

ADDING A DIGITAL EDGE TO DREAMS.





## OUR FOUNDERS



**SHRI M A VENKATARAMA CHETTIAR**



**SHRI ATHI KRISHNA CHETTIAR**



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## BOARD OF DIRECTORS



Sitting Left to Right: DR. V.G. MOHAN PRASAD, SHRI G. RAJASEKARAN, SHRI B. SWAMINATHAN (CHAIRMAN), SHRI K. VENKATARAMAN (MD & CEO), SHRI N.S. SRINATH, SMT. K.L. VIJALAKSHMI

Standing Left to Right: SHRI A.K. PRABURAJ, SHRI A.J. SURIYANARAYANA, SHRI M.K. VENKATESAN, SHRI M.V. SRINIVASAMOORTHY, 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 & ASSISTANT GENERAL MANAGER

SRINIVASA RAO MADDIRALA

### DEPUTY GENERAL MANAGER

MOHAN .K  
SAIRAJ .G.R  
ASHOK KUMAR .G.P  
RAVI .S  
SUBBAIYAN .M  
UNNIKRISHNAN .K  
RAJAGOPALAN .R  
JARARD THOMAS  
MURALI KUMAR .M  
VENKATESAN .R

SURESH KUMAR .A  
SIVAKUMAR .R  
RAMSHANKAR .R  
RAMESH .E  
LAVANYA .A  
RAMASUBRAMANIAN .S  
RATHINAM .K  
TIRUMALA RAMANA RAJASHEKER .N  
VARADHARAJAN .A  
RAMKUMAR .B

MURALI .L  
CHANDRASEKARAN .R .N  
ANBURAJ .V  
RADHESYAM .T  
RAMAKRISHNA .C  
RAMESH PRABHU .V  
AKBAR DORAI .D  
GOKUL CHANDAR .D .S  
SESHADRINATHAN L

### ASSISTANT GENERAL MANAGER

ASHOK VENNELAKANTI  
LAKSHMANAN .L  
VENKATESH .C  
RAGHAVENDRAN .N  
MOHAN KUMAR .G  
LEKSHMINARAYANAN .V  
GANESAN .R  
GOPALAN .S  
PALPANDIAN .M  
SIVAKUMAR .S  
RAVICHANDRAN .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  
RAMANATHAN .S  
SATYA SURYA PRAKASH .K  
BHANOJI RAO .K  
PRABHAKAR GORTHI  
GANESAN .K  
MUTHU KUMAR .K.P  
VENKATASUBRAMANIAN .V  
PARAMESWARAN .K  
RAJESHWARI .S  
NARAYANAN .R

HEMA .S  
MUTHUKRISHNAN .J  
DHIRAJ JAYANT  
CHAKKARAVARTHY .N  
RAVI KUMAR .T .V  
SRIDHAR .D  
RAMA KRISHNA .CH.V.V  
RAVI .P  
LAKSHMANA MURTHY .P  
SARAVANAN .S  
VASUDEVA .P  
CHIDAMBARASELVAN .M  
HARIHARAN .M  
TIRUVEEDHULA RAMAKRISHNA

### REGISTERED & CENTRAL OFFICE

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### LEGAL ADVISER

K.N. SHRINIVASAN

### AUDITORS

ABARNA & ANANTHAN, CHARTERED ACCOUNTANTS, BENGALURU

## *Managing Director & CEO's Letter to the shareholders*

Dear Shareholders,

The financial year 2017 had a mixed array of events, domestically as well as internationally. While significant geopolitical events unfolded such as the Presidential election of Mr. Donald Trump in the United States, Brexit in U.K., etc., the global economic growth remained stagnant on the back of low commodity prices, Federal Reserve's indications of raising interest rates in the US, etc., with downside risks on global economic growth not abating during major part of the year. However, there were expectations of moderation in growth in the later part of the year due to rise in commodity prices and indications of revival in global trade.

Domestically, Indian economy showed resilience in the first half of the fiscal year 2017, weathering global headwinds. Economic growth was supported by good monsoon and better crop production and the expansion in consumption due to payouts on account of the Seventh Pay Commission.

The year was marked by several economically significant initiatives taken by the government as part of economic reforms which included demonetisation of ₹ 500 and ₹ 1000 notes to clean up the system and rid the economy of black money, formation of Monetary Policy Committee (MPC) with responsibility for monetary policy decision making, changes in FDI policy regime by allowing large number of sectors on automatic route for FDI, passage of Goods and Services Tax Act (GST), enactment of the Insolvency and Bankruptcy Code to provide a faster and decisive process of recovery of non-performing loans of companies that are unable to meet their obligations to lenders, promoting rapid adoption of digital payments processes with Unified Payment Interface (UPI) and launching of Bharat Interface for Money (BHIM), Bharat Bill Payment System etc.

The Indian Banking Industry faced challenging times during the year on account of rising NPAs due to prolonged slowdown in the broader economy, declining demand leading to low capacity utilisation and on some legacy issues in infrastructure sector. The credit demand remained depressed. As a result, preservation of asset quality took precedence and a cautious approach towards growth was adopted by most of the Banks.

In this context, your Bank's performance during the year, especially in terms of profit generation and margins showed an upward trend. During the year under report the total business of your Bank reached to a level of ₹ 95,135 Cr from a level of ₹ 89,555 Cr for FY 16. Aggregate business was driven by a 7.23% growth in gross deposits and 4.96% growth in gross advances over the previous year. CASA recorded a growth rate of 27.52% over the previous year and stood at 27.72% of total deposits.

Your Bank crossed ₹ 1,500 cr mark in operating profit and ₹ 600 cr mark in net profit for the first time. The key ratio indicators for FY 17 improved substantially with Cost of Deposits decreasing to 6.60% from 7.40% in the previous fiscal, Cost to income ratio decreasing to 44.99% from 47.63% in the previous fiscal, Spread rising to 3.10% from 2.71% in the previous fiscal and NIM improving to 3.70% from 3.43%. ROA remained flat at 1.00% compared to 1.03% in the previous year.

Your Bank took earnest efforts to rebalance the asset portfolio on the sound principles of risk distribution by focussing on MSME/commercial and retail segments and following a selective approach for Corporate segment, continuing the consolidation process.

Your Bank has improved its footprints pan India to 711 branches and 1,747 ATMs as on 31.03.2017. Your Bank also had 444 cash recyclers, which functioned as cash deposit machines as well as ATMs. The banking industry is going digital at a rapid pace with banks rolling out several digital initiatives. Your Bank has also been in the forefront in moving on to digital platform with the objectives of customer convenience, strengthening internal processes and leveraging technology for data analytics. Your Bank introduced UPI, a new mobile application initiative by NPCI which aims to simplify payments by enabling both sender and receiver to initiate payments in a secured manner. National Electronic Toll Collection (NETC) FASTAG is a secure and interoperable solution for NHAI toll collection and the electronic tags will reduce wait time at toll gates on national highways, reduce fuel consumption and cash handling considerably. Your Bank is one of the five banks identified by NHAI and NPCI for this initiative and only Bank from South India offering this facility.

Your bank continued to receive multiple recognitions from media houses, analysts and independent bodies. Your Bank got two awards from IDBRT for the Best Bank among small Banks for Digital Banking and Managing IT Ecosystems 2015-16, Business Today KPMG award of Best Small Bank for 2015-16 and Businessworld-PWC Best Small Bank – Runner-up award for 2015-16.

We will continue to focus on our aim of 'Growth with Strength and Profit' in the current year also. We have committed ourselves to bring the best standards in the industry and have been constantly striving to achieve the set goals.

With this, I place on record my sincere gratitude for all your valuable support and patronage. I would like to assure you that the Bank has been built up to remain focussed on high standards of banking services to the nation.

With warm greetings,

**K Venkataraman**

MD & CEO





“Financial Express India’s Best Banks Award Winner in Credit Quality category for the year 2013-14”  
– by Shri Arun Jaitley, Hon’ble Minister of Finance & Corporate Affairs, Government of India



“Best Bank among Small Banks for Digital Banking & Managing IT Ecosystem award for the year 2015-16” – by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India



“Best Small Bank for the year 2015-16 in Business Today Money Today KPMG award”- by Shri Sudhir Mugantiwar, Hon’ble Cabinet Minister for Finance, Planning & Forest Department, Government of Maharashtra



“Best Private Sector Bank – Priority Sector Lending – Dun & Bradstreet Banking Awards 2016” – by Shri Arjun Ram Meghwal, Hon’ble Union Minister of State for Finance & Corporate Affairs, Government of India



**97<sup>TH</sup> ANNUAL GENERAL MEETING**



CENTENARY CELEBRATIONS AT CHENNAI



Lighting of Gayathri Lamp by Shri Pranab Mukherjee, Hon'ble President of India

CENTENARY CELEBRATIONS AT CHENNAI



Address by Shri Pranab Mukherjee, Hon'ble President of India



Address by Shri Chennamaneni Vidyasagar Rao, Hon'ble Governor of Maharastra & Tamil Nadu

CENTENARY CELEBRATIONS AT CHENNAI



Release of Corporate History Book "An Unbeaten Century"  
Chronicling a 100 Years of Karur Vysya Bank



Board of Directors with Chief Guest

CENTENARY CELEBRATIONS AT CHENNAI



Section of the audience

CENTENARY CELEBRATIONS AT CHENNAI



Section of the audience





CENTENARY CELEBRATIONS AT CHENNAI



Section of the audience



CENTENARY CELEBRATIONS AT CHENNAI



Section of the audience



“Best Bank at National Level under Private Sector category for the year 2015-16 in the State Forum of Bankers’ Clubs Kerala (SFBCK) Banking Excellence Award 2016” – by Shri Pinarayi Vijayan, Hon’ble Chief Minister, Kerala

## DIRECTORS' REPORT

### To the Members

Your Directors are pleased to present the 98<sup>th</sup> Annual Report of business and operations of your Bank together with audited financial statement of accounts for the year ended 31<sup>st</sup> March, 2017.

### Key Performance Indicators

This year has been a mix of opportunities and challenges for the Indian Banking sector. Despite the challenges, your Bank continues to perform well by leveraging upon its branch network, clientele and innovative electronic channel. The details of the Key Performance Indicators for the financial year 2016-17 are detailed as under:

Particulars	31.03.2017 (₹ in Cr)	31.03.2016 (₹ in Cr)
Deposits	53,699.81	50,078.90
Advances	41,434.98	39,475.70
Investments	14,955.48	14,602.40
Total Income	6,404.57	6,150.21
Total Expenditure	4,833.60	4,847.15
Operating Profit	1,570.97	1,303.06
Net Profit	605.98	567.63

### Total Business

During the year under report the total business of your Bank reached a level of ₹ 95,135 Cr from a level of ₹ 89,555 Cr for FY 16, posted a growth of 6.23% y-o-y.

### Deposits

Bank improved its business with gross deposits growing by 7.23% to ₹ 53,699.81 Cr for FY 17 against ₹ 50,078.90 Cr in the previous fiscal.

Savings Bank deposits of the Bank increased by 30.35% to ₹ 9,968.28 Cr from ₹ 7,647.32 Cr of the previous fiscal and demand deposits grew by 22.18% from ₹ 4,027.20 Cr to ₹ 4,920.50 Cr. CASA deposits increased from ₹ 11,675 Cr as at FY 16 to ₹ 14,888 Cr as at FY 17 and recorded a growth rate of 27.52% as against the 18.62% growth in the previous fiscal. Term deposits grew by 1.06% to ₹ 38,811 Cr from ₹ 38,404 Cr in the FY 16.

### Advances

Aggregate advances grew by 4.96% to ₹ 41,434.98 Cr from ₹ 39,475.70 Cr over the previous fiscal. Average achievement in Priority Sector advances were at ₹ 17,010 Cr at the end of FY 17 representing 44.21% of Bank's Adjusted Net Bank Credit (ANBC) as against the statutory requirement of 40% of ANBC.

Your Bank's average agriculture advances as at the end of the FY 17 were at ₹ 7,458 Cr, representing 19.40% of the ANBC, as against the regulatory prescription of 18%. Bank's average advances to micro enterprises and weaker sections were at 6.43% and 11.13% respectively. The Bank continues to comply with the regulatory guidelines under priority sector, agricultural lending and weaker section advances.

### Asset Quality

Your Bank has been focusing on containing the non-performing assets through better credit monitoring as well as intensified efforts to recover the impaired assets. The Bank took several initiatives to contain slippages and speed up recovery from overdue loan accounts. These include identification of stressed accounts for restructuring/rephasing in time, conduct of Adalats at Divisional Office levels, regular follow-up of overdues through call centre and e-auctions.

However, in view of the continued slowdown in the economy and delinquencies in the corporate segment, the Bank's Net Non-Performing Assets (Net NPA) stood at 2.53% in FY 17 as against 0.55% in the previous fiscal. The Bank's Provision Coverage Ratio (PCR) stood at 57.83%.

### Investments

The investment portfolio of the Bank registered a growth of 3.12% to touch ₹ 14,955.48 Cr from ₹ 14,602.40 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 17 was ₹ 1,106.04 Cr as against ₹ 1,095.78 Cr in the previous fiscal registering a growth of 0.94%. Low growth is on account of overall fall in yields in the market and due to sale of securities from HTM category during the year. Profit on sale of investments was ₹ 204.64 Cr as in FY 17 as against ₹ 94.41 Cr in the previous fiscal, showing a quantum growth of 116.76%.

Liquidity position was comfortable throughout the FY 17.

### Income

The interest income for FY 17 constitutes 87.79% of the total income whereas the same was 88.51% for the previous fiscal. The gross interest income component grew by 3.29% y-o-y from ₹ 5,443.43 Cr in FY 16 to ₹ 5,622.35 Cr in FY 17. However the Net Interest Income grew by 16.41% y-o-y from ₹ 1,781.37 Cr to ₹ 2,073.70 Cr. Non-interest income increased to ₹ 782.22 Cr from ₹ 706.81 Cr, a growth of 10.67%.

## DIRECTORS' REPORT

The yield on advances dropped from 11.67% to 11.34% and yield on investments decreased marginally from 7.54% to 7.22%.

### Expenditure

The interest expenditure fell from ₹ 3,662.03 Cr in FY 16 to ₹ 3,548.65 Cr in FY 17 showing a decline of 3.10% (₹ 113.38 Cr). Operating expenses increased from ₹ 1,185.12 Cr in FY 16 to ₹ 1,284.95 Cr in FY 17 with an increase of 8.42% (₹ 99.83 Cr).

Cost of deposits fell from 7.40% in FY 16 to 6.60% in FY 17.

The reduction in interest expenditure helped Net Interest Margin increase from 3.43% in FY 16 to 3.70% in FY 17.

During the FY 17 the spread on funds increased from 2.71% to 3.09%.

### Profit

Your Bank displayed a healthy growth in business and earnings with a operating profit of ₹ 1,570.97 Cr for the FY 17, registering a growth of 20.56% over the operating profit of ₹ 1,303.06 Cr in the pervious fiscal. The net profit of the Bank registered a growth of 6.76% (grew by ₹ 38.35 Cr) and stood at ₹ 605.98 Cr as against ₹ 567.63 Cr in the previous fiscal.

### Appropriations

The net profit of ₹ 605.98 Cr which along with a sum of ₹ 2.20 Cr brought forward from the previous year aggregating ₹ 608.18 Cr is appropriated as under:

Appropriation – Transfer to	Amount (₹ in Cr)
- Statutory Reserve	152.00
- Capital Reserve	73.87
- General Reserve	164.00
- Special Reserve	25.00
Balance carried to Balance Sheet*	193.31

\*Including Proposed Dividend and dividend distribution tax amount of ₹ 190.67 Cr.

### Sub-division of equity shares

The Board of Directors at its meeting held on 19<sup>th</sup> September, 2016 considered and approved the sub-division of one equity share of the Bank having face value of ₹ 10/- each into five equity shares of face value of ₹ 2/- each and consequential alteration in the relevant clauses of Memorandum and Articles of Association of the Bank and the same was approved by the Members of the Bank through postal ballot on October 27, 2016. Board of

Directors of the Bank fixed November 18, 2016 as Record Date for the purpose of sub-division of face value of equity shares of the Bank. Accordingly equity shares of face value of ₹ 2/- each were issued to all the members who were holding equity shares of ₹ 10/- each on November 18, 2016.

### Share Capital

Pursuant to sub-division, the Authorised Capital of the Bank was ₹ 200.00 Cr comprising of 100 Cr Equity Shares of face value of ₹ 2/- each and the Paid-up Capital of the Bank was ₹ 121.86 Cr comprising of 60,93,22,270 Equity Shares of face value of ₹ 2/- each fully paid up.

The net owned funds of the Bank increased from ₹ 4,572.95 Cr to ₹ 4,845.02 Cr, a rise of ₹ 272.07 Cr registering a growth rate of 5.95%.

The market capitalization of your Bank's shares at the end of FY 17 was ₹ 6,824.41 Cr.

### Debt Instruments

The Bank had issued Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) Bonds to the value of ₹ 150.00 Cr in September 2009. During the year under report, Bank did not raise any TIER II capital.

### Capital Adequacy

Capital Adequacy ratio stood at 12.54% as per BASEL III norms. The Bank's Capital Adequacy Ratio is well above the statutory limit of 9% (10.25% including capital conservation buffer) prescribed by the Reserve Bank of India.

### Credit Rating

ICRA Limited had rated the Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) debt instruments issued in the year 2009 by re-affirming its A+ rating. Investment with such rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

CRISIL has re-affirmed A1+ rating (pronounced CRISIL A one plus) for ₹ 30 bn Certificate of Deposits Programme of your Bank. ICRA Limited has confirmed ICRA A1+ (Pronounced ICRA A one plus) rating to the Bank's Certificate of Deposits Programme for ₹ 30 bn. Both the ratings indicate a very strong degree of safety regarding timely payment of financial obligations.

