation, the cost to income ratio and the capital adequacy ratios which should support the remuneration packages. NRC shall working close co-ordination with the Risk Management and ALM Committee of the Board in order to achieve effective alignment between remuneration and risks.

- (c) 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:

The Committee would be taking into account the following factors while reviewing or making recommendation for reviewing the remuneration for the persons covered under the Policy:

For MD & CEO/WTD, the compensation payable is divided into fixed and variable components. The fixed component represented a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practice. Approval of RBI is obtained for the fixed compensation payable to MD & CEO/WTD.

For the Non-Executive Chairman of the Bank, only fixed pay/salary is payable apart from the sitting fees payable for attending the Board or Board Committee Meetings.

For the President, compensation payable is only fixed pay taking into account the industry practices, experience, performance and potential risk taking etc. apart from perquisites and other allowances applicable to the General Manager Cadre or such higher quantum as may be recommended by the NRC. President is also eligible for Employee Stock Options as may be decided by the NRC as per the SEBI guidelines.

## BASEL III - PILLAR DISCLOSURES

- (d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Bank would ensure that the compensation is adjusted to all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk.

The variable pay could be in cash, stock linked instruments or a mix of both. Variable pay shall relate to the performance of the Bank.

Variable pay is considered only for MD & CEO/WTD of the Bank. Variable pay shall not exceed 40% of the fixed pay in any year. This is payable on the basis of achievement of certain business targets such as reaching business figures including net profits and other qualitative factors taking into account the extraordinary items, appropriate risk management and efficient consumption of capital and comparison of results with the industry performance (bench marking).

In the event of negative contributions of the bank and or the relevant line of business in any year, the deferred compensation shall be subjected to malus and clawback arrangements in tune with the RBI guidelines.

- (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:

Presently no variable remuneration is being paid to the President & COO.

For MD & CEO/WTD: If the variable pay is significant, then the bank would defer the payment over a period of three years.

- (f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

The Bank has paid only fixed remuneration to MD & CEO for the year 2015-16 as per RBI approval.

Apart from MD & CEO, no other executive or employee is eligible for variable pay.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions) to the WTD/MD & CEO or any other executive.

Bank shall not provide any facility or funds or permit MD/WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

### Quantitative Disclosures:

Particulars		2015-16	2014-15
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	During the fiscal 2015-16, two meetings were held on 22.05.2015 & 22.11.2015. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ` 20,000/- per member/per sitting. Aggregate amount paid for the fiscal was at ` 1,80,000/-.	During the fiscal 2014-15, one meeting was held on 28.05.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ` 5,000/- per member/per sitting. Aggregate amount paid for the fiscal was at ` 25,000/-.
(h)	Number of employees having received a variable remuneration award during the financial year	Nil	Nil
	Number and total amount of sign-on awards made during the financial year	Nil	Nil
	Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil

**BASEL III - PILLAR DISCLOSURES**

Particulars		2015-16	2014-15
	Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Nil	Nil
	Total amount of deferred remuneration paid out in the financial year	Nil	Nil
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Nil	Nil
(k)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil
	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

**Leverage Ratio (Consolidated)**

(₹ in crore)

Tier I Capital	4064.43
Exposure Measure	62190.00
Leverage Ratio	6.54%



## NETWORK OF BRANCHES

### REGISTERED AND CENTRAL OFFICE

Erode Road, Karur - 639 002  
[CIN No: L65110TN1916PLC001295]  
Ph. : 04324 - 226520, 225521-25, 269000  
Fax : 04324 - 225700  
Website : www.kvb.co.in

### INTERNATIONAL DIVISION

No.37, Whites Road, 2nd Floor  
Chennai - 600014  
Ph. : 044 28412090-92

### DIVISIONAL OFFICES

AHMEDABAD	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE	No.6, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	577 Oppanakara Street, 2nd Floor, Coimbatore-641001
DELHI	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, 11nd Floor, Opp. North Police Station, Chittoor Road Kacheripady, Ernakulam - 682018
HYDERABAD	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
KARUR	PB No.91 ,No.633-637, First Floor, Jawahar Bazaar, Karur - 639001
KOLKATA	15 Bondel Road, First Floor, Ballygunge, Kolkata-700019
MADURAI	Gayathri Illam, 16 A.A.Road 1st Floor, Gnanaolivupuram, Madurai-625016
MUMBAI	954 Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004
TAMBARAM	SBA Complex 7/73 I Floor, Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	D-54 Ground Floor, L.I.C. Building, Bharathiar Salai Cantonment, Trichy-620001
VIJAYAWADA	Gayathri Nilayam, 1st Floor 38-8-46, Labbipet, M.G.Road, Vijayawada-520010
VISAKHAPATNAM	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016