### Dividend

The Board recommended dividend of ₹ 2.60 per Equity Share of face value of ₹ 2/- each i.e., 130% for the FY 17, thus maintaining 100% or more dividend for the fourteenth year in succession. The total dividend payment works out to ₹ 158.42 Cr excluding dividend tax and payout ratio works out to 26.14% excluding

## DIRECTORS' REPORT

dividend tax. The dividend is subject to the approval of the shareholders at the Annual General Meeting. Bank had formulated Dividend Distribution Policy as per the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') and the same is available in your Bank's website.

### Earnings per share / Book Value

The earnings per share (Basic) and the book value per share of ₹ 2/- each fully paid as on 31.03.2017 were at ₹ 9.95 and ₹ 79.51 respectively.

### Foreign Exchange Transactions

The merchant turnover of the Bank grew by 9.08% to reach ₹ 22,516 Cr in FY 17 as against ₹ 20,642 Cr in FY 16.

Export credit stood at ₹ 1,581 Cr in FY 17 as against ₹ 1,286 Cr in FY 16, a growth of 22.94% over the previous fiscal.

Your Bank earned a total income of ₹ 95.97 Cr in FY 17 on forex transactions against ₹ 111.17 Cr in FY 16. Of the total income earned to the tune of ₹ 95.97 Cr, exchange profit accounted for ₹ 38.38 Cr and Commission and others accounted for ₹ 57.59 Cr.

### System for Internal Financial Control and its Adequacy

The Bank is operating in a fully computerized environment with Core Banking System supported by diverse application platforms for handling special business such as treasury, trade finance, retail loans etc. The process of recording of transactions in each application platforms is subject to various forms of control such as in-built system checks, maker checker authorisations and independent post transactions reviews etc. The financial statements are prepared based on computer system outputs. Responsibility of preparations of financial statements is entrusted to a dedicated unit which is independent of business. The Bank has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements and were operating effectively during the year.

### Subsidiaries and Associates

Your Bank does not have any Subsidiaries or Associates to report.

### Board Meetings

During the year, twenty four meetings of the Board were held, the details of which are given in the Corporate Governance Report which is forming part of this report.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out annual evaluation

of its own performance (Board as a whole), all its Directors, Committees of the Board, its Non-Executive Chairman and MD & CEO.

The manner of evaluation conducted by the Bank has been reported in the Corporate Governance Report.

### Disclosure to be made under Sub-Section 8 of Section 178 of the Companies Act, 2013.

The Board of the Bank had constituted the Audit Committee under the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and Listing Regulations and the details of the composition of the Audit Committee is furnished in the Corporate Governance Report.

### Network of branches

Your Bank has 711 branches and 1747 ATMs as on 31.03.2017. The Bank had added 44 branches and 115 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 the FY 17 covering various facets of banking system. They are as under:

#### • BNA Recyclers

All the Cash Deposit Machines are migrated as Recyclers with the machines functioning as ATMs also as cash withdrawal can be made in the same machine and the cash deposited by the customers can be recycled for withdrawals. Our Bank has 444 cash recyclers.

#### • Tablet Based Account Opening

We have implemented on-line opening of Savings and Current accounts for individuals using tablet systems based on Aadhaar details to enable immediate enrolling of customers at their doorstep.

#### • Multifunction KIOSK

We have launched self-service KIOSKs through which customer himself can deposit outward cheques through the KIOSK. The customer cheques so deposited are immediately scanned and available for participating in the clearing in the immediate next settlement cycle thereby reducing the collection time drastically.

## DIRECTORS' REPORT

Customers can use this Automatic Passbook Printing KIOSKS 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. Thus passbook printing can be done at any time of the day.

The pass book KIOSKS are deployed in 156 branches of your Bank and the Bank proposed to roll out the same in more branches in FY 18.

### • Digitization of Loan Proposals

We have implemented Digitization of Loan Proposals in order to enable a quick transition of loan documents for processing at loan processing cells and in an electronic form. This helps to reduce the turnaround time to process credit proposals. There will be minimal physical movement of checklist documents from the branches to Central Loan Processing Centre (CLPC)/ Divisional Office (DO)/Central Office (CO).

### • Unified Payment Interface (UPI)

We have introduced a mobile application, Unified Payment Interface (UPI), a new initiative by National Payments Corporation of India (NPCI) in the payment system which aims to simplify by enabling both sender and receiver to initiate a payment in a secured manner via Mobile application.

• **Bharat Interface for Money (BHIM)** is another mobile application provided by M/s NPCI that lets the users to make simple, easy and quick payment transactions using Unified Payments Interface (UPI). Users can easily make direct bank to bank payments instantly and collect money using just Mobile number or Payment address.

• **Bharat Bill Payment System (BBPS)** is an integrated bill payment system in the country that offers interoperable and accessible bill payment / utility bill payments such as electricity, water, gas, DTH, telecom etc. Other types of payments such as School / University fees, Municipal taxes/ Statutory payments and other bills, mutual funds and insurance premium, various Government taxes will be included as and when Reserve Bank of India approves the same. We are one of the pilot Banks identified by NPCI for this initiative.

### • National Electronic Toll Collection (NETC) - FASTAG

Electronic Toll Collection is a secure and interoperable solution for NHAI toll collection. NETC system will reduce wait time at toll counters, reduce fuel consumption and cash handling considerably. NETC system will use RFID tag which is pasted on the windshield of vehicle. The RFID Tag on the vehicle is

read by the long range RFID reader hoisted on the NETC lanes which will allow vehicle without manual intervention. FASTAG (stickable) with different color variant for different types of vehicles (as prescribed by NPCI) will be issued to the customers. We are one of the five Banks identified by NHAI & NPCI for this initiative and the only Bank in the South.

### Financial Inclusion

In our efforts to provide the expanded services to the existing and new customers in the rural as well as in urban India, we have successfully implemented Financial Inclusion Scheme. Under the PMJDY scheme the Bank was required to cover 409 Wards in semi urban and urban areas in addition to 117 villages and 2 urban locations allotted in Tamil Nadu State under Urban Financial Inclusion.

Your Bank has covered all the 409 Wards, 117 villages and 2 urban locations through Business Correspondents spread over Tamil Nadu, Andhra Pradesh, Telangana and Karnataka States.

The Bank has 39 Ultra Small Branches as at 31.03.2017.

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 72 financial literacy camps in rural/ unbanked rural branches.

Your Bank introduced a separate Savings Bank Product for PMJDY, through which the Bank opened 28,599 accounts with an outstanding balance of ₹ 3.05 Cr as at 31.03.2017. In FY 17, your Bank enrolled 87,484 customers under Pradhan Mantri Suraksha Bima Yojana, 1,36,865 customers under Pradhan Mantri Jeevan Jyoti Bima Yojana and 509 customers in Atal Pension Yojana.

### Performance under Sovereign Gold Bond Scheme, 2015

Your Bank could mobilise total subscription denominated in units of gold of 65,350 grams amounting to ₹ 19.72 Cr in four tranches.

### Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of the Listing Regulations is presented in a separate section forming part of this Annual Report.

### Risk Management

The Bank has Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Operational Risk and Assets-Liabilities Management (ALM) functions. Risk Management functions in the Bank has been

## DIRECTORS' REPORT

aligned with best industry practice, and is being enhanced progressively, adapting to dynamic business environment and market conditions.

The Bank has comprehensively articulated various risk policies which specify the risk appetite / strategies, risk measurement methodologies, monitoring and control measures for the respective business segments. The policies have been framed keeping risk appetite as the central objective and business strategies have been aligned to risk policies.

The Bank has implemented "Internal Capital Adequacy Assessment Process" (ICAAP) in line with the Basel III requirements. The Bank has set up a Board-level Committee, viz., "Risk Management & Asset Liability Management Committee" to examine risk policies and procedures developed by the Bank and to monitor adherence to various risk parameters and prudential limits by different operating Departments.

### Vigil Mechanism/Whistle Blower Policy

The Bank has in place the "Whistle Blower Policy" since 2011. The said Policy is in compliance with RBI Guidelines, provisions of the Companies Act, 2013 and the Listing Regulations. The Vigil Mechanism at the Bank requires submission of Quarterly Reviews before the Audit Committee of the Board.

The Policy also incorporates suggestions of the Protected Disclosure Scheme for Private Sector Banks, instituted by the Reserve Bank of India. In compliance with RBI guidelines on "Staff Empowerment", the Board of Directors has reviewed the Whistle Blower Policy of the Bank during the FY 17.

### Related Party Transactions

All transactions entered with 'Related Parties' during the year under review were on "arm's length basis" and in the 'ordinary course of business' and therefore do not attract the provisions of Section 188 of the Companies Act, 2013. Accordingly AOC-2 is not applicable to the Bank.

### Employee Stock Option Scheme

During the year under report, your Bank has not granted any stock options under Employee Stock Option Scheme (ESOS).

### Compensation Policy

The Bank has in place a Compensation Policy for its Whole Time Directors, Chairman and President & COO, in terms of the Section 178 of the Companies Act, 2013, the rules made thereunder and Listing Regulations.

### Particulars of Loans, Guarantees and Investments

The provisions relating to Section 134(3)(g) of the Companies Act, 2013 on particulars of loans, guarantees and investments are not applicable to Banking Company and as such no disclosures are being made in this regard.

### Auditors

#### Statutory Auditors

The Members of the Bank at the 97<sup>th</sup> Annual General Meeting of the Bank held on 21<sup>st</sup> July, 2016, have approved the appointment of M/s Abarna & Ananthan, Chartered Accountants, Bengaluru as Statutory Auditors of the Bank for a period of two years, subject to the approval of the Reserve Bank of India, to hold office from the conclusion of the 97<sup>th</sup> AGM till the conclusion of the 99<sup>th</sup> AGM of the Bank to be held in 2018, subject to ratification of the appointment by the Members at the 98<sup>th</sup> Annual General Meeting. Accordingly the appointment of M/s Abarna & Ananthan, Chartered Accountants, Bengaluru as Statutory Auditors of the Bank is required to be ratified by the Members at the 98<sup>th</sup> Annual General Meeting of the Bank, subject to the approval of Reserve Bank of India. The Bank has received the 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 rules made thereunder. Accordingly, the Board of Directors has recommended the ratification of appointment of M/s Abarna & Ananthan, Chartered Accountants, Bengaluru as Statutory Auditors of the Bank, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the 99<sup>th</sup> Annual General Meeting of the Bank on remuneration to be decided by the Board thereof, to the members for approval.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 17.

During FY 17, no frauds were reported by Auditors under Sub-section (12) of Section 143 of the Companies Act, 2013.

### Secretarial Audit

Pursuant to the provisions of Sec 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank, with the approval of its Board appointed "Solaiyappan & Associates" Company Secretaries, Salem to conduct the Secretarial Audit of the Bank for the FY 17. The Secretarial Audit Report is annexed herewith as Annexure 1.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 17.

## DIRECTORS' 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

Considering the nature of its activities as an entity in the Financial Services sector, the Bank has voluntarily taken steps towards conservation of energy and technology absorption thus ensuring compliance of the provisions of Section 134 of the Companies Act, 2013. However the Bank has adopted the following in the areas of conservation of energy, technology absorption:

Your Bank has undertaken various energy efficiency improvement initiatives for energy conservation across all its premises. Your Bank owns 850 KW Wind Turbine Generator at Govindanagaram, Theni District, Tamil Nadu. Installed in the year 2011, the Bank is utilizing the power generated by Wind Turbine Generator for its Registered & Central Office at Karur and also its Divisional Office, Chennai premises. 18,21,049 units were generated during the fiscal under report by wind mill.

#### Technology Absorption

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 technology entered into the banking industry in the country. 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 was qualified by National Payment Corporation of India and National Highways Authority of India for the National Electronic Toll Collection (NETC) project as one of the Pilot Banks. Very few Banks in India were qualified for this digital initiative of National Highways wherein your Bank can issue and acquire RFID based tags which can be used by vehicles to pay the toll fee digitally across the country.

Similarly, your Bank was qualified by National Payment Corporation of India for the Bharat QR (Quick Response) Code project as one of few Pilot Banks wherein dynamic and fixed payments can be effected through Mobile phones without using any debit/credit card. The payment can also be initiated through UPI (Unified Payment Interface) launched by Government of India.

Your Bank has also been qualified by the National Payment Corporation of India for the Bharat Bill Payment System (BBPS) as one of the pilot banks where all utility bills across the Banks and merchants can be paid through us under one umbrella.

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 system. 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 form part of the normal banking operations. The Bank supports and encourages the country's export efforts through its export financing operations. The details of foreign exchange earnings and outgo are mentioned elsewhere in the report.

#### Material events that have happened after the Balance Sheet date

No material changes and commitments affecting the financial position of the Bank have occurred between the end of the Financial Year to which the Financial Statements relate and the date of report.

There are no significant and material orders that were passed by the Regulators or Courts or Tribunals against the Bank impacting its going concern status or the Bank's operations in future.

#### Extracts of Annual Return

Pursuant to sub-section 3(a) Sec 134 and sub-section 3 of Sec 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at March 31, 2017 in Form MGT-9 forms part of this report as Annexure 2.

#### Particulars of Employees

The ratio of remuneration of each Director to the median employee's remuneration and other details and the statement containing particulars of employees in terms of sub-section 12 of Sec 197 of the Companies Act, 2013 read with Rules 5(1) and (2) of the Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2016 forms part of this report as Annexure 3.

No employee of the Bank was in receipt of the remuneration as specified in Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2016 under section 197(12) of the Companies Act, 2013 and further in terms of the said rules no employee of the Bank holds



## DIRECTORS' REPORT

by himself or along with his/her spouse and dependent children not less than two percent of the equity shares of the Bank.

### Corporate Social Responsibility (CSR)

The Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board, in accordance with the provisions of Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility policy) Rules, 2014 as amended. The Bank has in place a CSR policy which was reviewed by the Board annually. CSR expenditure and details of the amounts spent by the Bank on CSR activities during the year has been enclosed to this report as Annexure 4.

### Business Responsibility Report (BRR)

The Securities & Exchange Board of India (SEBI), vide their Circular dated November 4, 2015, have published revised format of the Business Responsibility Report and have mandated the top 500 listed entities, based on market capitalization in Stock Exchanges, to include the 'Business Responsibility Report' (BRR) as part of the Annual Report, describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by SEBI.

In view of the above and in compliance with Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report (BRR) of the Bank forms part of this Report as Annexure 5.

### Criteria for determining qualifications, positive attributes for Appointment/Re-appointment of Directors

Pursuant to Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee (NRC) formulated the criteria for determining qualifications, positive attributes and independence of a director to adhere the various provisions and guidelines as detailed below:

- Fit and Proper criteria as per Dr Ganguly Committee Norms which stipulates age, educational qualification, experience, track record, integrity etc., and various circular instructions and guidelines issued by Reserve Bank of India from time to time.
- Norms laid down by the Banking Regulation Act, 1949 as amended from time to time which stipulates substantial interest, sectoral representation as per Section 10A(2)(a), restrictions as per Section 16 and 20 of the Banking Regulation Act, 1949 etc.,
- Disqualification / Conflict of Interest of Directors and other norms as per the provisions of Companies Act, 2013 and rules made thereunder from time to time.

- Criteria of Independence of a Director as per the provisions of Companies Act, 2013 and rules made thereunder and other applicable provisions as amended from time to time.
- Applicable regulations of Listing Regulations as amended from time to time.
- Articles of Association of the Bank.
- Any other factors as the NRC may deem fit and in the best interest of the Bank and its stakeholders.

The terms and conditions of appointment of Independent Director is disclosed on the website of the Bank at the link [http://www.kvb.co.in/pdf/ID\\_Terms\\_and\\_Conditions.pdf](http://www.kvb.co.in/pdf/ID_Terms_and_Conditions.pdf).

### Board of Directors

In terms of Sec 152 of the Companies Act, 2013, Non-Executive Non-Independent Directors Shri G Rajasekaran (DIN: 00035582) and Shri A K Praburaj (DIN: 07004825), retire by rotation and being eligible offer themselves for re-election at the ensuing Annual General Meeting (AGM).

In terms of the provisions of Sec 149(10) and Sec 152 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Non-Executive Independent Directors Shri N S Srinath (DIN: 01493217) and Dr V G Mohan Prasad (DIN: 00002802) shall be eligible for re-appointment and seeking re-appointment for a second term.

Shri N S Srinath, an Independent Director of the Bank, was co-opted as an Additional Director on 29.06.2012. He was appointed as a Director in the AGM held on 30.07.2012. Pursuant to Sections 149 and 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri N S Srinath was appointed as an Independent Director of the Bank, upto a period of 3 years in the AGM held on 23.07.2014. The three years term of his appointment ends on 22.07.2017.

Dr V G Mohan Prasad, an Independent Director of the Bank, was co-opted as an Additional Director on 15.06.2014. Pursuant to Sections 149, 152 and 161 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Dr V G Mohan Prasad was appointed as an Independent Director of the Bank upto a period of 3 years in the AGM held on 23.07.2014. The three years term of his appointment ends on 22.07.2017.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment for a further period upto five years

## DIRECTORS' REPORT

on passing of a special resolution by the company. Further, in terms of Section 10A(2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years.

Shri N S Srinath is completing his five years period on 28.06.2017 and in compliance of Section 10A(2A) of the Banking Regulation Act, 1949 he may be re-appointed for a second term upto the completion of his continuous period of eight years.

Dr V G Mohan Prasad is completing three years period on 14.06.2017 and in compliance of Section 10A(2A) of the Banking Regulation Act, 1949 he may be re-appointed for a second term upto the completion of his continuous period of eight years.

In the opinion of the Board of Directors they fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder and meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. Further their appointment is in compliance with the provisions of Sec 10A of the Banking Regulation Act, 1949, in particular, on account of Shri N S Srinath and Dr V G Mohan Prasad have the requisite experience/ expertise required under Section 10A(2) of the Banking Regulation Act, 1949. The said Independent Directors are not liable to retire by rotation.

The tenure of Shri K Venkataraman (DIN: 02443410), MD & CEO of the Bank concluded at the close of the office hours on 31<sup>st</sup> May 2017 as per the terms of his re-appointment. Bank had already taken initiatives to select suitable successor for being appointed as MD & CEO of the Bank which is at final stage. In view of the importance of ensuing statutory compliances of the Bank for the year ending March 2017, Board in the meeting held on 21.03.2017 resolved to extend the tenure of Shri K Venkataraman, MD & CEO of the Bank for a period of three months effective from 1<sup>st</sup> June 2017 to 31<sup>st</sup> August 2017, subject to the approval of Reserve Bank of India.

The Bank made an application to Reserve Bank of India for approval for extension of term of Shri K Venkataraman, MD & CEO of the Bank under the existing terms & conditions. Reserve Bank of India vide their letter DBR.Appt.No.11915/08.41.001/2016 - 17 dated April 7, 2017 accorded their approval for extension of tenure of Shri K Venkataraman to continue as MD & CEO of the Bank for a period of three months from 1<sup>st</sup> June 2017 to 31<sup>st</sup> August 2017, under the existing terms & conditions.

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

Shri K K Balu, Independent Director of the Bank demitted office consequent to the completion of his two years tenure ended on 22.07.2016.

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

Apart from the above, there were no changes in the directors holding office.

### Declaration by Independent Directors

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

### 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 Listing Regulations and Companies Act, 2013 and the rules made thereunder forms part of this report.

A certificate from Shri CS S Solaiyappan, Practicing Company Secretary, confirming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations 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;

## DIRECTORS' REPORT

- (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 and Accolades

Your Bank received the following Awards and Accolades during the year 2016-17.

1. Business Today – KPMG Best Small Bank Award for 2015-16.
2. Best Bank in National Level under Private Sector Category for 2015-16 from the State Forum of Bankers' Club of Kerala.
3. Best Bank Award among the Small Banks for Digital Banking from the Institute for Development and Research in Banking Technology (IDRBT) for the year 2015-16.
4. Best Bank among Small Banks for Managing IT Ecosystems from the Institute for Development and Research in Banking Technology (IDRBT) for the year 2015-16. Your Bank receiving the IDRBT award for the eight year in succession.
5. Dun & Bradstreet award for Best Private Sector Bank for Priority Sector Lending.
6. Best Bank Award for Credit Quality from Financial Express for the year 2013-14.
7. Star Performer Award for new accounts opened under Bank Category from National Securities Depository Limited (NSDL) – Second Place.

8. First Prize for achieving highest disbursal under Solar Irrigation Pumps – Off Grid & Decentralized Solar Applications Programme for FY 16 from Ministry of New & Renewable Energy, Govt. of India.
9. Second Prize under Branch Wise Performance (for Belgaum Branch) for achieving highest disbursal under Solar Irrigation Pumps – Off Grid & Decentralized Solar Applications Programme for FY 16 from Ministry of New & Renewable Energy, Govt. of India.

### 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 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  
Date: 08.06.2017

B Swaminathan  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Overview

Global economic activity and trade picked up modestly during the latter part of 2016. The firming up of commodity prices led to some uptick in inflation in major advanced economies. Recessionary conditions ebbed in key commodity exporting Emerging Market Economies (EME), setting the stage for turnaround as a group. Even though world trade appeared to have emerged out of a trough, new risks have emerged from an increasing tendency towards protectionist policies and heightened political tensions.

Commodity prices strengthened since late 2016 on improvement in US economic indicators such as strong labour market and consumer spending, Infrastructure spending in China, geopolitical concerns and agreement by major oil producers to trim supply etc. Inflation edged up on expectations of reflationary fiscal policies in the US, rising energy prices and a mild strengthening of demand.

The monetary policy stance has generally remained accommodative globally, the stimulus provided through asset purchase programmes appears to have passed its peak. The Federal Reserve raised the target for federal funds twice in December 2016 and March 2017 which shows the strengthening of the US economy. The Bank of England has kept its monetary stance unchanged since the last easing effected in August in response to Brexit and Bank of Japan also unchanged their monetary stance. In major EMEs, the monetary policy stance has been driven by both domestic factors and the anticipation of a rate hike by the Federal Reserve. China raised its short term rates in March for the third time in three months.

Emerging and developing economies are expected to grow further to 4.5% and 4.8% in 2017 and 2018. While general outlook for developing economies is positive, country wise the outlook remained mixed. Global financial markets were influenced by three events, viz., the change in leadership in the US, policy rate hike by the Federal Reserve as anticipated and uncertainty surrounding the Brexit roadmap.

The modest turnaround in global recovery since the later part of the previous year is projected to strengthen further. While Advanced Economies (AE) are likely to consolidate economic recovery, the on-going slowdown in Emerging Market Economies could reverse. Economic activity and financial markets will continue to be impacted by political and policy uncertainties as well as monetary policy moves by major Advanced Economies.

As per the International Monetary Fund (IMF) in its World Economic Outlook, April 2017 projected global growth to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018 on account of stronger activity and robust global demand.

### Indian Economic Scenario

Indian economy improved in the first half of the current year, weathering global headwinds. Economic growth although remained weak appeared to be recovering, current account balance improved despite continuing sluggishness in global demand, fiscal trends remained attuned to the consolidation plans and inflation remained broadly within the corridor. Economic growth was supported by good monsoon rains and better crop production and the expansion in Government expenditure due to payouts on account of the Seventh Pay Commission.

The fourth quarter real GDP growth number for 2016-17, is now pegged at 6.1%, far lower than the estimated 7.00% in February. Despite the significant lowering of growth estimates for fourth quarter of 2016-17, the full year real GDP growth forecast has remained unchanged at 7.1%. The Central Statistics Office (CSO) has upped the FY 18 real GDP growth estimate to 7.9% and in respect of Gross Value Added (GVA), a better indicator of economic activity from the producers point of view, for FY 17 growth has in fact been revised to 6.6%.

The withdrawal of legal tender character of specified bank notes (SBNs) by the Government of India in November 2016 provided a transient loss in growth momentum in the overall economy. While private consumption growth is expected to maintain its above 7% growth rate in FY 17 along with export performance turning positive, gross fixed capital formation is projected to witness a marked slowdown. On the sectoral front, while manufacturing and trade, financial and real estate services is projected to see a deceleration in growth momentum in FY 17 an upturn in agriculture and allied sector along with public services is expected to provide an offsetting impact. Over the medium term, the positive impact of demonetization together with the implementation of the new Goods and Services Tax (GST) regime in FY 18 is expected to emerge with a behavioural shift in conducting economic transactions via formal financial channels.

On the Inflation front, WPI decreased to 5.29% for March 2017 from 5.51% in February 2017 in y-o-y terms, the fall in inflation rate was mainly on account of statistical effect of higher base and across the board decline in prices. Inflation as measured by

## MANAGEMENT DISCUSSION AND ANALYSIS

CPI turned up as expected in March 2017 to 3.8%. Overall Food inflation rose to 2.54% from 2.39% in February 2017. However, inflation under fuel increased to 5.56% in March 2017 from 3.90% in February 2017.

India's current account deficit (CAD) jumped to a four quarter high of 1.4% of Gross Domestic Product (GDP) at USD 7.9 billion in the December quarter from 0.6% of GDP in the September quarter as trade deficit widened. Moreover, the services trade surplus stood at a 4-quarter high in Q3 FY 17, which is encouraging in light of growing concerns related to global headwinds. In the financial account, net Foreign Direct Investment (FDI) at USD 9.8 billion in Q3 of 2016-17 was almost half of USD 16.9 billion in the Q2 of the same financial year, while equity and debt segments saw a net outflow of portfolio investment of USD 11.3 billion in Q3 FY 17 against USD 6 billion in the previous quarter. The Indian rupee traded in a band of ₹ 64.85 - ₹ 68.77 during the FY 17 but showed a trend of strengthening on the back of increased FDI inflows and higher exports.

The fiscal deficit target to be confined to 3.5% of GDP for 2016-17 and the Government announced a higher allocation for infrastructure and agriculture sectors, announcing a 15.3% rise in plan expenditure in 2016-17 over the previous year.

The Indian economy is on the brink of a major transformation, with several policy initiatives set to be implemented shortly. Positive business sentiments, improved consumer confidence and more controlled inflation are likely to prop-up the country's economic growth. Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth with consumer demand returning in the economy. All these factors suggest that banking sector would set opportunities for growth as the growing business would turn to banks for their credit needs.

### Developments in the Banking Sector

On the Monetary policy front, the RBI reduced the repo rate by 25 basis points to 6.25% in its meeting held on October 4, 2016. Highlighting its confidence on revival in economic growth, RBI in its bi-monthly policy for FY 17 changed its monetary policy stance from accommodative to neutral and also left its key policy rates unchanged. The Monetary Policy Committee remained committed to bringing headline inflation or CPI closer to the target of 4%. The decision to change its stance was to observe the transitional effect of demonetisation on inflation and the output gap.

The 6.97% GOI 2026 10-year benchmark yield closed at 6.66% as at end of March 2017. Call money rates closed lower than the repo rate at 5.85%.

In July 2016, the Government allocated ₹ 22,915 Cr as capital infusion in 13 public sector banks, which is expected to improve their liquidity and lending operations and shore up economic growth in the Country. RBI has issued guidelines for Priority Sector Lending Certificates (PSLCs), according to which banks can issue different kinds of PSLCs such as those for the shortfall in agriculture lending, lending to small and marginal farmers, lending to micro enterprises and for overall lending targets to meet their priority sector lending targets.

The Financial Year 2017 witnessed a challenging operating environment for the Banking industry in India. In view of the stress in major sectors continued, capital position and profitability of several banks deteriorated and credit growth remained weak. The Deposits growth of Scheduled Commercial Banks recorded 11.76% and the credit growth recorded 5.08% only during the year under review.

Indian banking industry started the fiscal year 2017 in a crisis caused by a pile up of bad loans. Management of NPAs, therefore, assumed significance in management of banks. Regulators and policy makers for banks have been taking measures to bring down the level of NPA in Indian commercial banks by introducing the Scheme like Sustainable Structuring of Stressed Assets (S4A) as an additional measure to strengthen the ability of Banks to resolve large stressed assets.

Asset quality in the industry as a whole has worsened on the back of Asset Quality Review (AQR) exercise undertaken by Reserve Bank of India (RBI) at many banks and there was no resolution of stressed assets despite tweaks by Reserve Bank of India to its debt restructuring schemes. Credit growth has slowed to a trickle and bonds have been the incremental source of funding for corporate entities for the second straight year. Gross Non-Performing Assets (GNPA) have more than doubled in 24 months. Bad loan crisis of state-owned banks surged 56.4% the 12-month period ending December 2016. It was reported that the gross non-performing assets (GNPA) surged to ₹ 6,14,872 Cr.

Despite Reserve Bank of India (RBI) announcing numerous restructuring schemes, the bad loans have risen by 135% in last two years and stood at 11% of the gross advances of Public Sector Banks (PSBs). In all, the total NPAs of both the public and private sector banks were ₹ 6,97,409 Cr in December 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

Government has assured that workings on radical proposals to solve the asset quality crisis. In May, 2017, to further facilitate timely resolution of stressed assets, the Government of India passed an ordinance amending Banking Regulation Act, 1949 authorising RBI to intervene and direct banks to resolve specific stressed assets and initiate insolvency resolution process where required.

Indian Banking Industry witnessed the roll out of innovative banking models like payments and small finance banks. RBI has released the Vision 2018 document, aimed at encouraging greater use of electronic payments by all sections of society by bringing down paper-based transactions, increasing the usage of digital channels and boosting the customer base for mobile banking. The impact of demonetisation is expected to give further impacts to digital and cashless transactions in the banking system.

The advancements in technology have brought the mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and also upgrading their technology infrastructure, in order to enhance the customer's overall experience as well as give banks a competitive edge.

Banking sector is also expected to be benefitted by the passing of Insolvency and Bankruptcy Code for taking remedial action against defaulters.

### Opportunities and Threats

Your Bank has shown good financial performance across macroeconomic cycles while withstanding domestic and global adversities. The performance proves that Bank's focus on knowledge banking, superior human capital and its commitment to provide outstanding service and delivery experience to its customers and on managing the risks especially the credit risk in maintaining asset quality in a tough credit environment, has paid dividend.

Bank with its hundred years of tradition and its young and talented work force turned in higher productivity by increasing per employee business and the per employee profits recorded year after year even in a difficult environment. Your Bank is also committed to provide outstanding service delivery and quality experience to its customers through our new age technology platforms and continuously evolving digital channels. These alternative digital channels increase efficiency, improve service,

enhance customer experience as well as reduce operational costs in the long run.

A high share of your Bank's advances came from Commercial Banking Group which stood at 35% of advances. The Retail & SME advances book is gaining share in total advances in line with Bank's plans. The Bank which started itself primarily as a SME bank will continue to position itself as a more comprehensive player to cater to the needs of SME customers.

Your Bank has a regional concentration in Southern India and any adverse change in the economy of Tamil Nadu and other Southern States can impact your Bank's operations. However, your Bank continues to expand pan India with total branches of 711 as on March 2017.

With the adverse impact of demonetisation having worn out, domestic demand is expected to improve in the near to medium term with support from increased public spending and the forecast of normal monsoon in 2017.

Private investment currently remains tepid amid excess capacities, stressed balance sheets and excessive leverage especially in infrastructure companies driven mainly by low consumer demand, thereby resulting in stressed assets in the Banking sector.

### Business Segment Overview

Your Bank continued to focus on its business mix, through increased accent on the Commercial and Retail business both under asset and liability products. Going forward, Commercial and Personal Banking segments will continue to be the thrust areas of your Bank.

The Deposits reached a level of ₹ 53,699.81 Cr as against ₹ 50,078.90 Cr in the previous fiscal.

The share of CASA deposits to the aggregate deposits increased from 23.31% in March 2016 to 27.72% in March 2017. Savings Bank deposits recorded a growth of 30.35% from ₹ 7,647.32 Cr as on 31.03.2016 to ₹ 9,968.28 Cr as on 31.03.2017.

Demand Deposits grew by 22.18% in the year under report from ₹ 4,027.20 Cr as at the end of FY 16 to ₹ 4,920.35 Cr as at the end of FY 17. CASA deposits grew at 27.52%.

Retail Deposits viz., Term Deposits of less than ₹ 1.00 Cr constitute 85.27% and Term Deposits less than ₹ 5.00 Cr constitute 90.87% of the Term Deposits as on 31.03.2017. Your Bank reduced the high cost bulk deposits and broad based deposit portfolio, thus making it highly stable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Corporate and Institutional Group (CIG)

Your Bank's Corporate and Institutional Group (CIG) provides comprehensive client focussed services comprising of 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 and large 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 31<sup>st</sup> March, 2017, your Bank's CIG advances were at ₹ 13,612 Cr accounted for 32.85% of the Advances portfolio. Due to your Bank's highly selective approach in taking further exposure in the corporate segment and due to prepayments in many accounts due to reduction in bank borrowing by corporates there was a decline of 1.09% in FY 17.

### 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 customized products like Timber Plus, Pharma Plus, Transport Plus, Textile Plus, Steel Plus, Rice Plus, Commodity Plus, Food & Agro Process Plus, Rent Fin, Construction Plus, Varthaga Mitra, Professional Loan, Easy Trade Fin, Mortgage Loan Commercial, MSME Pack, Fleximobile Commercial, POS Plus etc., tailored to suit the specific requirements of each of these trades at competitive pricing. Further, SME segments are supported through various Government sponsored programmes like MUDRA, Start up India, Stand up India etc.

The CBG SMX programme which was launched in 2015-16, had stabilized and had yielded good results in the current year also, sourcing more than 2600 proposals aggregating to ₹ 3,717 Cr.

CBG digitization provided ample benefit for reduction of TAT considerably. Lead Management System was followed to ensure efficient lead capture, timely customer meetings and effective capture of customer responses. Further, MSME online application system was introduced as user friendly model to the customer to apply MSME Business loan online and to track the application status. The system started to yield good results.

The Bank's CBG advances were at ₹ 14,504 Cr constituting 35.21% of the total advances as on 31<sup>st</sup> March, 2017.

### Personal Banking Group (PBG)

Your Bank's Personal Banking Group caters to the Retail Banking segment of the bank, which includes retail deposits, retail advances and Bancassurance.

### Retail Advances

With the objective of broad basing the advances portfolio of the Bank, thrust is being given to retail loans. Major contributors to the retail loans portfolio are the home, car, personal and mortgage loan segments.

Two new retail loan products were launched. One was the KVB Elite Bike Loan, targeting the elite youth and HNIs for high end motorbikes. The other was a tailor made Mortgage Loan exclusively for NRIs. The product features and pricing are continuously reviewed based on market trends, demand and customer needs and are revised appropriately.

As of 31.03.2017, the total retail advances portfolio of the Bank stood at ₹ 6,340 Cr, constituting 15.18% of total advances. Of this, the Home Loan segment was ₹ 2,329.81 Cr, Vehicle Loans ₹ 920.65 Cr, Mortgage Loans ₹ 964.71 Cr and Personal Jewel Loans ₹ 595.43 Cr. The rest of the products contributed ₹ 1,529.40 Cr.