### OTHER OFFICES

DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl Hi-Tech City, Madhapur, Hyderabad - 500081
ATM CELL	338 Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004
DATA CENTRE	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113
DEMAT CELL	No.29, Second Floor, Rangan Street, T.Nager, Chennai - 600017
REGIONAL PROCESSING CENTRE (RPC)	338 Uffizi Complex - 1st Floor, Avinashi Road, Peelamedu, Coimbatore-641004
CHENNAI CPC	South Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014
HYDERABAD CPC	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
CHENNAI CFPC	2nd Floor, 37 Whites Road, Royapettah, Chennai-600014
CHENNAI TAX CELL	No.29, Second Floor, Rangan Street, T.Nager, Chennai - 600017
MUMBAI CPC	Plot No 1414, Kamanwala Chambers, SIR P.M Road Fort, Mumbai-400001
NEW DELHI CPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
COIMBATORE CLPC	577 Oppanakara Street, 1st Floor, Coimbatore-641001
BANGALORE CLPC	No.6, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004

## NETWORK OF BRANCHES

### OTHER OFFICES

CHENNAI RLPC	North Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014
HYDERABAD RLPC	5-8-356 to 362 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500001
AHMEDABAD - CLPC	First Floor Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
VISAKHAPATNAM - CLPC	D.No: 47-10-15, A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
KARUR - CLPC	D.No.68, First Floor, Erode Road, LNS Post, Karur - 639002
VIJAYAWADA - CLPC	Gayathri Nilayam, 1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
VIJAYAWADA - RLPC	Gayathri Nilayam, 2nd Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
VISAKHAPATNAM - RLPC	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
DELHI - RLPC	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
AHMEDABAD - RLPC	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE - RLPC	No.6, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bangalore - 560004
MUMBAI - RLPC	954 Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
TAMBARAM - CLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TAMBARAM - RLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
COIMBATORE - RLPC	577 Oppanakara Street, Second Floor, Coimbatore-641001
KARUR - RLPC	P.B No. 91 NO.633/637, First Floor, Jawahar Bazar, Karur-639001
TRANSACTION BANKING GROUP	KVB Towers II Floor, 568, Anna Salai, Teynampet, Chennai - 600018
CHENNAI - CHANNEL RECONCILIATION CELL	No.29, Basement, Rangan Street, T.Nager, Chennai - 600017

### CENTRAL CLEARING OFFICES

CHENNAI  
 DELHI  
 MUMBAI

### CURRENCY CHEST

CHENNAI  
 KARUR  
 MADURAI  
 VIJAYAWADA  
 BANGALORE

## NETWORK OF BRANCHES

### ANDHRA PRADESH

#### ANANTAPUR

ANANTAPUR  
DHARMAVARAM  
HINDUPUR  
GUNTAKAL

#### CHITTOOR

CHITTOOR  
NAGARI  
SRIKALAHASTI  
PUTTUR  
TIRUPATHI - MAIN  
RALLABUDUGURU  
TIRUPATHI - KHADI COLONY  
KUPPAM  
MADANAPALLE  
MURAKAMBATTU

#### CUDDAPAH

CUDDAPAH  
PRODDATUR  
RAJAMPET

#### EAST GODAVARI

RAJAHMUNDRY  
KAKINADA  
PEDDAPURAM  
MANDAPETA  
RAVULAPALEM  
KADIAM  
AMALAPURAM  
TUNI  
SAMALKOT  
RAJAHMUNDRY - TILAK ROAD  
BOMMURU  
PITHAPURAM

#### GUNTUR

GUNTUR  
TENALI  
GUNTUR - LAKSHMIPURAM  
NARASARAOPET  
BAPATLA  
CHINTALAPUDI  
CHILAKALURIPET  
MANGALAGIRI  
BUDDHAM  
GUNTUR-GUJJANAGUNDLA

#### KRISHNA

VIJAYAWADA-GOVERNORPET  
VIJAYAWADA - NO.1 TOWN  
GUDIVADA  
VIJAYAWADA -BUNDER ROAD  
PORANKI  
KANKIPADU  
MACHILIPATNAM  
VUYYURU  
VIJAYAWADA -BHAVANIPURAM  
NUZVID  
GANNAVARAM

#### KURNOOL

KURNOOL  
NANDYAL  
ADONI  
VENKATARAMANA COLONY  
MAYALURU  
KADUMUR

#### NELLORE

NELLORE  
KAVALI

#### PRAKASAM

CHIRALA  
ONGOLE  
MARKAPUR  
VALLURU  
BUDAWADA

#### SRIKAKULAM

SRIKAKULAM  
RAJAM  
PALASA  
ICHCHAPURAM  
NARASANNAPETA

#### VISAKHAPATNAM

VIZAG - PEDAWALTAIR  
ANAKAPALLE  
VIZAG - MAIN  
GAJUWAKA  
NARSIPATNAM  
PENDURTHI  
VIZAG - DWARKANAGAR  
YELAMANCHILI  
VISAKHAPATNAM - GOPALAPATNAM  
VISAKHAPATNAM - SEETHAMMADHARA  
VIZAG-MADHURAWADA  
VIZAG-M.V.P.COLONY