### CASA

A total of 8,55,286 new CASA accounts were opened during FY 17. Your Bank reached a Current Account level of ₹ 4,661 Cr and Savings Account level of ₹ 9,968 Cr as on 31.03.2017 taking the CASA Base of the bank to ₹ 14,629 Cr. Incremental growth in Savings was by a creditable 30.36% while in Current Accounts the growth was by 24.57%.

### Digital push

The Bank was very active on the Digital push to move towards cashless payments and actively advertised the availability of product offerings in the digital space.

### POS

Your Bank deployed 13,722 new Point of Sale (POS) machines during the year thus more than doubling the number, taking the total number of such machines deployed to 22,068. It is noteworthy that as against the target of deployment of 8,182 POS machines set by the Government of India post demonetization, your Bank surpassed the number by deploying 8,570 POS machines.

## MANAGEMENT DISCUSSION AND ANALYSIS

Total number of transactions put through the machines during the year increased 1,91,20,067 with a volume of ₹ 2,840.47 Cr. Your Bank launched “Green POS”, a GPRS handheld machine without printer, which won the Best Innovative End to End POS technology solution from KamikazeB2B Media, Mumbai.

### Debit Cards

On the cards front, your Bank issued 13.02 lakh debit cards during FY 17. During the period, 715.01 lakh transactions amounting to ₹ 24,333.74 Cr were put through the debit cards of the Bank.

In a further push to cashless banking, 2,36,731 new customers signed in for Net Banking facility. This was a growth by 29.38% over the previous year. In respect of Mobile Banking, 2,87,163 new users registered for the facility, which was a growth of 260.72% over the previous fiscal. In terms of average transaction volume, the growth was by a phenomenal 376.14%. The average volume transacted was ₹ 2,838.39 lakh. There were 2.57 lakh new registrations for e-Book, the Bank's app that provides details of non-financial transactions of the account holders.

### Demat Services

The Bank has registered with National Securities Depository Limited as a Depository Participant (DP) and offering demat services to the participants in the security market. Further the Bank has tie up with M/s IDBI Capital Markets & Securities Ltd and M/s Religare Securities Ltd for providing trading accounts facility.

### BANCASSURANCE & CREDIT CARDS

As you are aware, your Bank has partnered with Birla Sunlife Insurance Ltd., for sale of their life insurance products, Bajaj Alliance General Insurance Co., for sale of their general insurance products and with SBI Cards & Payments Company for a co-branded Credit Card.

BSLI Secure Plus, a traditional non-participating plan (life) and Bajaj Allianz KVB Suraksha Plus (Non life) were two new products launched during the year exclusively for KVB customers. Your Bank reached a new benchmark level of ₹ 69.60 Cr total premium under life insurance and ₹ 38.75 Cr under non life insurance. Your Bank issued 6,146 new Credit Cards (co-branded with SBI) during the year.

### Agriculture 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 Divisional Offices and Branches. In respect of direct lending to agriculture the Bank has rolled out new products and modified the existing product features targeting small and marginal farmers, other allied sectors of agriculture by engaging Business Facilitators at select centers.

The Bank has tied-up with leading Solar Pump-set Manufacturers/ Suppliers for promoting Solar Irrigation Pumps among farmers under the subsidy scheme of Ministry of New & Renewable Energy (MNRE), Government of India. The Bank has been awarded 1<sup>st</sup> prize for having achieved highest disbursement under Solar Irrigation Pump-set Scheme by MNRE for the FY 2015-16.

The Bank's ABG advances were at ₹ 6,979 Cr, constituting 16.84% of the gross advances as on 31.03.2017. The Bank has continuously achieved the statutory agriculture target of 18% of the Adjusted Net Bank Credit (ANBC) continuously for the 7<sup>th</sup> year in a row by lending to agriculturists and other allied sectors.

### Transaction Banking Group (TBG)

Your Bank's Transaction Banking Group is offering Cash Management Services (Collection and Payments) and Supply Chain Finance (Vendor and Dealer) solutions for Corporate Clients since FY 16. Your Bank has tied up with some of the leading auto majors and engineering industries to extend dealer and vendor finance products. Your Bank has also on boarded large and mid corporate clients for collection and payment solution. Your Bank is implementing Virtual Account feature in collection module to improve the Current Account portfolio. Your Bank is also under discussion with other auto majors in commercial vehicle and agriculture machinery segments in offering supply chain finance solution in the current year.

### Outlook for the fiscal 2017-18

On the domestic front, GDP growth is expected to rebound to 7.2% in 2018 and 7.7% in 2019 as per the International Monetary Fund (IMF) in its World Economic Outlook, April 2017. Under these forecast, India would remain the fastest growing major economy in the world.

With the effects of demonetisation wearing off, the outlook for 2017-18 has been brightened considerably by a number of factors.



## MANAGEMENT DISCUSSION AND ANALYSIS

- Discretionary consumer spending held back by demonetisation is expected to pick up from Q1 FY 18 with the measured pace of remonetisation and is expected to gather momentum over forthcoming quarters ahead.
- The various proposals in the Union Budget 2017-18 are expected to be growth stimulating. Stepping up of capital expenditure, boosting rural economy and affordable housing, the planned roll-out of GST and steps to attract higher foreign direct investment through initiatives like abolishing the Foreign Investment Promotion Board (FIPB) etc., are expected to give impetus to growth rate.
- Global trade and output are expected to expand at a stronger pace in 2017 and 2018 than in recent years, easing the external demand constraint on domestic growth prospects.
- Demonetisation induced ease in Bank funding conditions has led to a sharp improvement in transmission of past policy rate reductions into marginal cost-based lending rates, and in turn, to lending rates for healthy borrowers.
- The pace of economic activity would critically hinge upon the outturn of the south-west monsoon.
- Sentiment in the corporate sector improved according to RBI industrial outlook survey during the quarter ending March 2017. Both manufacturing and services firms expected output to be higher a year from now.

Considering the baseline assumptions, survey indicators and updated model forecasts of RBI, the real GVA growth will improve from 6.6% in Q3 FY 17 and 6.5% in Q4 to 7.0% in Q1 FY 18 and 7.4% - 7.6% in the remaining three quarters of FY 18, with risks evenly balanced around this baseline path and assuming a normal monsoon.

### Risks and concerns

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 (RM & ALM), 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 Interests Rate Risk, which are identified, measured and monitored by the ALCO through the prescribed statements viz: Statement of Structural 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 details and takes corrective action where necessary. As per the Bank's ALM Policy, Contingency Funding Plan is reviewed on quarterly basis. Benchmark Prime Lending Rate (BPLR)/ Base Rate (BR)/ Marginal Cost of Lending Rate (MCLR) (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.

**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

## MANAGEMENT DISCUSSION AND ANALYSIS

and procedures. The Bank has suitable systems and procedures for managing and controlling of operational risks.

The Bank has implemented BASEL III capital frame work. 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 for credit, market and operational risks in a phased manner.

### Internal Control systems and their adequacy

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 Inspection and 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 provides 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 five groups as per risk perception and are subject to varying degrees of audit.

The IAD reports to the MD & CEO for day to day activities and to the Audit Committee for Audit Planning and Reporting. Your Bank had conducted the RBIA Audit of all the targeted branches & Divisional Offices for the year.

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 2016-17, 347 branches covering 83% of the total business of the Bank were subjected to Concurrent Audit.

In addition to the regular inspection (RBIA) and concurrent audit, the Bank also conducted surprise inspection by the Bank Officers/Executives 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 2016-17, 370 branches were subjected to revenue audit.

During the year 2016-17, your Bank has conducted concurrent auditors meeting at Chennai, Bangalore, Delhi, Mumbai, Coimbatore and Hyderabad. The Chairman of the Audit Committee and other members of the Committee had an interaction session with the concurrent auditors and reviewed their reports/findings with an objective of reporting any significant/material findings etc., and shared their views with the Department for further enhancing the quality of inspection and audit in the Bank.

Your Bank has also ventured into a unique area of integrating all audit system under a single software called e-Thic to enhance and provide focused attention in the audit mechanism taking cognizance of the various requirements borne out of experience and also the suggestions gathered during the concurrent auditors meeting conducted at various centres in the country during the year.

Your Bank has also conducted SNAP audit in 552 branches to ensure that the compliance aspects in respect of internal control are followed at the branch level.

Your Bank has a system of re-appraisal of jewels pledged under Jewel Loan portfolio once in a year covering all branches which have the Jewel Loan portfolio. During 2016-17, in 648 branches, re-appraisals were carried out.

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

Information Security Audit is conducted once in a year covering all branches and back offices viz., Central Office, Divisional

## MANAGEMENT DISCUSSION AND ANALYSIS

Offices, Regional Processing Centres etc., During the year under report, the Bank conducted IS Audit across 700 branches/offices.

Your Bank has now been brought under revised Supervisory approach of RBI called SPARC-Supervisory Program for Assessment of Risk and Capital.

Your Bank has sharpened internal controls by instituting vigilance functions and introduction of a separate Staff Accountability Policy.

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 Financial Intelligence Unit-INDIA.

### Credit Audit Department (CAD)

In order to maintain a healthy credit portfolio especially in the case of advances with a fund based limits of ₹ 5 Cr and above or the total exposure of ₹ 10 Cr and above, your Bank 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.

Credit Audit Department (CAD) will provide feedback to the Top Management of our Bank, based on the information gathered from reports of the various Credit Audits conducted, on the state of compliance with instructions/directives from the Government and Reserve Bank of India and Bank's extant Credit Policy/procedures.

Credit Audit aims at providing feedback and sending out early warning signals to the operating functionaries about the quality of advances that have been subjected to Credit Audit. Credit Audit may also indicate possible remedial measures in respect of loan assets showing signs of weakness (such as the need for infusion of capital, need for strengthening the collateral etc.) so that the concerned operating units and their Controlling Authorities can take proactive steps for safeguarding Bank's interests.

### Credit Monitoring Group (CMG)

The Bank has in place a well structured Credit Monitoring Group to have continuous tracking of performance of loan

assets. The core area of CMG is to ensure the end-use of credit facility granted and ensuring adherence to terms & conditions of sanctions, Policies of Bank and Regulatory Requirements. The signs of weakness, stress & delinquencies are identified early to facilitate initiation of prompt corrective remedial action and prevent slippages, minimize credit risk and improve Asset Quality.

### 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 on 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, IBA and statutory authorities – Income Tax, Sales Tax, Customs etc., for all compliance related matters. Nodal Compliance Officers (NCOs) are identified and appointed at Branches, Divisional Offices, Back Offices and Departments at Central Office for better compliance on an on-going basis.

### Financial Performance with respect to Operational Performance

Your Bank has delivered a steady financial and operating performance for the financial year 2016-17.

Interest income increased from ₹ 5,443.40 Cr in the pervious fiscal to ₹ 5,622.35 Cr showing a growth rate of 3.29%. Interest expended decreased from ₹ 3,662.03 Cr to ₹ 3,548.65 Cr. The Net Interest Income grew at 16.41% from ₹ 1,781.37 Cr to ₹ 2,073.70 Cr.

Non-Interest Income rose to ₹ 782.22 Cr from ₹ 706.78 Cr, registering a growth of 10.67%.

Your Bank's operating revenue recorded an increase of 14.78% from ₹ 2,488.18 Cr to ₹ 2,855.92 Cr.

The operating expenses increased from ₹ 1,185.12 Cr to ₹ 1,284.95 Cr, recording a growth of 8.42%. In the operating expenses, Establishment expenditure registered an increase of 11.07% from ₹ 547.38 Cr in FY 16 to ₹ 607.96 Cr in FY 17. Other operating expenses increased by 6.15% from ₹ 637.74 Cr to ₹ 676.99 Cr.

## MANAGEMENT DISCUSSION AND ANALYSIS

Your Bank posted an Operating Profit of ₹ 1,570.97 Cr for the fiscal 2016-17, against ₹ 1,303.06 Cr recorded in the corresponding period a year ago, an increase of 20.56%.

The Net Profit for the year ended 2016-17 posted an increase of 6.76% from ₹ 567.63 Cr in FY 16 to ₹ 605.98 Cr in FY 17.

For the FY 17 the Net Interest Margin of the Bank rose by 27 basis points from 3.43% to 3.70%, compared to the previous fiscal.

The Return on Average assets was at 1% at the end of the FY 17 as against 1.03% in the previous fiscal.

The Earnings Per Share (EPS) and Book value of shares as on 31.03.2016 stood at ₹ 46.59 and ₹ 375.25 respectively in respect of shares of face value of ₹ 10/- each. The Bank has sub-divided equity shares having a face value of ₹ 10/- each into five (5) equity shares having a face value of ₹ 2/- each. After sub-division of equity shares, the Earnings Per Share (EPS) and Book value of shares as on 31.03.2017 were ₹ 9.95 and ₹ 79.51 respectively in respect of shares of face value of ₹ 2/- (as against ₹ 9.32 and ₹ 75.05 for 31.03.2016 if we consider the face value of shares as ₹ 2/- each).

The Bank's Return on Equity was 12.03% as against 12.41% for the previous fiscal.

Net owned funds of your Bank were ₹ 4,845.02 Cr as on 31.03.2017, showing an absolute increase of ₹ 272.07 Cr over the previous fiscal.

### Human Resource Management

Your Bank believes that building and nurturing the Bank's people capabilities should be at the core of all initiatives to drive business excellence in a service driven business like ours. Thus the key to a successful journey in achieving the Bank's vision is to be prepared for future challenges by developing the employee capabilities. Human Resources development has been an enabler in meeting the business ambition of the Bank. The focus of HR remains on talent acquisition, skill development, retention and employee engagement.

The Bank provides optimum opportunities to its employees to rise up in their career and shoulder higher responsibilities. Your Bank has an excellent team of young staff whose average age is 33. During the year under report, your Bank recruited 578 employees and the total strength of the Bank as on 31<sup>st</sup> March, 2017 was at 7400 as compared to 7211 in the previous fiscal ended 31<sup>st</sup> March, 2016. The employee attrition rate at 2.2% in FY 17, is one of the lowest among banks.

Your Bank continues to focus on developing diversified and multi dimensional skills through carefully designed learning solutions. The key learning objective is to create a differentiated workforce with desired knowledge, skills and attitude for business success of the Bank. During FY 17, the Bank conducted 178 programmes consisting 78 internal and 100 external programmes. The Bank has nominated 1,646 participants for external programmes at NIBM-Pune; IIBF; Southern India Banks Staff Training College; Centre for Advanced Financial Research & Learning; College of Agricultural Banking; Foreign Exchange Dealers Association of India; IDRBT etc., Your Bank has an e-learning platform for assessments and tests on various topics.

Business per employee of the Bank has been consistently increasing over the years and as on 31.03.2017 it stood at ₹ 12.85 Cr up from ₹ 12.41 Cr as on 31.03.2016. Profit per employee increased from ₹ 7.87 lakh as at 31.03.2016 to ₹ 8.19 lakh as at 31.03.2017.

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 is used 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 through out the year.

### Safe Harbor

Certain statements in the "Management Discussion and Analysis" describing the Bank's objectives, estimates and expectations may be 'forward-looking statements' within the meaning of applicable Securities Laws and Regulations. Actual results could differ substantially from those expressed or implied. Important factors that could make a difference include economic conditions in the domestic and overseas markets, changes in Laws / Regulations and other incidental factors.

## CORPORATE GOVERNANCE REPORT

### Corporate Governance

Corporate Governance broadly refers to the set of systems, principles and processes by which a Bank is governed while fulfilling the objectives of the Bank and also protecting the interest of all the stakeholders in the long run. It is based on principles such as conducting the business with integrity and fairness, being transparent in all transactions, making all the necessary disclosures and complying with all the applicable laws, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

With emphasis on transparency, integrity and accountability the Board of Directors of the Bank have implemented best practices in Corporate Governance by framing the “Corporate Governance Policy”. The Policy was framed taking into account the relevant statutory provisions under the Banking Regulations Act, 1949, the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) directives, circulars and other guidelines issued by the regulators from time to time.

### Board of Directors

The Composition of Board of Directors of the Bank is governed by the provisions of the Banking Regulation Act, 1949, the Companies Act, 2013 and the rules made thereunder, the Articles of Association of your Bank and the requirements of Corporate Governance as envisaged under the Listing Regulations as also the Board Diversity Policy of the Bank. The Corporate Governance philosophy of your Bank establishes that the Board’s independence is essential to bring objectivity and transparency in the Banks’ Management and in the dealing of the Bank.

The strength of the Board as on March 31, 2017 was Eleven Directors including Non-Executive Independent (Part-time) Chairman, Managing Director & Chief Executive Officer, four Non-Executive Independent Directors and five Non-Executive Non-Independent Directors.

### Board Meetings

During the fiscal 2016-17, your Bank had 24 Board meetings as detailed below:

28.04.2016	09.06.2016	27.07.2016	29.09.2016	26.12.2016	27.02.2017
29.04.2016	12.07.2016	30.08.2016	27.10.2016	27.12.2016	28.02.2017
26.05.2016	21.07.2016	31.08.2016	02.12.2016	12.01.2017	20.03.2017
27.05.2016	26.07.2016	19.09.2016	03.12.2016	25.01.2017	21.03.2017

The Independent Directors have confirmed that they have met the criteria of Independence as provided in Sec 149(6) of the Companies Act, 2013 and the rules made thereunder.

The Composition of the Board of Directors of the Bank as on March 31, 2017 was as follows:

Sr. No.	Name of the Director Sarvashri	Category
1	B Swaminathan	Non-Executive–Independent (Part-time) Chairman
2	K Venkataraman	Managing Director & Chief Executive Officer
3	G Rajasekaran	Promoter Non–Executive Non–Independent
4	A J Suriyanarayana	Promoter Non–Executive Non–Independent
5	N S Srinath	Non-Executive – Independent
6	Dr V G Mohan Prasad	Non-Executive – Independent
7	M K Venkatesan	Promoter Non–Executive Non–Independent
8	A K Praburaj	Promoter Non–Executive Non–Independent
9	Smt CA K L Vijayalakshmi	Non-Executive – Independent
10	M V Srinivasamoorthi	Promoter Group Non–Executive Non–Independent
11	Dr K S Ravichandran	Non-Executive – Independent

### Relationship between Directors inter-se

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

## CORPORATE GOVERNANCE REPORT

The details of attendance of each Director at the Board meetings along with the number of meetings held during the year:

Name of the Director Sarvashri	Period	No. of Board Meetings	
		Held during the tenure	Attended
B Swaminathan (Part-time) Chairman	01.04.2016 – 31.03.2017	24	21
K Venkataraman MD & CEO	01.04.2016 – 31.03.2017	24	23
G Rajasekaran	01.04.2016 – 31.03.2017	24	24
A J Suriyanarayana	01.04.2016 – 31.03.2017	24	23
N S Srinath	01.04.2016 – 31.03.2017	24	23
Dr V G Mohan Prasad	01.04.2016 – 31.03.2017	24	12
M K Venkatesan	01.04.2016 – 31.03.2017	24	23
A K Praburaj	01.04.2016 – 31.03.2017	24	23
Smt CA K L Vijayalakshmi	01.04.2016 – 31.03.2017	24	24
M V Srinivasamoorthi	01.04.2016 – 31.03.2017	24	24
Dr K S Ravichandran	26.05.2016 – 31.03.2017	21	18
K K Balu Demitted office on 22.07.2016	01.04.2016 – 22.07.2016	07	07

### Board procedure

The Board has complete access to all the relevant information within the Bank. The date and place of the meeting are advised to all Directors well in advance and the agenda papers are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and the Listing Regulations. The agenda papers which provide all relevant, adequate, material information, explanatory notes etc., are circulated to the Directors to facilitate meaningful, informed and free discussion to recommend inclusion of any other matter in the agenda for discussion.

All Board and Committee meetings are governed by structured agenda notes which are backed by comprehensive background along with the relevant attachments. Senior Management of the Bank will be invited to attend the Board Meetings and provide clarifications as and when required. Minutes of the Board and Board Committees, resolutions passed by circulations will be circulated to all the Board and Committee members within the time lines prescribed under the Companies Act, 2013 and other regulatory guidelines.

### Directors' Attendance at the last AGM

All the Directors of the bank have attended the last Annual General Meeting of the Bank held on 21.07.2016.

None of the Directors is a Director in any public limited company and hence the requirement under Regulation 26 of

the Listing Regulations as to membership of ten Committees and chairmanship of five Committees is not applicable.

### Directors' shareholding as on 31.03.2017

Name of the Director Sarvashri	Number of shares
B Swaminathan, Chairman	5,000
K Venkataraman, MD & CEO	32,500
G Rajasekaran	16,10,120
A J Suriyanarayana	28,05,610
N S Srinath	2,665
Dr V G Mohan Prasad	1,48,515
M K Venkatesan	5,94,520
A K Praburaj	69,170
Smt CA K L Vijayalakshmi	2,500
M V Srinivasamoorthi	1,65,000
Dr K S Ravichandran	2,500

### Familiarisation Programmes

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.

## CORPORATE GOVERNANCE REPORT

In compliance with the requirements of Listing Regulations, your Bank has an appropriate programmes for newly inducted Directors and on-going familiarisation programmes with respect to the strategy, industry overview, performance, operations of the Bank, the organisation structure and their roles, rights and responsibilities as a Director.

The Directors are also encouraged to attend the training programs being organised by various Regulators/Bodies/Institutions. The details of such familiarisation programmes are displayed on the website of the Bank at the link <http://www.kvb.co.in/pdf/Familiarisation.pdf>.

### Board Committees

The Board has constituted various committees to monitor the activities falling within their terms of reference in order to maintain high standard of Corporate Governance. These Committees emphasis on explicit areas and make informed decisions within the authority delegated. The Committees prepare the foundation and make apparent recommendations to the Board on the various matters as and when required. Committees of the Board were constituted to align with the provisions of the Companies Act, 2013, Listing Regulations and the Banking Regulations Act, 1949, to meet the business requirements during the year under review.

The Bank has Eleven (11) Committees as on March 31, 2017 namely Audit Committee, Advances Committee, Nomination and Remuneration Committee (NRC), Staff & Development Committee, Risk Management & Asset Liability Management Committee, NPA Management Committee, Customer Service and Stakeholders Relationship Committee, Fraud Monitoring Committee, IT Strategy Committee, Review Committee for Wilful Defaulters and Corporate Social Responsibility Committee.

#### 1. Audit Committee of the Board (ACB)

Audit Committee is constituted under the provisions of the Companies Act, 2013, Listing Regulations, extant guidelines of RBI and its circulars from time to time. ACB shall function as an independent body and uphold the doctrine of good governance practices in the Bank. ACB shall conduct a periodic review of the aspects to achieve the objectives of its function in order to provide assurance to the Board of the Bank and report in an effective manner.

The terms of reference of ACB are in alignment with the Listing Regulations which include, inter-alia, the following:

- a. 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;
- b. Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
- c. Reviewing with the management the annual financial statements and auditors report thereon before submission to the Board for approval with specific reference to:
  - (i) 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.
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - (iii) Disclosure of related party transactions.
  - (iv) Compliance with the Listing and other legal requirements relating to financial statements.
  - (v) Significant adjustments made in the financial statements arising out of audit findings, qualifications in the draft audit report.
- d. Reviewing with the management the quarterly financial statements before submission to the Board for approval;
- e. 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 and making appropriate recommendations to the Board to take steps in this regard;
- f. Review of Long Form Audit Report as prepared by statutory auditors;
- g. Periodic inspection report submitted by RBI;
- h. 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;
- 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;

## CORPORATE GOVERNANCE REPORT

- 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;

During the year, Audit Committee met 12 times and not more than one hundred and twenty days lapsed between two consecutive meetings of the ACB. The dates of the meetings are as under:

27.05.2016	28.09.2016	19.12.2016	25.01.2017
08.06.2016	27.10.2016	27.12.2016	08.03.2017
26.07.2016	07.11.2016	24.01.2017	28.03.2017

The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
N S Srinath Chairman of the Committee	12	12
B Swaminathan, Chairman*	10	10
A J Suriyanarayana (Member till 20.09.2016)	3	3

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K K Balu (Member till 22.07.2016)	2	2
Dr V G Mohan Prasad (Member till 20.09.2016)	3	2
Smt CA K L Vijayalakshmi	12	12
M K Venkatesan (Member since 21.09.2016)	9	9
A K Praburaj (Member since 21.09.2016)	9	9
Dr K S Ravichandran (Member since 21.09.2016)	9	9

\*Member till 26.07.2016 and Member since 27.10.2016

The Chairman of the ACB was present at the last Annual General Meeting.

### 2. Nomination and Remuneration Committee (NRC)

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).

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 devise a policy on Board Diversity.
5. To administer the Employees Stock Option Scheme of the Bank as per the regulatory guidelines.
6. Performing any other functions, duty as stipulated by Reserve Bank of India, the Companies Act, Securities Exchange Board of India, Stock Exchanges and any other regulatory authorities or under any applicable laws, as prescribed from time to time.



## CORPORATE GOVERNANCE REPORT

The Committee met 3 times during the financial year 2016-17 and the dates of the meetings are as under:

26.05.2016	09.06.2016	21.03.2017
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The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K K Balu Chairman of the Committee (till 22.07.2016)	2	2
N S Srinath* Chairman of the Committee (since 21.09.2016)	3	3
B Swaminathan, Chairman	3	3
A J Suriyanarayana	3	3
Dr V G Mohan Prasad	3	2
Dr K S Ravichandran (Member since 21.09.2016)	1	1

\*Member till 20.09.2016.

### Policy on Board Diversity

Bank has devised a 'Board Diversity Policy' in compliance with Listing Regulations, which laid down truly diverse Board leverage differences in thought, perspective, knowledge, skill, industry experience, gender, age and background which will ensure and retain its competitive advantage.

Nomination and Remuneration Committee (NRC) shall assess the appropriate mix of diversity, skills, experience and expertise required on the Board. NRC shall make recommendations to the Board in relation to appointment and maintain an appropriate mix of diversity, skills, experience on the Board and periodically review and report to the Board in relation to diversity on the Board.

### Evaluation of Directors and the Board

The Bank has in place a Board Evaluation Framework setting out the process and the criteria for the performance evaluation by the Nomination & Remuneration Committee of the Board ('NRC'). The said process is in line with the provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI, which

formulated the methodology and criteria evaluation of the Individual Directors including Independent Directors and Non-Independent Directors, Managing Director & CEO, Chairperson, Committees of the Board and the Board as a whole.

The performance evaluation is carried out by the Board of Directors on the basis of criteria provided in the evaluation process to the (a) Board as a whole, (b) Committees of the Board, (c) MD&CEO, (d) Independent Directors and (e) Chairman (being an Independent Director of the Board, evaluation was carried out by the Board of Directors).

The Independent Directors also hold a separate meeting on 21.03.2017 and the following were carried out:

- Review of the performance of Non-Independent Directors and the Board as a whole.
- 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.

### Compensation Policy

The Bank has formulated a Compensation Policy on May 15, 2013, as per the guidelines of RBI as also the Companies Act, 2013 which is reviewed annually. The remuneration payable to MD & CEO/Whole Time Directors (WTD), Part Time (Non-Executive) Chairman of the Bank and President & COO is covered under the Compensation Policy of the Bank. All other employees up to Scale VII cadre are covered under Industry level Bi-partiate settlements of IBA.

### Remuneration of Directors

Shri B Swaminathan, Non-Executive (Part-Time) Chairman was paid remuneration of ₹ 9,00,000/- during the period under report. He was also paid ₹ 13,55,000/- towards sitting fees for attending the Board and Committee meetings.

Shri K Venkataraman, MD & CEO, was paid ₹ 80,16,468/- (Gross), being the fixed pay and perquisites for the year 2016-17.

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

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

No pecuniary relationship exists between the Non-Executive Directors vis-à-vis the Bank, other than payment of Sitting Fees for attending the Board/Committee Meetings.

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2016-17 are given below:

Name of the Director Sarvashri	Amount (₹ in lakh)
B Swaminathan, Chairman	13.55
G Rajasekaran	15.20
A J Suriyanarayana	15.65
K K Balu	3.45
N S Srinath	15.45
Dr V G Mohan Prasad	5.60
M K Venkatesan	16.65
A K Praburaj	16.65
Smt CA K L Vijayalakshmi	13.40
M V Srinivasamoorthi	11.80
Dr K S Ravichandran	9.10

### 3. Customer Service & Stakeholders Relationship Committee

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) and include experts and representatives of customers as invitees to enable the bank to formulate policies and assess the compliance thereof internally with a view to strengthening the corporate governance structure and also to bring about on-going improvements in the quality of customer service provided by the banks and improving level of customer satisfaction for all categories of clientele at all times. The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard.

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 &

Stakeholders Relationship Committee in tune with the Corporate Governance requirements under Listing requirements.

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

- i) 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.
- ii) The Committee shall also examine any other issues which have a bearing on the quality of customer service rendered by the Bank.
- iii) The Committee should also play a more pro-active role with regard to complaints / grievances resolved by Banking Ombudsmen of the various States.
- iv) Further, with a view to enhancing the effectiveness of the Customer Service Committee, banks should also :
  - a) place all the awards given by the Banking Ombudsman before the Customer Service Committee to enable them to address issues of systemic deficiencies existing in banks, if any, brought out by the awards; and
  - b) place all the awards remaining unimplemented for more than three months with the reasons therefor before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action.

The Committee also reviews and monitors redressal of the 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 Bank receives Investor complaints through Stock Exchanges, SEBI Complaints Redress System (SCORES), through the Bank's Registrars and Transfer Agents, direct correspondence from investors' and from the investors personal visits to the Bank and the details of each complaints (category wise) received and redressed are furnished to the Customer Service & Stakeholders Relationship Committee of the Board on half-yearly basis. There were no complaints received from Investors through "SCORES" during FY 17.

## CORPORATE GOVERNANCE REPORT

During the year 2016-17, 34 complaints were received from the shareholders and investors. All the complaints were redressed and there are no complaints pending as on 31.03.2017. Investors' grievances are attended to within the time lines prescribed by SEBI.

The Committee met 2 times during the financial year 2016-17 and the dates of the meetings are as under:

19.09.2016	21.03.2017
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The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
M K Venkatesan, Chairman of the Committee (till 20.09.2016)	1	1
B Swaminathan, Chairman Chairman of the Committee (since 21.09.2016)	1	1
K Venkataraman, MD & CEO	2	2
G Rajasekaran	2	2
Dr V G Mohan Prasad	2	1
A K Praburaj (Member till 20.09.2016)	1	1
Smt CA K L Vijayalakshmi (Member till 20.09.2016)	1	1
M V Srinivasamoorthi (Member since 21.09.2016)	1	1

Shri Srinivasa Rao Maddirala, Company Secretary and Assistant General Manager is the Compliance Officer.

#### 4. Advances Committee

Advances Committee constituted to sanction credit proposals, review, renewal or modification of various types of funded and non-funded credit facilities to customers within the powers 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 17 times during the financial year 2016-17 and the dates of the meetings are as under:

28.04.2016	20.09.2016	31.01.2017
25.05.2016	15.10.2016	11.02.2017
22.06.2016	08.11.2016	28.02.2017
13.07.2016	21.11.2016	17.03.2017
16.08.2016	14.12.2016	28.03.2017
03.09.2016	11.01.2017	-

The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	17	17
G Rajasekaran	17	17
A J Suriyanarayana	17	16
N S Srinath	17	13
M K Venkatesan	17	17
A K Praburaj	17	17

#### 5. 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 7 times during the financial year 2016-17 and the dates of the meetings are as under:

17.06.2016	04.10.2016	19.12.2016	25.02.2017
29.08.2016	14.12.2016	03.01.2017	-

## CORPORATE GOVERNANCE REPORT

The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	7	5
B Swaminathan, Chairman	7	6
G Rajasekaran	7	7
A J Suriyanarayana	7	7
M K Venkatesan	7	7
A K Praburaj	7	7
M V Srinivasamoorthi	7	5

### 6. Risk Management and Asset Liability Management Committee

The Committee is headed by MD&CEO of the Bank. This Committee is responsible for ensuring effective implementation of the risk management strategies. The Committee will decide the policies and strategies for risk management in the Bank.

The terms of reference include the following:

- Foresee future changes & threats and prioritize action steps;
- Review and approve the development & implementation of risk assessment methodologies and tools, including assessments, reporting etc;
- Monitor and oversee the implementation of the Risk Management Framework in the Bank;
- Discuss and recommend suitable controls/ mitigations for managing different risks;
- Review of the risk profile of the Bank, evaluation of the overall risks faced by the Bank, develop policies and strategies for integrated risk management containing credit, market and operational risk exposures etc;
- Providing macro level frame work 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 4 times during the financial year 2016-17 and the dates of the meetings are as under:

12.07.2016	19.09.2016	02.12.2016	20.03.2017
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The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	4	4
B Swaminathan, Chairman (Member since 21.09.2016)	2	2
G Rajasekaran	4	4
K K Balu (Member till 22.07.2016)	1	1
A K Praburaj (Member till 20.09.2016)	2	2
Smt CA K L Vijayalakshmi (Member till 20.09.2016)	2	2
M V Srinivasamoorthi	4	4
Dr V G Mohan Prasad (Member since 21.09.2016)	2	Nil

### 7. NPA Management Committee

The NPA Management Committee functions with the following main objectives:

In order to bring down the level of NPAs, the Bank takes appropriate and timely legal actions against the borrowers to realise the assets and recovery dues from them. In terms of the directions of Reserve Bank of India, the Bank has constituted the NPA Management Committee which is vested with powers for approving settlement proposals in respect of NPAs and to initiate legal actions against the borrowal accounts as per the Recovery Policy of the Bank. Further the Committee monitors the stressed assets, quick mortality assets and review the NPA accounts.

The Committee met 4 times during the financial year 2016-17 and the dates of the meetings are as under:

22.06.2016	29.09.2016	03.12.2016	20.03.2017
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The composition of the Committee and details of participation of the members at the meetings during the year were as under:

## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	4	4
B Swaminathan, Chairman (Member till 20.09.2016)	1	1
A J Suriyanarayana	4	4
N S Srinath	4	4
M K Venkatesan	4	4
Smt CA K L Vijayalakshmi	4	4

### 8. Fraud Monitoring Committee

Board of the Bank should constitute a Special Committee for monitoring and following up cases of frauds involving amounts of ₹ 1 Cr and above exclusively in accordance with the directives of Reserve Bank of India, while ACB may continue to monitor all the cases of frauds in general.

The major functions of the Committee are to monitor and review all frauds of ₹ 1 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.

The Committee met 3 times during the financial year 2016-17 and the dates of the meetings are as under:

27.07.2016	27.10.2016	26.12.2016
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The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	3	3
N S Srinath	3	3
A K Praburaj (Member till 20.09.2016)	1	1
Smt CA K L Vijayalakshmi	3	3
M V Srinivasamoorthi	3	3
Dr K S Ravichandran (Member since 21.09.2016)	2	2

Shri K K Balu was a member till 22.07.2016 and no meeting was held during his tenure.