#### VIZIANAGARAM

VIZIANAGARAM  
SALUR  
PARVATHIPURAM  
GAJAPATHINAGARAM  
BOBBILI

#### WEST GODAVARI

PALAKOL  
TADEPALLIGUDEM  
NIDADAVOLU  
JANGAREDDYGUDEM  
BHIMAVARAM  
ELURU  
TANUKU  
NARASAPUR  
AKIVIDU

### CHANDIGARH - UT

#### CHANDIGARH

CHANDIGARH

### CHATTISGARH

#### RAIPUR

RAIPUR

### DELHI

#### DELHI

RAMESH NAGAR  
CHANDINI CHOWK  
CONNAUGHT PLACE  
PITAMPURA  
DELHI - JANAKPURI  
DELHI - KAMLANAGAR  
DELHI - LAXMINAGAR

#### NEW DELHI

KAROL BAGH  
LAWRENCE ROAD  
KASHMERE GATE  
ROHINI  
EAST OF KAILASH  
NEW DELHI - PASCHIM VIHAR  
NEW DELHI - OKHLA

### GOA

#### NORTH GOA

PANAJI

## NETWORK OF BRANCHES

### GUJARAT

**AHMEDABAD**  
AHMEDABAD-MAIN  
MANINAGAR  
SATELLITE AREA  
SANAND  
NARODA

**ANAND**  
ANAND

**BHARUCH**  
BHARUCH

**KACHCHH**  
GHANDIDHAM  
BHUUJ

**MAHESANA**  
UNJHA  
MAHESANA

**RAJKOT**  
RAJKOT - MAIN

**SURAT**  
SURAT  
SURAT - UM ROAD

**VADODARA**  
VADODARA

### HARYANA

**FARIDABAD**  
FARIDABAD

**GURGAON**  
GURGAON

**KARNAL**  
KARNAL

**PANIPAT**  
PANIPAT

### JHARKHAND

**RANCHI**  
RANCHI

**JAMSHEDPUR**  
JAMSHEDPUR

### KARNATAKA

**BANGALORE**  
BANGALORE - MAIN  
MALLESWARAM  
HALASURU  
J.C. ROAD  
RAJAJINAGAR  
ISRO LAYOUT  
JAYANAGAR  
KORAMANGALA  
BASAVANAGUDI  
BTM LAYOUT  
INDIRA NAGAR  
HEBBAGODI  
HSR LAYOUT  
ATTIBELE  
CHANDAPUR  
BANGALORE - R T NAGAR  
BANGALORE - WHITEFIELD  
BANGALORE - V V PURAM  
BANGALORE - VIDYARANYAPURA  
BANGALORE - J P NAGAR  
BANGALORE - KENGERI  
BANGALORE - BANASHANKARI

**BANGALORE RURAL**  
DODDABALLAPUR  
HOSAKOTTE  
CHIKKABANAVARA  
NELAMANGALA  
DEVANAHALLI

**BELGAUM**  
BELGAUM

**BELLARY**  
BELLARY  
HOSPET

**CHITRADURGA**  
CHITRADURGA  
HIRIYUR

**DAKSHINA KANNADA**  
MANGALORE

**DAVANGERE**  
DAVANGERE

**DHARWAD**  
HUBLI

**GULBARGA**  
GULBARGA

**HASSAN**  
HASSAN

**KOLAR**  
KOLAR GOLD FIELDS

**KOPPAL**  
GANGAVATHI

**MYSORE**  
MYSORE

**RAICHUR**  
RAICHUR

**SHIMOGA**  
SHIMOGA

**TUMKUR**  
TUMKUR

**RAMANAGARA**  
RAMANAGARAM

### KERALA

**ALAPPUZHA**  
CHENGANNUR

**ERNAKULAM**  
ERNAKULAM  
TRIPUNITHURA  
EDAPPALLY

**KANNUR**  
KANNUR  
THALASSERY

**KOLLAM**  
KOLLAM

**KOTTAYAM**  
KOTTAYAM

**KOZHIKODE**  
KOZHIKODE

**PALAKKAD**  
PALAKKAD

**PATHANAMTHITTA**  
TIRUVALLA  
PATHANAMTHITTA

## NETWORK OF BRANCHES

**THRISSUR**  
THRISSUR  
IRINJALAKUDA

**THIRUVANANTHAPURAM**  
THIRUVANANTHAPURAM

### MADHYA PRADESH

**BHOPAL**  
BHOPAL

**GWALIOR**  
GWALIOR

**INDORE**  
INDORE

### MAHARASHTRA

**AHMEDNAGAR**  
AHMEDNAGAR

**AMARAVATI**  
AMARAVATI

**AURANGABAD**  
AURANGABAD

**KOLHAPUR**  
ICHALKARANJI  
KOLHAPUR

**MUMBAI**  
FORT  
PRABHADEVI  
BORIVALI  
CHEMBUR  
MULUND  
ANDHERI  
KALBADEVI  
BANDRA  
GHATKOPAR  
MUMBAI - MATUNGA

**NANDED**  
NANDED

**NAGPUR**  
NAGPUR

**NASIK**  
NASIK

**PUNE**  
PUNE  
CAMP AREA

**SOLAPUR**  
SOLAPUR

**THANE**  
MUMBAI - VASHI  
MUMBAI - ICL SCHOOL  
MUMBAI - THANE (W)  
MUMBAI - NERUL  
BHIWANDI

### ORISSA

**CUTTACK**  
CUTTACK

**GANJAM**  
BERHAMPUR  
ASKA

**KHURDA**  
BHUBANESHWAR

**SUNDERGARH**  
ROURKELA

### PONDICHERRY-UT

**PONDICHERRY**  
PONDICHERRY  
PONDICHERRY-LAWSPET  
VILLIANUR  
YANAM  
PILLAYARKUPPAM

**KARAIKAL**  
KARAIKAL

### PUNJAB

**AMRITSAR**  
AMRITSAR

**FATEHGARH SAHIB**  
MANDI GOBINDGARH

**KAPURTHALA**  
HARDASPUR (LPU)  
PHAGWARA

**JALANDHAR**  
JALANDHAR

**LUDHIANA**  
LUDHIANA

**PATIALA**  
PATIALA

### RAJASTHAN

**BHILWARA**  
BHILWARA

**JAIPUR**  
JAIPUR

**ALWAR**  
BHIWADI

### TAMILNADU

**ARIYALUR**  
ARIYALUR  
JAYANKONDAM

**CHENNAI**  
CHENNAI - MAIN  
TRIPLICANE  
ROYAPURAM  
MYLAPORE  
ANNA NAGAR  
KODAMBAKKAM  
T.NAGAR  
WHITES ROAD  
PURASAWALKAM  
DHANDAPANI ST.  
TEYNAMPET  
NANGANALLUR  
ADYAR  
MOGAPPAIR  
VALASARAVAKKAM  
VELACHERY  
ASHOK NAGAR  
EGMORE  
R.A.PURAM  
ARUMBAKKAM  
K.K. NAGAR  
SAIDAPET  
CHENNAI - SALIGRAMAM  
CHENNAI - NUNGAMBAKKAM

## NETWORK OF BRANCHES

CHENNAI - GODOWN STREET  
CHENNAI - RAMAPURAM  
CHENNAI - KILPAUK  
CHENNAI - NELSON MANICKAM ROAD  
CHENNAI - BESANT NAGAR

### COIMBATORE

COIMBATORE - MAIN  
POLLACHI  
DR. NANJAPPA ROAD  
R.S.PURAM  
ANAIMALAI  
DHULLY  
SARAVANAM PATTI  
SAIBABA COLONY  
GANAPATHY  
SOMANUR  
KOVAIPUDUR  
VADAVALLI  
RAMANATHAPURAM  
ANNUR  
KUNIAMUTHUR  
SULUR  
METTUPALAYAM  
AVINASHI ROAD  
KALAPATTI  
COIMBATORE- GOUNDAMPALAYAM  
CHINNIYAMPALAYAM  
COIMBATORE - SIVANANDA COLONY  
VADASITHUR  
COIMBATORE - THUDIYALUR  
THEETHIPALAYAM  
COIMBATORE - SINGANALLUR  
COIMBATORE - SARAVANAMPATTI MAIN  
KUNNATHUR  
PERIYANAICKENPALAYAM  
NALLATTIPALAYAM  
VILANKURICHI  
COIMBATORE -SUNDARAPURAM  
KITTAMPALAYAM

### CUDDALORE

CHIDAMBARAM  
VRIDHACHALAM  
CUDDALORE  
NEYVELI  
CHIDAMBARAM-ANNAMALAI NAGAR  
PANRUTI

### DHARMAPURI

KAMBAINALLUR  
DHARMAPURI  
HARUR  
PAPPIREDDIPATTI

### DINDIGUL

DINDIGUL  
BATLAGUNDU  
CHINNALAPATTI  
PALANI  
NEIKARAPATTI  
ODDANCHATRAM  
VEDASANDUR  
NILAKOTTAI  
VILPATTI  
KOOMBUR  
DINDIGUL-R.M.COLONY

### ERODE

ERODE  
GOBICHETTIPALAYAM  
SATHYAMANGALAM  
KAVINDAPADI  
BHAVANI  
PERUNDURAI  
KOLATHUPALAYAM  
METTUKADAI  
PERUNDURAI - KEC NAGAR  
SAMPATH NAGAR  
SIVAGIRI  
VEERAPPANCHATIRAM  
CHENNIMALAI  
ANTHIYUR  
PUNJAIPIYAMPATTI  
KARUMANDAPALAYAM  
ERODE- CHINNIAMPALAYAM  
OTHAKADAI  
MULLAMPARAPPU  
KANAKAMPALAYAM  
T. VELLODE  
SAVANDAPUR  
NAMBIYUR  
KONGARPALAYAM