### 9. 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;

## CORPORATE GOVERNANCE REPORT

- Assessing Senior Management's performance in implementing IT strategies;
- Issuing high-level policy guidance (e.g.: 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 a 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 financial year 2016-17 and the dates of the meetings are as under:

18.05.2016	30.08.2016	25.02.2017
22.06.2016	19.12.2016	-

The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
B Swaminathan, Chairman Chairman of the Committee	5	5
K Venkataraman, MD & CEO	5	3
G Rajasekaran	5	4
A J Suriyanarayana	5	5
M K Venkatesan	5	5
A K Praburaj	5	5
M V Srinivasamoorthi	5	4

### 10. Review Committee for Wilful Defaulters

The terms of reference of the Committee are:

- a) Review and confirmation of the order of the Committee for Classification of borrowers as "Wilful Defaulters";

- b) Reviewing the status of "Wilful Defaulters" at least on an annual interval or at such other intervals as may be required by RBI;
- c) Deciding on removal of the names from the list of "Non-Co-operative Borrowers" or "Wilful Defaulters" as reported to Central Repository of Information of Large Credits (CRILC); and
- d) Reviewing, noting and deciding on any matter pertaining to "Wilful Defaulters".

The Committee met 2 times during the financial year 2016-17 and the dates of the meetings are as under:

30.08.2016	27.10.2016
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The composition of the Committee and details of participation of the members at the meetings during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	2	2
B Swaminathan, Chairman	2	2
N S Srinath (Member till 20.09.2016)	1	1
Smt CA K L Vijayalakshmi (Member since 21.09.2016)	1	1

### 11. 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 thereunder.

The terms of reference of the CSR Committee are:

- a) 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;
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) To monitor the Corporate Social Responsibility Policy of the Bank from time to time.

## CORPORATE GOVERNANCE REPORT

The Committee met once on 21.03.2017 during the financial year 2016-17.

The composition of the Committee and details of participation of the member at the meeting during the year were as under:

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
K Venkataraman, MD & CEO Chairman of the Committee	1	1
Dr V G Mohan Prasad (Member since 21.09.2016)	1	1
A K Praburaj (Member since 21.09.2016)	1	1
Smt CA K L Vijayalakshmi (Member since 21.09.2016)	1	1

Name of the Director Sarvashri	No. of Meetings	
	Conducted	Attended
Dr K S Ravichandran (Member since 21.09.2016)	1	1

Messrs B Swaminathan, Chairman, G Rajasekaran, M K Venkatesan, M V Srinivasamoorthi are members till 20.09.2016 and Shri K K Balu member till 22.07.2016 and no meeting was held during their tenure.

CSR Committee of the Board has recommended the Corporate Social Responsibility Policy (CSR Policy) to the Board and the same was approved and Board will review the Policy on annual basis by updating the same in line with the regulatory guidelines.

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

### General Body Meetings

(a) Location and time, where the last three Annual General Meetings were held:

Financial Year	Details of Location	Day, Date and Time
2015-16	The Karur Vysya Bank Limited Regd. & Central Office, Erode Road, Karur 639 002.	Thursday, 21 <sup>st</sup> July 2016, 10.00 a.m.
2014-15	The Karur Vysya Bank Limited Regd. & Central Office, Erode Road, Karur 639 002.	Wednesday, 22 <sup>nd</sup> July 2015 10.00 a.m.
2013-14	The Karur Vysya Bank Limited Regd. & Central Office, Erode Road, Karur 639 002.	Wednesday, 23 <sup>rd</sup> July 2014 10.00 a.m.

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes, at the 95 <sup>th</sup> 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 thereunder and also in tune with the amendments made during 2012 under the Banking Regulation Act, 1949.  No special resolutions were passed at the Annual General Meetings held on 22.07.2015 and 21.07.2016
(c)	Whether any special resolution passed last year through postal ballot-details of voting pattern.	Yes. In terms of Sec 14 of the Companies Act, 2013, Article 3 and 25 of the Articles of Association (AOA) of the Bank pertaining to the Authorised Capital and Qualification Shares for Directors respectively were amended, consequent to the sub-division of face value of equity shares.

## CORPORATE GOVERNANCE REPORT

Details of voting Pattern					
Manner of voting	No. of votes cast		Total number of shares	% of total number of votes cast	
	In Favour	Against		In Favour	Against
E-Voting	3,77,64,684	5,168	3,77,69,852	99.986	0.014
Postal Ballot	73,33,095	55,843	73,88,938	99.244	0.756
Total	4,50,97,779	61,011	4,51,58,790	99.865	0.135
(d)	Person who conducted the postal ballot exercise.		Shri CS S Solaiyappan, Practicing Company Secretary, Salem.		
(e)	Whether any special resolution is proposed to be conducted through postal ballot?		No		
(f)	Procedure for the postal ballot		Not Applicable		

### 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 [www.kvb.co.in](http://www.kvb.co.in).

### Financial Calendar: 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017

Quarter ending	Date of approval	Quarter ending	Date of approval
30.06.2016	26.07.2016	31.12.2016	25.01.2017
30.09.2016	27.10.2016	31.03.2017	18.05.2017

### GENERAL SHAREHOLDER INFORMATION

98 <sup>th</sup> Annual General Meeting	Date	21 <sup>st</sup> July, 2017
	Day	Friday
	Time	10.00 A.M.
	Venue	Regd. & Central Office, Erode Road, Karur 639 002.
Financial Year	01.04.2016 to 31.03.2017	

Date of the Book Closure	14.07.2017 to 21.07.2017
Dividend Payment Date	From 24.07.2017 to 28.07.2017
Stock Code	KARURVYSYA
Listing on Stock Exchanges	Listed on National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400051 Equity Shares of the Bank are traded as a 'permitted' security in BSE.
Share Transfer Agents	SKDC Consultants Limited, Kanapathy Towers, 3 <sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. Tel: +91 422 - 2539835, 2539836, 4958995 Email: <a href="mailto:info@skdc-consultants.com">info@skdc-consultants.com</a> CIN: U74140TZ1998PLC008301
Trustee for the Subordinated (Lower Tier II) Bonds	Axis Trustee Services Limited, Axis House Bombay Dyeing Mills Compound, Pandurang Bundhar Marg, Worli, Mumbai - 400025. Tel: +91 22 - 62260054, 62260050 Email: <a href="mailto:debenturetrustee@axistrustee.com">debenturetrustee@axistrustee.com</a>
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, 227133 Fax: 04324-225700 E-mail: <a href="mailto:kvbshares@kvbmail.com">kvbshares@kvbmail.com</a> Website: <a href="http://www.kvb.co.in">www.kvb.co.in</a>



## CORPORATE GOVERNANCE REPORT

Corporate Identity Number (CIN)	L65110TN1916PLC001295
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Listing fees payable to the National Stock Exchange for the financial year 2016-17 where the shares are listed, has already been paid.

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

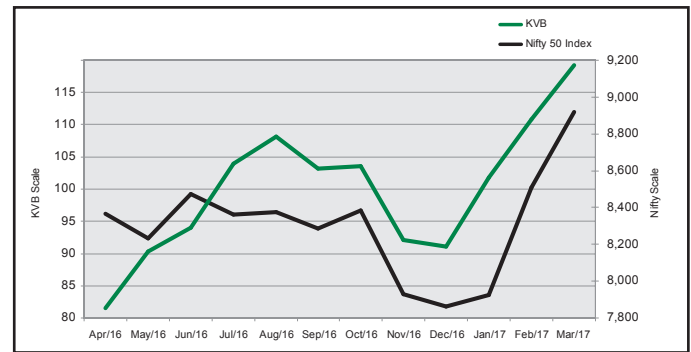
The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited, Mumbai.

Month	High (₹)	Low (₹)
Apr-16	480.95	442.05
May-16	478.75	461.60
Jun-16	504.80	458.35
Jul-16	538.70	479.25
Aug-16	507.30	466.40
Sep-16	484.75	462.85
Oct-16	500.00	465.40
Nov-16	482.80	80.70*
Dec-16	86.30	80.10
Jan-17	85.90	81.65
Feb-17	100.20	85.50
Mar-17	112.00	97.10

\* Equity Share of face value of ₹ 10/- each was sub-divided into 5 Equity Shares of face value of ₹ 2/- each.

The Bank's equity share price has moved in accordance with the movement of NIFTY. It touched a high of ₹ 538.70 in July 2016 and low of ₹ 442.05 in April 2016 (before sub-division of equity shares having a face value of ₹ 10/- each) on the NSE. It touched a high of ₹ 112.00 in March 2017 and low of ₹ 80.10 in December 2016 (after sub-division of equity shares having a face value of ₹ 2/- each) on the NSE.

The Equity performance in comparison to NSE Nifty during 01.04.2016 to 31.03.2017.



Note: The Bank's equity share price before the record date for sub-division of its equity shares (i.e. 18.11.2016) has been adjusted so that pre and post sub-division share prices are comparable.

### 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 atleast once in a fortnight. There are no share transfer request pending for transfer as on 31.03.2017.

The Equity Shares of the Bank have been allotted International Securities Identification Number (ISIN) INE036D01028.

As at the end of March 2017, 58,23,18,245 shares i.e., 95.57% of the paid up capital of the Bank 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 shares so far may approach any of the Depository Participants 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.

## CORPORATE GOVERNANCE REPORT

### Shareholding pattern as on March 31, 2017

Particulars	No of Shares	% of shares
Promoters & Promoter Group	1,26,41,395	2.07
Financial Institutions & Banks	5,68,410	0.09
Mutual Funds	10,10,83,447	16.59
Venture Capital Funds	34,99,131	0.57
Insurance Companies	2,69,93,338	4.43
Foreign Financial Institutions/Banks	64,37,077	1.06
Non-Resident Indians	82,97,422	1.36
Foreign Portfolio Investors- Corporate	11,43,68,835	18.77
Alternate Investment Funds	15,25,856	0.25
Bodies Corporate	3,35,32,183	5.50
Clearing Members	18,47,965	0.30
Hindu Undivided Families	80,44,745	1.32
Bodies Corporate LLP – DR	15,000	0.00
Trusts	6,41,910	0.11
Directors & Relatives	7,42,770	0.12
Foreign Nationals	300	0.00
Resident Individuals	28,90,82,486	47.46
<b>Total</b>	<b>60,93,22,270</b>	<b>100</b>

### Distribution of shareholding as on March 31, 2017

No. of Shares (Category)	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	3,75,620	40,92,201	44,67,821	0.73	3,760	41,232	44,992	46.79
251 - 500	4,71,815	51,28,025	55,99,840	0.92	1,248	12,246	13,494	14.03
501 - 1000	9,53,930	70,97,429	80,51,359	1.32	1,290	8,979	10,269	10.68
1001 - 2000	17,94,280	1,11,87,359	1,29,81,639	2.13	1,249	7,634	8,883	9.24
2001 - 3000	15,68,050	1,02,78,369	1,18,46,419	1.94	630	4,113	4,743	4.93
3001 - 4000	12,25,915	78,90,229	91,16,144	1.50	364	2,283	2,647	2.75
4001 - 5000	15,46,190	91,28,680	1,06,74,870	1.75	344	1,966	2,310	2.40
5001 - 10000	34,02,785	2,67,72,614	3,01,75,399	4.95	469	3,709	4,178	4.35
10001 & above	1,56,65,440	50,07,43,339	51,64,08,779	84.75	431	4,208	4,639	4.82
<b>Total</b>	<b>2,70,04,025</b>	<b>58,23,18,245</b>	<b>60,93,22,270</b>	<b>100.00</b>	<b>9,785</b>	<b>86,370</b>	<b>96,155</b>	<b>100.00</b>
% to Total	4.43	95.57	100.00		10.18	89.82	100.00	

### Disclosures

During the financial year ended March 31, 2017

#### a) Related Party Transactions

All transactions entered into with Related parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations 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 Listing Regulations and the same has been displayed on the website of the Bank [http://www.kvb.co.in/pdf/Materiality\\_Policy.pdf](http://www.kvb.co.in/pdf/Materiality_Policy.pdf).

## CORPORATE GOVERNANCE REPORT

- 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 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) MD & 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.
- e) The Bank put in place a 'Whistle Blower Policy' in compliance of the provisions of Regulation 4(2)(d) of the Listing Regulations and 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 Listing Regulations as amended from time to time. All disclosures in compliance with the Corporate Governance requirement specified in Regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 of Listing Regulations to the extent applicable is available in our website [www.kvb.co.in](http://www.kvb.co.in).
- g) 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 Listing Regulations:

Sl. No.	Particulars	Number of shareholders	No. of shares
1	Aggregate Number of shareholders and the outstanding shares as on 01.04.2016	845	4,45,190
2	No. of shareholders who approached the Bank for transfer of shares during the fiscal 2016-17	11	8,845
3	No. of shareholders to whom shares were transferred during the fiscal 2016-17	11	8,845
4	Aggregate Number of shareholders and the outstanding shares as on 31.03.2017	834	4,36,345

The voting rights on the above mentioned 4,36,345 shares shall remain frozen till the rightful owner of such shares claims the shares.

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

The Bank has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013 with a view to regulate trading in securities of the Bank by the Directors, KMPs and designated employees

of the Bank. This code is applicable to all Directors, KMPs, and Employees of the Bank they are required to abide by the Code of Conduct for Prevention of Insider Trading of the Bank, SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and provisions under Section 195 of the Companies Act, 2013 as amended. Company Secretary has been designated as the Compliance Officer for this purpose.

## CORPORATE GOVERNANCE REPORT

The Code requires pre-clearance for dealing in the Bank's securities beyond threshold limits. Further, it prohibits the purchase or sale of Bank's securities by the Directors, KMPs, Auditors and the employees while in possession of unpublished price sensitive information in relation to the Bank and categorically prohibits the purchase or sale of Bank's securities by the Directors, KMPs, Auditors and the designated employees

during the period when the Trading Window is closed and all statutory disclosures as per the regulations are complied with.

Further, the trading window for dealing in shares of the Bank has been closed for the Directors and the Designated Employees of the Bank and the details of Trading Window closure were as under:

Trading Window closure period	Purpose of closure of Trading Window
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.
18.07.2016 to 28.07.2016	Declaration of Quarterly Financial Results for the quarter ended June 2016.
30.08.2016 to 21.09.2016	Proposal to consider the feasibility of sub-division of equity shares of the Bank
17.10.2016 to 31.10.2016	Declaration of Quarterly Financial Results for the quarter ended September 2016.
16.01.2017 to 29.01.2017	Declaration of Quarterly Financial Results for the quarter ended December 2016.
08.05.2017 to 21.05.2017	Declaration of Quarterly Financial Results for the quarter ended March 2017 and Annual Financial Results for the FY 2016-17.
22.05.2017 to 31.05.2017	Proposal to consider raising of equity capital of the Bank.

### Unpaid Dividend

As per the provisions of Sec 124(5) of the Companies Act, 2013, the unpaid Dividend for the FY 2008-09 has been transferred to Investor Education and Protection Fund (IEPF) on 31.08.2016. We have transferred a sum of ₹ 27,05,616/- to IEPF being the unpaid dividend for the year 2008-09 which remains unpaid for a consecutive period of 7 years.

Further in terms of Sec 124(6) of the Companies Act, 2013, all shares in respect of which unpaid or unclaimed dividend has been transferred under Sec 124(5) shall also be transferred by the Bank in the name of Investor Education and Protection Fund Authority constituted under Sec 125(5) of the Companies Act, 2013.

Further in terms of Rule 6(3) of the IEPF Rules, the statement containing the details of name, address, folio number, demat account number and number of shares due for transfer is made

available in our website [www.kvb.co.in](http://www.kvb.co.in) for information and necessary action by the concerned shareholders. Bank has already informed on 29.09.2016 to the shareholders concerned at the latest available address regarding transfer of shares by Speed Post and also simultaneously published a notice in this regard in Business Standard for English all India Circulation and Dinamalar for regional language Trichy Edition covering Karur on 03.10.2016 and on 19.04.2017. Bank yet to transfer the said shares to IEPF Authority, as the Bank is awaiting further guidelines from the MCA for transfer of said shares. The voting rights on shares transferred to the IEPF Authority shall remain frozen.

The following table gives the unclaimed amount from the year 2009-10 with the position as on 31.03.2017 and the last date for claiming the dividend before transfer to the said Fund. The figures given are as at 31.03.2017.

## CORPORATE GOVERNANCE REPORT

Financial Year	Unclaimed Amount (₹)	Date of Declaration/ Date of Payment	Last date for claiming the amount
2009-10	21,57,535	21.07.2010	20.08.2017
Bonus Fractional Warrants	5,29,534	27.10.2010	20.10.2017
Refund Orders	1,29,625	30.03.2011	23.03.2018
2010-11	59,29,076	27.07.2011	26.08.2018
2011-12	93,55,850	30.07.2012	29.08.2019
2012-13	1,05,34,272	19.07.2013	18.08.2020
2013-14	96,88,835	23.07.2014	22.08.2021
2014-15	1,26,26,276	23.07.2015	22.08.2022
2015-16 Interim Dividend	85,50,920	28.03.2016	27.04.2023
2015-16 Final Dividend	42,28,136	22.07.2016	21.07.2023

In terms of a notification issued by the Ministry of Corporate Affairs 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 [www.kvb.co.in](http://www.kvb.co.in).

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) of Listing Regulations, the 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](mailto: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, 2017.

Place: Karur  
Date: 08.06.2017

**K Venkataraman**  
Managing Director & Chief Executive Officer

## CORPORATE GOVERNANCE REPORT

### Certificate of Compliance of conditions of Corporate Governance

To

The Members of M/s. 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, 2017, as prescribed in Regulations 17 to 27, 46(2)(b) to (i) and paras C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from April 1, 2016 to March 31, 2017.