### KANCHEEPURAM

CHENNAI - TAMBARAM  
CHENNAI - ALANDUR  
KANCHEEPURAM

CHENNAI - CHROME PET  
ULLAVOOR  
CHENNAI - St THOMAS MOUNT  
CHENNAI - URAPPAKKAM  
CHENNAI - SINGAPERUMAL KOIL  
CHENNAI - SHOLINGANALLUR  
CHENNAI - SRIPERUMPUDUR  
CHENNAI - KELAMBAKKAM  
CHENNAI - MEDAVAKKAM  
CHENNAI - SELAYUR  
CHENNAI - PALAVAKKAM  
CHENGALPATTU  
CHENNAI - MADIPAKKAM  
CHENNAI - PALLAVARAM  
GUDUVANCHERRY  
CHENNAI - SITTALAPAKKAM  
MADURANTHAKAM  
PERUNGUDI  
KUNDRATHUR  
ACHARAPAKKAM  
EAST - TAMBARAM  
THORAIPAKKAM  
CHEMMANCHERY  
NANMANGALAM  
OLD PERUNGALATHUR

### KANYAKUMARI

NAGERCOIL  
MARTHANDAM

### KARUR

KARUR - MAIN  
KULITHALAI  
KARUR -CENTRAL  
KARUR - WEST  
VEERARAKKIYAM  
GANDHIGRAMAM  
VENGAMEDU  
ARAVAKURICHI  
THANTHONIMALAI  
PADIRIPATTI

### KRISHNAGIRI

KRISHNAGIRI  
HOSUR  
BARGUR  
HOSUR - BATHALAPALLI  
SAMALAPATTI



## NETWORK OF BRANCHES

### MADURAI

MADURAI - MAIN  
MADURAI - SOUTH  
ALANGANALLUR  
GNANAOLIVUPURAM  
ELUMALAI  
TALLAKULAM  
ANNA NAGAR  
PALANGANATHAM  
MELUR  
THIRUNAGAR  
THIRUPPALAI  
MADURAI - KAMARAJAR SALAI  
POTHUMBU  
MADURAI - NORTH  
THENUR  
MADURAI - K.PUDUR  
MADURAI - VILLAPURAM

### NAGAPATTINAM

NAGAPATTINAM  
NEERMULAI  
MAYILADUTHURAI

### NAMAKKAL

NAMAKKAL MAIN  
KOMARAPALAYAM  
TIRUCHENGODE  
PAUNDAMANGALAM  
NAMAGIRIPET  
PUDUCHATRAM  
VALAYAPATTI  
KALAPPANAICKENPATTI  
BELUKURICHI  
NAMAKKAL WEST  
MANGALAPURAM  
VELLAPILLAIAR KOIL  
RASIPURAM  
PARAMATHI VELUR  
PALLIPALAYAM  
MOHANUR  
PARAMATHI - KOTTAMANGALAM

### NILGIRIS

COONOR  
UDHAGAMANDALAM

### PERAMBALUR

PERAMBALUR

### PUDUKOTTAI

KOTHAMANGALAM  
PUDUKOTTAI  
ARANTHANGI  
PONNAMARAVATHI  
KURIVIKONDANPATTI  
ALAVAYAL

### RAMANATHAPURAM

RAMANATHAPURAM  
PARAMAKUDI

### SALEM

SALEM - MAIN  
IDAPPADI  
METTUR DAM R.S.  
SHEVAPET  
ATTUR  
KARUPPUR  
KARIPATTI  
ALAGAPURAM  
ILAMPILLAI  
JALAKANDAPURAM  
GUGAI  
AYOTHIAPATTINAM  
THAMMAMPATTI  
SANKAGIRI (SANKARI)  
DEVIYAKURICHI  
OMALUR  
VAZHAPADI  
SALEM - KONDALAMPATTI

### SIVAGANGAI

KARAIKUDI  
SINGAMPUNERI  
SAKKOTTAI  
DEVAKOTTAI

### THANJAVUR

KUMBAKONAM  
THANJAVUR  
PATTUKOTTAI  
VILAR  
MADUKKUR  
PERAVURANI  
THIRUVIDAIMARUDUR  
THIRUPALATHURAI

### THENI

AUNDIPATTI  
BODINAYAKANUR  
CHINNAMANUR  
CUMBUM  
GUDALUR  
KOMBAI  
PERIYAKULAM  
THENI  
KATHIRNARASINGAPURAM  
UPPUKOTTAI

### THIRUVALLUR

CHENNAI - TIRUVERKADU  
CHENNAI - VELAPPANCHAVADI  
CHENNAI - AMBATTUR  
CHENNAI - RED HILLS  
THIRUVALLUR  
PUTHAGARAM  
AVADI  
PODATHURPET  
SEETHANJERI  
PADI  
MADURAVOYIL  
TIRUTTANI  
NEMILICHERRY  
PORUR  
MINJUR

### THIRUVARUR

MANNARGUDI  
THIRUVARUR  
KOOTHANUR  
THAMBIKOTTAI

### TIRUPUR

DHARAPURAM  
UDUMALPET  
TIRUPUR - MAIN  
MULANUR  
GANAPATHIPALAYAM  
KOLUMAM  
ERISANAMPATTI  
PAPPANKULAM  
TIRUPUR - OVERSEAS  
TIRUPUR - P.N.ROAD  
KANGEYAM

## NETWORK OF BRANCHES

PALLADAM  
VELLAKOIL  
P.KOMARAPALAYAM  
PATTANAM  
AVINASHI  
MANNARAI  
MUDALIPALAYAM  
VELAMPALAYAM  
MUTHANAMPALAYAM  
TIRUPUR - S.R.NAGAR

### TIRUNELVELI

PALAYAMKOTTAI  
TIRUNELVELI TOWN  
TENKASI  
SANKARANKOIL  
AMBASAMUDRAM  
SURANDAI  
KADAYANALLUR  
VALLIYUR  
TIRUNELVELI JUNCTION

### TIRUVANNAMALAI

TIRUVANNAMALAI  
POLUR  
PERUNDURAIPATTU  
ARNI  
VANDAVASI  
TIRUVETHIPURAM (CHEYYAR)  
CHENGAM  
ADAMANGALAM  
KORUKKATHUR  
NADUKUPPAM

### TRICHY

TRICHY - MAIN  
MUSIRI  
THATHIENGARPET  
JEEYAPURAM  
CANTONMENT  
KANNANUR  
THILLAINAGAR  
SRIRANGAM  
K.K.NAGAR  
SURIYUR  
TIRUVERUMBUR  
SRINIVASA NAGAR  
MANAPPARAI  
KARUMANDAPAM  
THURAIYUR

APPANALLUR  
LALGUDI  
SAMAYAPURAM  
SOBANAPURAM  
MOOVANUR  
MANACHANALLUR

### TUTICORIN

TUTICORIN  
KOVILPATTI  
SEYDUNGANALLUR

### VELLORE

VELLORE  
KANIYAMBADI  
VANIYAMBADI - NEW TOWN  
TIRUPATHUR  
ARAKKONAM  
SALAI  
SHOLINGUR  
BRAHMAPURAM  
GUDIYATHAM  
RANIPET  
POOTUTHAKKU  
ARCOT

### VILLUPURAM

VILLUPURAM  
KADUVANUR  
THOTTIYAM  
TINDIVANAM  
GINJEE  
KALLAKURICHI  
ULUNDURPETTAI  
THIRUMANGALAM  
MURARBADU  
CHINNASALEM  
PRIDIVIMANGALAM  
TIRUKKOYILUR  
PANANKUPPAM

### VIRUDHUNAGAR

VIRUDHUNAGAR  
RAJAPALAYAM  
SIVAKASI  
ARUPPUKOTTAI  
SRIVILLIPUTHUR  
NAKKENERI  
S N PURAM

## TELANGANA

### ADILABAD

ADILABAD  
MANCHERIAL

### HYDERABAD

HYDERBAD - MAIN  
S R NAGAR  
NALLAKUNTA  
ABIDS  
KALYANAGAR  
JUBILLEE HILLS  
HIMAYATNAGAR  
MIYAPUR  
AMEERPET  
SANTOSH NAGAR  
HYD - DILSUKH NAGAR  
HYD - MEHADIPATNAM  
SECUNDERABAD  
HYD-BANJARA HILLS

### KARIMNAGAR

KARIMNAGAR  
JAGTIAL  
JAMMIKUNTA

### KHAMMAM

KHAMMAM  
PALONCHA (PALWANCHA)  
KOTHAGUDEM

### MAHABUBNAGAR

MAHABUBNAGAR

### NALGONDA

KODAD  
MIRYALAGUDA  
NALGONDA

### NIZAMABAD

NIZAMABAD  
KAMAREDDY

### RANGA REDDY

HYD - MANIKONDA  
HYD - MALKAJ GIRI  
HYD - A.S.RAO NAGAR  
HYD - KUKATPALLY  
HYD - PRAGATHI NAGAR  
HYD - BODUPPAL  
HYD - NIZAMPET  
HYD - MEERPET  
HYD - CHANDANAGAR

## NETWORK OF BRANCHES

HYD - HABSIGUDA  
 HYD - KONDAPUR  
 HYDERABAD - L.B. NAGAR  
 HAYATHNAGAR  
 VANASTHALIPURAM

### WARANGAL

WARANGAL - MAIN  
 WARANGAL - HANAMAKONDA  
 WARANGAL - KHAZIPET

### MEDAK

SANGAREDDY  
 MEDAK  
 SIDDIPET

## UTTARPRADESH

### GHAZIABAD

GHAZIABAD

### GOWTAMBUDDA

NOIDA

### KANPUR

KANPUR

### LUCKNOW

LUCKNOW

### MEERUT

MEERUT

### VARANASI

VARANASI

## WEST BENGAL

### BURDWAN

DURGAPUR

### HOWRAH

JAGACHA  
 BAGNAN  
 GHOSHPARA

### KOLKATA

KOLKATA-MAIN  
 SHAKESPIHERE SARANI  
 BALLYGANGE  
 KOLKATA - DAKSHINESHWAR  
 KOLKATA - N.S.ROAD  
 JOKA  
 KOLKATA-BANGUR AVENUE