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 our opinion, and to the best of our information and according to the explanations given to us, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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.

For Solaiyappan & Associates  
Company Secretaries  
(ICSI Unique Code: S2017TN484200)

CS S Solaiyappan  
Sole Proprietor  
ACS No. 1573; CP No. 3573

Place: Karur

Date: June 08, 2017

## ANNEXURE – 1

### FORM NO. MR – 3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To

The Members,

M/s. 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, Minutes Book of M/s. 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 31.03.2017, 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, Minutes Book, Forms and Returns filed and other records maintained by the Bank for the financial year ended on 31.03.2017, 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 (the 'Act') and the Rules made thereunder 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.

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) The Banking Companies (Period of Preservation of Records) Rules, 1985
  - d) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ;
  - e) The Bankers' Books Evidence Act, 1891;
  - f) Recovery of Debts due to Bank & Financial Institution Act, 1993;
  - g) Credit Information Companies (Regulation) Act, 2005;
  - h) Prevention of Money laundering Act, 2002;
  - i) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
  - j) Industrial Disputes (Banking and Insurance Companies) Act, 1949; and
  - k) 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 (ICSI) 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 Regulations 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 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 participation at the meeting.

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 sub-divided each Equity Shares having a face value of ₹10/- each into five (5) Equity Shares having a face value of ₹ 2/- each by complying the required provisions of the Companies Act, 2013 and the relevant rules thereon.

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. Wherever 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: 20.05.2017

Place: Karur

For Solaiyappan & Associates  
 Company Secretaries  
 (ICSI Unique Code: S2017TN484200)

**CS S Solaiyappan**  
 Sole Proprietor  
 ACS No. 1573; CP No. 3573



**ANNEXURE - 2**

FORM No - MGT 9

**EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2017**

(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management &amp; 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, Tel: +91 4324-269440-44
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, 4958995 Contact Person: Mr.K Jaya Kumar Or Mr. K S 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 and 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 AND ASSOCIATE COMPANIES: The Bank has no Holding, Subsidiary & Associate Company.**

SL NO	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Not applicable				

**IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % TO TOTAL EQUITY)**
**(i) CATEGORY-WISE SHAREHOLDING**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)			No. of Shares held at the end of the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
(1) Indian								
a) Individual/ HUF	26,36,278	0	26,36,278	2.16	1,26,41,395	0	1,26,41,395	2.07 (0.09)
b) Central Govt	0	0	0	0.00	0	0	0	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00
Sub Total (A) (1)	26,36,278	0	26,36,278	2.16	1,26,41,395	0	1,26,41,395	2.07 (0.09)
(2) Foreign								
a) NRI Individuals	0	0	0	0.00	0	0	0	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00
Sub Total (A) (2)	0	0	0	0.00	0	0	0	0.00
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	26,36,278	0	26,36,278	2.16	1,26,41,395	0	1,26,41,395	2.07 (0.09)
<b>B. Public Shareholding</b>								
1. Institutions								
a) Mutual Funds/UTI	1,82,21,398	1,780	1,82,23,178	14.95	10,10,74,547	8,900	10,10,83,447	16.59 (0.03)
b) Banks / FI	1,44,802	0	1,44,802	0.12	5,68,410	0	5,68,410	0.09
c) Central Govt	0	0	0	0.00	0	0	0	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00
e) Venture Capital Funds	12,87,553	0	12,87,553	1.06	34,99,131	0	34,99,131	0.57 (0.49)
f) Insurance Companies	50,62,165	0	50,62,165	4.15	2,69,93,338	0	2,69,93,338	4.43 0.28
g) FIs	0	0	0	0.00	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00
i) Others (specify)								
Foreign Financial Institutions/Banks	1,57,39,251	1,270	1,57,40,521	12.92	64,30,727	6,350	64,37,077	1.06 (11.86)
Foreign Portfolio Investment - Corporate	1,32,91,511	0	1,32,91,511	10.91	11,43,68,835	0	11,43,68,835	18.77 7.86
Alternate Investment Funds	0	0	0	0.00	15,25,856	0	15,25,856	0.25
Sub-total (B)(1)	5,37,46,680	3,050	5,37,49,730	44.11	25,44,60,844	15,250	25,44,76,094	41.76 (2.35)

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)			No. of Shares held at the end of the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
2. Non-Institutions								
a) Bodies Corporates								
i) Indian	57,26,868	22,342	57,49,210	4.72	3,34,20,973	1,11,210	3,35,32,183	5.50
ii) Overseas	0	0	0	0.00	0	0	0	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,49,13,116	38,59,223	2,87,72,339	23.61	13,20,90,886	1,73,69,850	14,94,60,736	24.53
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,59,16,918	19,61,712	2,78,78,630	22.88	13,01,52,380	94,69,370	13,96,21,750	22.91
c) Others (specify)								
Trusts	1,20,040	0	1,20,040	0.10	6,41,910	0	6,41,910	0.11
Directors & their Relatives	1,68,161	0	1,68,161	0.14	7,42,770	0	7,42,770	0.12
Foreign Nationals	60	0	60	0.00	300	0	300	0.00
Non Resident Indians	12,77,439	7,669	12,85,108	1.05	82,59,077	38,345	82,97,422	1.36
Clearing Members	1,53,149	0	1,53,149	0.13	18,47,965	0	18,47,965	0.30
Hindu Undivided Families	13,48,749	0	13,48,749	1.11	80,44,745	0	80,44,745	1.32
Bodies Corporate LLP - DR	3,000	0	3,000	0.00	15,000	0	15,000	0.00
Sub-total (B)(2)	5,96,27,500	58,50,946	6,54,78,446	53.73	31,52,16,006	2,69,88,775	34,22,04,781	56.16
Total Public Shareholding (B) = (B)(1)+(B)(2)	11,33,74,180	58,53,996	11,92,28,176	97.84	56,96,76,850	2,70,04,025	59,66,80,875	97.93
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	11,60,10,458	58,53,996	12,18,64,454	100.00	58,23,18,245	2,70,04,025	60,93,22,270	100.00

The Bank has Sub-divided equity shares having a face value of ₹10/- each into five (5) equity shares having a face value of ₹ 2/- each as on the record date fixed for the purpose of Sub-Division of Equity Shares (i.e. 18.11.2016).

## (ii) SHAREHOLDING OF PROMOTERS AND PROMOTERS GROUP

SL NO	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)			Shareholding at the end of the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	A S JANARTHANAN @	6,88,961	0.57	8.13	0	0	0	(0.57)
2	A J SURIYANARAYANA	2,29,311	0.19	12.21	28,02,620	0.46	5.00	0.27
3	SURIYANARAYANAA J (HUF)	598	0	0	2,990	0	0	0
4	A S SUDHA #	0	0	0	69,985	0.01	0	0.01
5	A J VIJAYA	93,290	0.08	0	22,56,690	0.37	0	0.29
6	NIRMALA	82,268	0.07	0	4,11,340	0.07	0	0
7	ANURADHA C B	58,036	0.05	0	2,90,180	0.05	0	0
8	SREEMATHI S	50,752	0.04	0	^	^	^	^
9	S VASANTHA	45,425	0.04	0	^	^	^	^
10	RAJASEKARAN. G	3,22,024	0.26	4.66	12,85,120	0.21	4.67	(0.05)
11	RAJASEKARAN. G (HUF)	0	0	0	3,25,000	0.05	0	0.05
12	R NAGESWARI	1,67,712	0.14	8.94	8,45,810	0.14	7.09	0
13	RAMKUMAR. R	1,11,389	0.09	13.47	2,06,945	0.03	28.99	(0.06)
14	RAMKUMAR. R (HUF)	0	0	0	3,50,000	0.06	0	0.06
15	R ARCHANA	1,01,067	0.08	0	5,05,335	0.08	0	0
16	SRIMATHI E	15,400	0.01	100.00	77,000	0.01	100.00	0
17	MANI. G	2,83,253	0.23	0	9,38,180	0.15	0	(0.08)
18	MANI. G (HUF)	0	0	0	3,25,000	0.05	0	0.05
19	SHYAMALA. A	1,318	0	0	6,590	0	0	0
20	M K VENKATESAN (HUF)	1,20,000	0.10	0	3,00,000	0.05	0	(0.05)
21	MUNUGOOR. K. VENKATESAN	68,396	0.06	0	2,94,520	0.05	0	(0.01)
22	USHA. M. V	40,535	0.03	29.36	2,77,135	0.05	21.47	0.02
23	ISWARRYA V	5,503	0	0	27,515	0	0	0
24	M V PRAJEETH	397	0	0	2,51,985	0.04	0	0.04
25	M K SRINIVASAN	75,313	0.06	59.14	3,76,565	0.06	59.14	0
26	NIRMALA B #	0	0	0	12,680	0	0	0
27	SUNGUNA LEELEA K #	0	0	0	560	0	0	0
28	M G VIVEKANANDAN	710	0	0	3,550	0	0	0
29	M V LAKSHMI NARASIMHAN	3,510	0	0	17,550	0	0	0
30	M V SRINIVASAMOORTHY	33,000	0.03	98.49	1,65,000	0.03	98.49	0
31	KAMALA RAJASEKARAN	1,906	0	0	9,530	0	0	0
32	A K PRABURAJ	13,834	0.01	0	69,170	0.01	0	0
33	A V KANDASWAMY	9,667	0.01	0	48,335	0.01	0	0
34	A K KASTHURI	8,568	0.01	0	42,840	0.01	0	0
35	A P PREETHA	4,135	0	0	45,675	0.01	0	0.01
	Total	26,36,278	2.16		1,26,41,395	2.07		

The Bank has Sub-divided equity shares having a face value of ₹10/- each into five (5) equity shares having a face value of ₹ 2/- each as on the record date fixed for the purpose of Sub-Division of Equity Shares (i.e. 18.11.2016).

@ Passed away on 30.06.2016.

# On reclassification of Promoter Group w.e.f. 29.09.2016

^ Excluded from Promoter Group on reclassification of Promoter Group w.e.f. 29.09.2016

**(iii) CHANGE IN PROMOTERS AND PROMOTERS GROUP SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)**

SL NO	Name of Promoter/Promoter Group	Shareholding at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)	
		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	16.09.2016	(6,88,961) \$	Transmission	0	0
2	A J SURIYANARAYANA *	2,29,311	0.19	16.09.2016	3,30,913 \$	Transmission		
				03.02.2017	1,500 #	Transfer	28,02,620	0.46
3	SURIYANARAYANA A J (HUF) *	598	0.00		No Change		2,990	0
4	A S SUDHA *	0	0.00	11.11.2016	2,688 \$	Transfer	69,985	0.01
5	A J VIJAYA	93,290	0.08	16.09.2016	3,58,048 \$	Transmission	22,56,690	0.37
6	NIRMALA	82,268	0.07		No Change		4,11,340	0.07
7	ANURADHA C B	58,036	0.05		No Change		2,90,180	0.05
8	SREEMATHI S	50,752	0.04		^		^	^
9	S VASANTHA	45,425	0.04		^		^	^
10	RAJASEKARAN. G	3,22,024	0.26	08.07.2016	(65,000) \$	Transfer	12,85,120	0.21
11	RAJASEKARAN. G (HUF)	0	0.00	08.07.2016	65,000 \$	Transfer	3,25,000	0.05
12	R NAGESWARI	1,67,712	0.14	02.09.2016	650 \$	Transfer		
				27.01.2017	4,000 #	Transfer	8,45,810	0.14
13	RAMKUMAR. R	1,11,389	0.09	24.03.2017	(3,50,000) #	Transfer	2,06,945	0.03
14	RAMKUMAR. R (HUF)	0	0.00	24.03.2017	3,50,000 #	Transfer	3,50,000	0.06
15	R ARCHANA	1,01,067	0.08		No Change		5,05,335	0.08
16	SRIMATHI E	15,400	0.01		No Change		77,000	0.01
17	MANI. G	2,83,253	0.23	08.07.2016	(1,00,000) \$	Transfer		
				03.03.2017	21,915 #	Transfer	9,38,180	0.15
18	MANI. G (HUF)	0	0.00	08.07.2016	65,000 \$	Transfer	3,25,000	0.05
19	SHYAMALA. A	1,318	0.00		No Change		6,590	0

SL NO	Name of Promoter/Promoter Group	Shareholding at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
20	M K VENKATESAN (HUF)	1,20,000	0.10	10.03.2017	(3,00,000) #	Transfer	3,00,000	0.05
21	MUNUGOOR. K. VENKATESAN	68,396	0.06	10.03.2017	(34,460) #	Transfer		
				17.03.2017	(6,000) #	Transfer		
				24.03.2017	(4,000) #	Transfer		
				31.03.2017	(3,000) #	Transfer		2,94,520
22	USHA. M. V	40,535	0.03	10.03.2017	74,460 #	Transfer	2,77,135	0.05
23	ISWARRYA V	5,503	0.00		No Change		27,515	0
24	M V PRAJEETH	397	0.00	10.03.2017	2,50,000 #	Transfer	2,51,985	0.04
25	M K SRINIVASAN	75,313	0.06		No Change		3,76,565	0.06
26	NIRMALA B *	0	0.00		No Change		12,680	0
27	SUNGUNA LEELA K *	0	0.00		No Change		560	0
28	M G VIVEKANANDAN	710	0.00		No Change		3,550	0
29	M V LAKSSHMI NARASIMHAN	3,510	0.00		No Change		17,550	0
30	M V SRINIVASAMOORTHY	33,000	0.03		No Change		1,65,000	0.03
31	KAMALA RAJASEKARAN	1,906	0.00		No Change		9,530	0
32	A K PRABURAJ	13,834	0.01		No Change		69,170	0.01
33	A V KANDASWAMY	9,667	0.01		No Change		48,335	0.01
34	A K KASTHURI	8,348	0.01		No Change		42,840	0.01
35	A P PREETHA	4,135	0.00	02.12.2017	25000 #	Transfer	45,675	0.01

The Bank has Sub-divided equity shares having a face value of ₹ 10/- each into five (5) equity shares having a face value of ₹ 2/- each as on the record date fixed for the purpose of Sub-Division of Equity Shares (i.e. 18.11.2016).

@ Passed away on 30.06.2016.

\* On reclassification of Promoter Group w.e.f. 29.09.2016

^ Excluded from Promoter Group on reclassification of Promoter Group w.e.f. 29.09.2016

\$ The Face value of the Equity Shares as on the transaction date is ₹ 10/- each

# The Face value of the Equity Shares as on the transaction date is ₹ 2/- each

**(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)**

SL NO	Name of the Shareholder	Shareholding at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company
1	FRANKLIN INDIA MUTUAL FUND (Under various Mutual Fund Schemes)	58,37,049	4.79	08.07.2016	1,00,000 \$	Transfer	2,96,85,245	4.87
2	OLYMPUS INDIA HOLDINGS LIMITED	57,90,187	4.75		No Change		2,89,50,935	4.75
3	WARHOL LIMITED	53,00,687	4.35	28.10.2016	(3,35,000) \$	Transfer		
				10.02.2017	(15,95,000) #	Transfer		
				17.02.2017	(82,200) #	Transfer		
				24.02.2017	(1,77,29,506) #	Transfer		
				03.03.2017	(54,21,729) #	Transfer	0	0.00
4	SUNDARAM MUTUAL FUND A/C (Under various Mutual Fund Scheme)	30,74,587	2.52	Increase / Decrease on various dates	(90,510) \$	Transfer		
5	SAIF ADVISORS MAURITIUS LIMITED A/C SAIF INDIA IV	28,50,309	2.34		(8,47,666) #	Transfer	1,40,72,719	2.31
6	HDFC TRUSTEE COMPANY LIMITED (Under various Scheme)	25,98,900	2.13		No Change		1,42,51,545	2.34
7	ICICI PRUDENTIAL MUTUAL FUND (Under various Scheme)	24,72,260	2.03	Increase / Decrease on various dates	15,62,802 \$	Transfer		
					14,89,938 #	Transfer	2,16,65,248	3.56
8	JHUNJUNWALA RAKESH RADHESHYAM	23,44,897	1.92	16.09.2016	(2,25,000) \$	Transfer		
				23.09.2016	18,500 \$	Transfer		
				30.09.2016	(18,500) \$	Transfer		
				25.11.2016	(7,60,000) #	Transfer		
				23.12.2016	5,00,000 #	Transfer		
				31.03.2017	6,25,000 #	Transfer	1,09,64,485	1.80
9	M3 INVESTMENT PRIVATE LIMITED	20,42,871	1.68	23.09.2016	(73,631) \$	Transfer		
				30.09.2016	(4,62,372) \$	Transfer		
				21.10.2016	(4,00,000) \$	Transfer	55,34,340	0.91
10	RAKESH JHUNJUNWALA (RARE ENTERPRISES)	19,92,000	1.63	23.09.2016	(6,00,000) \$	Transfer		
				23.09.2016	6,00,000 \$	Transfer		
				25.11.2016	13,60,000 #	Transfer	1,07,20,000	1.76
11	RELIANCE CAPITAL TRUSTEE COMPANY (Under various Scheme)	0	0	24.02.2017	1,97,86,000 #	Transfer	1,97,86,000	3.25
12	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED (Under various Scheme)	12,85,045	1.05	Increase / Decrease on various dates	5,35,336 \$	Transfer		
					17,83,478 #	Transfer	1,08,85,383	1.79

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\$ The Face value of the Equity Shares as on the transaction date is ₹ 10/- each

# The Face value of the Equity Shares as on the transaction date is ₹ 2/- each

**(V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

SL NO	Name of the Director and KMP Sarvasbri	Shareholding at the beginning of the year (01.04.2016) (Equity Shares of face value of ₹ 10/-)		Change in Shareholding			Cumulative Shareholding during the year (31.03.2017) (Equity Shares of face value of ₹ 2/-)		
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease in Shareholding (No. of Shares)	Reason	No. of shares	% of total shares of the Company	
1	B SWAMINATHAN, CHAIRMAN	1,000	0.00		No Change		5,000	0.00	
2	K VENKATARAMAN, MD&CEO	6,500	0.01		No Change		32,500	0.01	
3	G RAJASEKARAN	3,22,024	0.26		No Change		16,10,120	0.26	
4	A J SURIYANARAYANA	2,29,909	0.19	16.09.2016	3,30,913 #	Transmission			
				03.02.2017	1,500 #	Transfer	28,05,610	0.46	
5	N S SRINATH	533	0.00		No Change		2,665	0.00	
6	DR V G MOHAN PRASAD	29,703	0.02		No Change		1,48,515	0.02	
7	M K VENKATESAN	1,88,396	0.15	10.03.2017	(3,34,460) #	Transfer			
				17.03.2017	(6,000) #	Transfer			
				24.03.2017	(4,000) #	Transfer			
				31.03.2017	(3,000) #	Transfer	5,94,520	0.10	
8	A K PRABURAJ	13,834	0.01		No Change		69,170	0.01	
9	K L VIJAYALAKSHMI	500	0.00		No Change		2,500	0.00	
10	M V SRINIVASAMOORTHY	33,000	0.03		No Change		1,65,000	0.03	
11	DR K S RAVICHANDRAN	NA	NA		Co-opted on 26.05.2016		2,500	0.00	
12	K K BALU ^	5,000	0.00	NA	NA	NA	NA	NA	
KEY MANAGERIAL PERSONNEL									
13	K VENKATESWARA RAO, (President & COO)	39,952	0.03		No Change		1,99,760	0.03	
14	T SIVARAMAPRASAD, (General Manager & CFO)	2,626	0.00		No Change		13,130	0.00	
15	R KANNAN, (Company Secretary)	3,700	0.00		Demitted Office on 30.07.2016		NA	NA	

The Bank has Sub-divided equity shares having a face value of ₹ 10/- each into five (5) equity shares having a face value of ₹ 2/- each as on the record date fixed for the purpose of Sub-Division of Equity Shares (i.e. 18.11.2016).