### PASCHIM MEDINIPUR

KHARAGPUR

### NORTH 24 PARGANAS

SALT LAKE

### SOUTH 24 PARGANAS

BARUIPUR  
 GARIA

**PRINCIPAL CORRESPONDENT BANKS**

**OUR SWIFT CODE KVBLINBBIND  
CHIPS UID: 154137**

**Name of the Bank and Address**

<b>USD</b> Wells Fargo Bank NA NY 4080 375 Park Avenue New York NY-10152 Ac.No. 2000193005826 SWIFT : PNBpus3nnyyc FEDWIRE ROUTING NUMBER 026005092 Chips ABA No. 0509	<b>EURO</b> Commerz Bank AG Theodor-Heuss-Allee 50 60489 Frankfurt AM Main Germany Ac. No. 400875119000EUR SWIFT : COBADEFF	<b>JPY</b> Standard Chartered Bank 30-16, Ogikubo 4-chome, Suginami-ku Tokyo 167-8530, Japan Ac.No. 0219600 - 1110 SWIFT:SCBLJPJT	<b>GBP</b> Standard Chartered Bank 1 Alderman bury Square London EC2V 7SB United Kingdom Ac.No. GBP 01 265520901 SWIFT : SCBLGB2L I-BAN NO GB94SCBL60910412655209
<b>USD</b> Standard Chartered Bank One Madison Avenue New York, NY 10010-3603 USA  Ac.No.3582069922001 SWIFT : SCBLUS33 FEDWIRE ROUTING NUMBER 026002561	<b>EURO</b> Standard Chartered Bank Gmbh Postfach 110162 Theodor-Heuss-Allee 112 D-60036, Frankfurt am Main, GERMANY Ac.No.18021504 SWIFT : SCBLDEFX I-BAN NO DE39512305000018021504	<b>AUD</b> Australia & Newzealand Banking Corporation 55 Collins Street Melbourne, Victoria AUSTRALIA  Ac.No. 237776-00001 SWIFT : ANZBAU3M BSB Number: 013024	<b>CHF</b> ZUERCHER KANTONAL BANK ZURICH SWITZERLAND  Ac.No.0700-01283278 SWIFT :ZKBKCHZZ80A I-BAN NO CH5200700070001283278
<b>USD</b> Citi Bank, N A 111,Wall Street New York City , NY 10018, USA  Ac.No.36844037 SWIFT : CITIUS33 FEDWIRE ROUTING NUMBER 021000089	<b>SGD</b> Indian Overseas Bank 64, Cecil Street, IOB Building, SINGAPORE 049711  Ac.No. 4916210132 SWIFT:IOBASGSG	<b>CAD</b> Citi Bank, N A Canadian Branch 123 Front St.West, Toronto, Ontario-M5J2M3 CANADA Ac.No.2017517009 CAD SWIFT:CITICATTBCH	<b>SEK</b> Skandinaviska Enskilda Banken S-106, 40 Stockholm SWEDEN  Ac.No.5201-85-335-84 SWIFT:ESSESESS
<b>AED</b> Commercial Bank of Dubai Po Box 2668, Al Ittihad street Dubai,UAE A/c.No.1001361656 I-BAN NO AE590230000001001361656			

**NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT**

<b>USD</b> Wells Fargo Bank New York  A/c.No.2000191007059 Swift: PNBpus3nnyyc FEDWIRE routing number: 026005092 Chips ABA NO. 0509	<b>GBP</b> Wells Fargo Bank London A/c.No.07515036 Swift: PNBpGB2L Sort Code 16-56-71 IBAN GB34PNBP16567 107 515036	<b>EUR</b> Wells Fargo Bank London  A/c.No.07515168 Swift : PNBpGB2L IBAN GB59PNBP16567 107 515168
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S N PURAM, VIRUDHUNAGAR DISTRICT  
- Inaugurated by  
Shri.S. Maheswaran, Director,  
M/s. Pioneer Asia Group of Companies



GUNTUR - GUJJANAGUNDLA  
- Inaugurated by  
Shri. M. Siva Prasad - Chairman,  
Master Minds Groups of Institutions



S.R.NAGAR, TIRUPUR  
- Inaugurated by  
Shri. P.M. Nachimuthoo,  
Managing Director,  
M/s. S.K.T.Textile Mills



BESANT NAGAR, CHENNAI  
- Lighting of Gayathri Lamp by  
'Sangeetha Kalanidhi', 'Padma Bhushan',  
'Kalimamani' Dr. Sudha Raghunathan

SUNDARAPURAM, COIMBATORE  
- Inaugurated by  
Dr. M. Manickam - Chairman,  
M/s. ABT Limited



BHIWADI  
- Inaugurated by  
Shri. O P Agarwal - President,  
Bhiwadi Manufacturers Association &  
Director,  
M/s. Natraj Drum Industries Pvt., Ltd





NELSON MANICKAM ROAD, CHENNAI  
- Inaugurated by  
Dr.M.Veera Shanmugha Moni I.A.S.  
Commissioner H.R.& C.E. Department

PASCHIM VIHAR, NEW DELHI  
- Inaugurated by  
Shri. Rajeev Duggal  
Director, Bosco Public School,  
Paschim Vihar



BANGUR AVENUE, KOLKATA  
- Inaugurated by  
Shri Naresh Jalan  
Managing Director,  
Ramkrishna Forgings Limited





MVP COLONY, VIZAG  
- Lighting of Gayathri Lamp by  
Dr. V. Satya Sai Srinivas,  
Project Director, DRDA



DEVAKOTTAI  
- Inaugurated by  
Shri. A.N. Lakshmanan Chettiar,  
President,  
Sree Sevugan Annamalai College



ANNA NAGAR, CHENNAI  
Shifting to a Spacious Premises  
- Lighting of Gayathri Lamp by  
Smt. Geetha Ramasubramanian,  
Principal,  
Valliammal Matriculation Higher  
Secondary School, Anna Nagar  
in the presence of  
Shri. A. Velliangiri, Deputy Managing Director,  
Tamilnadu Newsprint and Papers Ltd.





OLD PERUNGALATHUR - KANCHEEPURAM DISTRICT - Inaugurated by Shri. S. Joseph Jensingh Babu,  
Managing Director, Annai Arun Hospital, Old Perungalathur

NEW DELHI OKHLA - Lighting of Gayathri Lamp by Shri. Harish Arora - President, Okhla Industries Association  
& Small Industries Development Council (Regd.)





NAKANNERI, VIRUDHUNAGAR DISTRICT - Lighting of Gayathri Lamp by  
Dr. A.B. Chitra - Consultant Obstetrician & Gynaecologist, Visiting Consultant Apollo Hospital, Madurai

DINDUGUL R M COLONY - Inaugurated by Shri. S. Jayabalan, Managing Director, Annamalaiar Mills Private Limited







THAMBIKOTTAI, THIRUVARUR DISTRICT - Inaugurated by Shri.M. Kalyanasundara Thevar – Ex.Chairman, Thambikottai, Keelakkadu Panchayat

GUNTAKAL - Lighting of Gayathri Lamp by Shri. Donekal Nettappa, Chairman, Shankaranand Giri College, Guntakkal





GURGAON - Shifting of Branch - Inaugurated by Shri V P Bajaj, Chairman and MD, Bajaj Motors Ltd

VISAKHAPATNAM MAIN - Shifting of Branch - Lighting of Gayathri Lamp by Prof. E. A. Narayana, Rector, Andhra University







## A DECADE OF PROGRESS

(₹ in Crore)

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Paid up Capital</b>	49.49	53.94	53.95	54.44	94.49	107.18	107.18	107.18	121.63	121.86
<b>Reserves</b>	1013.67	1136.06	1296.21	1565.54	2020.05	2601.04	2978.01	3219.16	4124.4	4451.09
<b>Owned funds</b>	1063.16	1190	1350.16	1619.98	2114.54	2708.22	3085.19	3326.34	4246.03	4572.95
<b>CRAR - Basel II</b>	—	NOT APPLICABLE	14.92%	14.49%	14.41%	14.33%	14.41%	12.77%	14.63%	12.26
<b>Basel III</b>	—	—	—	NOT APPLICABLE	—	—	—	12.60%	14.62%	12.17
<b>Deposits</b>	9340	12550	15101	19272	24722	32112	38653	43758	44690	50079
<b>Advances</b>	7194	9569	10563	13675	18052	24205	29706	34226	36691	39476
<b>Total Income</b>	987	1289	1711	2005	2482	3621	4695	5680	5977	6150
<b>Operating Profit</b>	274	308	418	463	600	726	849	838	943	1235
<b>Net Profit</b>	160	208	236	336	416	502	550	430	464	568
<b>Branches (No.)</b>	269	288	312	335	369	451	551	572	629	667
<b>EPS (Rs.)</b>	32.8	38.62	43.71	62.23	44.9	46.81	51.35	40.08	39.86	46.59
<b>Return on Assets</b>	1.53%	1.63%	1.49%	1.76%	1.71%	1.56%	1.35%	0.86%	0.88%	1.03%
<b>Book Value(Rs.)</b>	197.09	220.61	250.25	297.6	193.04	252.68	287.85	308.91	348.42	375.25
<b>No of Employees</b>	3286	3580	3941	4175	4574	5673	6730	7339	7197	7211