^ Demitted office of Directorship during FY 17

\$ The Face value of the Equity Shares as on the transaction date is ₹ 10/- each

# The Face value of the Equity Shares as on the transaction date is ₹ 2/- each



**V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT.**

Particulars	Secured Loans excluding deposits * (in ₹)	Unsecured Loans ** (in ₹)	Deposits *** (in ₹)	Total Indebtedness (in ₹)
<b>INDEBTEDNESS AT THE BEGINNING OF THE FINANCIAL YEAR</b>				
i) Principal Amount	398,09,40,000.00	348,76,50,000.00	-	746,85,90,000.00
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	1,11,61,644.00	28,28,689.00	-	1,39,90,333.00
Total (i+ii+iii)	399,21,01,644.00	349,04,78,689.00	-	748,25,80,333.00
<b>CHANGE IN INDEBTEDNESS DURING THE FINANCIAL YEAR</b>				
Addition	0	10,54,86,01,000.00	-	1,054,86,01,000.00
Reduction	268,80,52,000.00	10,91,50,01,000.00	-	1,360,30,53,000.00
Net Change	-268,80,52,000.00	-36,64,00,000.00	-	-30,54,452,000.00
<b>INDEBTEDNESS AT THE END OF THE FINANCIAL YEAR</b>				
i) Principal Amount	129,28,88,000.00	312,12,50,000.00	-	441,41,38,000.00
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	81,05,479.00	28,36,438.00	-	1,09,41,917.00
Total (i+ii+iii)	130,09,93,479.00	312,40,86,438.00	-	442,50,79,917.00

\* 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 DIRECTORS AND/OR MANAGER**

SL NO	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (in ₹)
1	Gross salary		66,00,000.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		6,24,468.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		NIL
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		NIL
2	Stock Option		NIL
3	Sweat Equity	SHRI K VENKATARAMAN, MD&CEO	NA
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify Bank's Contribution to Provident Fund		7,92,000.00
		<b>Total (A)</b>	<b>80,16,468.00</b>
	Ceiling as per the Act: See Note		

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

(Amount in ₹)

**B. REMUNERATION TO OTHER DIRECTORS**

Sl. No	Particulars of Remuneration	Name of the Directors							Total Amount
		Shri B Swaminathan (Part-time Chairman) &	Shri N S Srinath	Shri V G Mohan Prasad	Smt K L Vijayalakshmi	Shri K S Ravichandran \$	Shri K K Balu #		
1	Independent Directors								
	(a) Fee for attending board/committee meetings *	7,35,000/ 6,20,000	8,05,000/ 7,40,000	4,20,000/ 1,40,000	8,40,000/ 5,00,000	6,30,000/ 2,80,000	2,45,000/ 1,00,000	36,75,000	23,80,000
	(b) Commission								
	(c) Others, please specify	9,00,000	-	-	-	-	-	9,00,000	-
	Honorarium/Salary	22,55,000	15,45,000	5,60,000	13,40,000	9,10,000	3,45,000	45,75,000	23,80,000
	Total (1)								
2	Other Non Executive Directors								
	(a) Fee for attending board/committee meetings *	8,40,000/ 6,80,000	8,05,000/ 7,60,000	8,05,000/ 8,60,000	8,05,000/ 8,60,000	8,40,000/ 3,40,000	8,40,000/ 3,40,000	40,95,000	35,00,000
	(b) Commission								
	(c) Others, please specify.								
	Total (2)	15,20,000	15,65,000	16,65,000	16,65,000	11,80,000		40,95,000	35,00,000
	Total (B)=(1+2)								
	<b>Total Managerial Remuneration</b>	37,75,000	31,10,000	22,25,000	30,05,000	20,90,000	3,45,000	86,70,000	58,80,000
	Overall Ceiling as per the Act. See note								

Note: In terms of provisions of the Companies Act, 2013 the remuneration payable to Directors other than Executive Director shall not exceed 1% of Net profit. The Directors were paid only sitting fees for attending Board/Committee meetings. The remuneration paid is well within the said limit.

& The Honorarium Paid to Part-time Chairman of the Bank was approved by RBI and by the shareholders at the Annual General Meeting held on 21.07.2016.

# Demitted office on 21.07.2016 \$ Inducted in the Board Meeting held on 26.05.2016

\* Fee for attending Board ₹ 35,000 and for Committee ₹ 20,000

**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 \$	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,27,700.00	20,42,892.00	6,25,194.00	50,95,786.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,90,211.00	1,50,994.00	46,254.00	3,87,459.00
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	NA	NA	NA	NA
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NA	NA	NA	NA
4	Commission	NA	NA	NA	NA
	- as % of profit				
	- others, specify				
5	Others, please specify (Bank's Contribution to Pension Fund)	0.00	38,380.00	0.00	38,380.00
	<b>Total</b>	26,17,911.00	22,32,266.00	6,71,448.00	55,21,625.00

\$ Demitted office on 30.07.2016

**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 – 3

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:

SI 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	11.68x
		Chairman	3.29x
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Chairman	23.80%
		MD & CEO	1.68%
		GM & CFO	Nil
		Company Secretary	Nil
III	The percentage increase in the median remuneration of employees in the financial year.	11.21% 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 7400 employees as on 31.03.2017	
V	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.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed	

**Notes:** 'x' denotes the median remuneration of the employees in the Financial Year.

**Details of top ten employees of the Bank in terms of remuneration drawn pursuant to Sec 197 of the Companies Act, 2013 read with Rule 5(2)(a) of the Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2016:**

Sl. No.	Name Sarvashri	Designation	Qualification	Age	Remuneration Received Amount ₹	Experience No. of years	Date of Commencement of Employment & Nature of Employment, whether contractual or otherwise;	Last Employment
1	Venkataraman K	MD & CEO	M.Sc.(Agriculture), C.A.I.I.B.	63	8016468	37	06/06/2011 & Whole Time	SBI Global Factors Ltd
2	Balaji S.	General Manager	L.L.B., M.A.(Sociology), C.A.I.I.B.	56	2764342	33	31/08/1994 & Regular	Syndicate Bank
3	Srinivasan V	General Manager	B.Sc (Agriculture), M.B.A, J.A.I.I.B.	55	2663570	30	07/08/1987 & Regular	Nedungadi Bank
4	Venkateswara Rao K	President & COO	B.Sc (Botany), M.A. (Political Science)	61	2617911	38	08/08/1980 & Contract	Vijaya Bank
5	Jarard Thomas	Deputy General Manager	M.Sc. (Physics)	54	2533456	29	17/09/1987 & Regular	-
6	Subbaiyan M	Deputy General Manager	M.Com., B.G.L., C.A.I.I.B.	58	2479967	34	03/03/1983 & Regular	-
7	Anantha Kumar G S	General Manager	M.Com.,	56	2479548	33	15/02/1984 & Regular	-
8	Natarajan J	General Manager	M.A. (Economics), C.A.I.I.B.	56	2451433	33	27/04/1983 & Regular	-
9	Ramalingam N	Deputy General Manager	B.Com, C.A.I.I.B.,	60	2439389	37	01/03/1980 & Regular	-
10	Sekar S	General Manager	B.Sc (Maths)	53	2409237	24	23/12/1992 & Regular	-

## Annexure – 4

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

### 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 arts 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

The CSR Policy as recommended by the CSR Committee and approved by Board is available on the Bank's website viz. URL: [https://www.kvb.co.in/customer\\_support/banking\\_codes\\_policies.html](https://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 : ₹ 10.99 Cr. The Bank has spent ₹ 1.60 Cr during the Financial Year

b) Amount unspent if any: ₹ 9.39 Cr

c) Manner in which the amount spent during the financial year is as detailed below:

₹ in Lakhs

S NO	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED	PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAM WISE	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUBHEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVERHEADS	CUMULATIVE EXPENDITURE UPTO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(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	-	86.80	86.80	Donations given to various Implementing Agencies
2	Donations made to various Agencies/ Organisations pursuing the Activity specified in Column (3)	Social Business Projects & Art and Culture	Tamil Nadu, Maharashtra, Telangana	-	69.23	69.23	Donations given to various Implementing Agencies
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	-	4.10	4.10	Donations given to various Implementing Agencies
			<b>TOTAL</b>		<b>160.13</b>		

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 2016-17. 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 – 5**

**The Karur Vysya Bank Limited**  
**Business Responsibility Report 2016-17**

<b>Section A: General Information about the Bank</b>		
1	Corporate Identity Number (CIN) of the company	L65110TN1916PLC001295
2	Name of the Company	The Karur Vysya Bank Limited
3	Registered address	Registered & Central Office, Erode Road, Karur-639 002.
4	Website	www.kvb.co.in
5	Email id	kvbshares@kvbmail.com
6	Financial year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Code: 64191-Banking and Financial Services and governed by the Banking Regulation Act, 1949.
8	Three key products/services of the Company (as in balance sheet)	Deposits Loans Foreign Exchange, Investment & Treasury
9	(i) Number of international locations	Nil
	(ii) Number of National locations	711 branches as on 31.03.2017
10	Markets served by the Company-Local/State/National/International	National : Pan India

<b>Section B: Financial Details of the Bank</b>		
1	Paid up capital (₹ in Cr)	121.86
2	Total turnover (₹ in Cr)	6404.57
3	Total profit after taxes (₹ in Cr)	605.98
4	CSR spend as percentage of profit after tax (%)	0.29
5	List of CSR activities	<p>The Bank undertakes various CSR activities in accordance with the Policy on Corporate Social Responsibility viz: Promoting Preventive Healthcare, Sanitation, Education &amp; Empowering Women, Social Business projects and Ensuring Environment Sustainability (Including Swachh Bharat).</p> <p>Disclosure of information on CSR activities: Please refer the Annexure IV of the Directors' Report.</p>

Section C: Other details		
1	Company subsidiaries/joint-ventures	NIL
2	Subsidiaries participating in Company's Business Responsibility (BR) initiatives	NA
3	Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	NIL

Section D (1): Business Responsibility Information		
1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	02443410
	Director responsible for implementation of BR policies (Name)	Shri K VENKATARAMAN
	Director responsible for implementation of BR policies (Designation)	Managing Director & Chief Executive Officer
1.b.	BR Head (DIN, if applicable)	NA
	BR Head (Name)	Shri K Mohan
	BR Head (Designation)	Chief Compliance Officer and Deputy General Manager
	BR Head (Telephone number)	+914324-269327
	BR Head (email id)	kmohan@kvbmail.com

Section D (2): BR Information										
Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for ...#	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ Appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y



Section D (2): BR Information										
Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
6	Indicate the link for the policy to be viewed online?	<p>The following policies are available on the Bank's website www.kvb.co.in</p> <ul style="list-style-type: none"> <li>*MSME Policy</li> <li>*Customer Rights Policy</li> <li>*Corporate Social Responsibility Policy</li> <li>*Code of Bank's Commitment to Customers</li> <li>*Grievance Redressal Policy</li> <li>*Rights of Depositors</li> <li>*Citizen's Charter</li> <li>*Policy on Related Party Transactions</li> <li>*Citizen Charter for Forex Transactions</li> <li>*Code of Conduct to Directors and Senior Management</li> </ul> <p>The remaining policies being internal documents are only available to the employees through the Bank's intranet.</p>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Policies have been communicated to all key internal and external stakeholders of the Bank, on an on-going basis.								
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Head of Departments are responsible for effective implementation of the policies. The policies are annually reviewed by the Board. The Compliance Department monitors the adherence to implementation of policy mandated by RBI.								

Section D (2): BR Information										
Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Not understood the principles	-	-	-	-	-	-	-	-	-
2	Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	Does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	Planned to be done within next 6 months	-	-	-	-	-	-	-	-	-

Section D (2): BR Information Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)										
5	Planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Other reasons	-	-	-	-	-	-	\$	-	-

\$ While there is no specific policy outlined for this principle, the Bank through trade bodies and associations put forth suggestions with respect to Economy in general and Banking sector in particular.

# Principle-wise policies	
P1	Compliance Policy, Whistleblower Policy, Anti Money Laundering Policy, Vigilance Policy, HRD Policy, Procurement Policy, Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers, Customer Rights Policy, Grievance Redressal Policy, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)
P2	Code of Bank's Commitment to Micro and Small Enterprise, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P3	Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights, HRD Policy and Vigilance Policy.
P4	Code of Bank's Commitment to Micro and Small Enterprise, Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs).
P5	Policy on Human Rights, Code of Conduct and Ethics, HRD Policy, IT Policy, Vigilance Policy.
P6	Financial Inclusion practices, MSME Policy, Corporate Social Responsibility Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR).
P7	NIL
P8	Code of Bank's Commitment to Customers, Policy on outsourcing of financial services, Information Systems Security Policies, Corporate Social Responsibility Policy.
P9	Code of Bank's Commitment to Customers, Citizen's Charter - A Charter for Customer Service, Customer Rights Policy, Policy on Human Rights.

Section D (3): BR Governance		
3.	a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
	b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Bank publishes the BR Report annually. The hyperlink for viewing the report is <a href="http://www.kvb.co.in/global/annual_report.html">http://www.kvb.co.in/global/annual_report.html</a>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to demonstrate to uphold the Bank's values. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Bank has put in place a Vigilance policy relating to ethics / bribery / corruption which is applicable to all its employees. The Bank has adopted a "zero tolerance" approach to bribery and corruption and employees who commit such acts are dealt with firmly by imposing deterrent punishments as per the provisions of bi-partite settlement (workmen) and Discipline and Appeal Regulation (Officers). The Bank's HRD policy-vision document highlights building of a strong team with integrity and aligning human resources with business goals.

The Bank has also adopted Code of Conduct and Conflict of Interest Norms in respect of Board of Directors to guide the Board members in ensuring highest ethical standards in managing the affairs of the Bank.

The Bank has adopted 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank. Similarly the Bank in its procurement policy has stipulated code of business conduct and ethics to act with utmost integrity from employees and suppliers as well. Bank is having executive level Committees to ensure

the accountability viz. Product Development, Standing Committee on Customer Service, Staff Accountability and Outsourcing Committee and the bank has constituted various Board level committees such as Audit Committee, Customer Service Committee, CSR Committee, etc., to periodically review and to take necessary actions to protect behavioural and ethical standards in operation.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

The Bank has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns.

With respect to employees, the Bank has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

The Bank have conducting meeting of standing Committee on customer service as per the RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an ongoing basis. The Bank has examined the various suggestions received from the customers on the feasibility implementation of the same. We have also taken up the matter with the respective departments for the implementation of suggestions in order to improve the level of customer service at the branch level.

The Bank has an Investor Relations Cell (IRC) headed by the Company Secretary and our Registrar and Transfer Agents M/s SKDC Consultants Ltd., Coimbatore are attending to shareholders complaints. The investor grievances which are directly received by the Department are attended by IRC. Time taken to redress the grievance is fixed as one week from the date of receipt of the complaint. The RTA is

also responsible for attending the Investor complaints which are directly made to them. They are submitting a quarterly report to us as to the complaints received, redressed and pending (if any).

The complaints are however attended within the stipulated time. Complaints received from SEBI are put on their website

in a centralized web based complaint redress system known as SCORES. The complaints put on SCORES are attended to by us within a couple of days by electronically uploading our replies through ATRs. Customer Service and Stakeholder Relationship Committee (CS&SRC) of the Board review the investor complaints and customer services on half yearly basis.

The details of the stakeholder complaints are as below:

	Pending as on 31.03.2016	Received during 2016-17	Redressed during 2016-17	Pending as on 31.03.2017
Customer Complaints	13	484	484	13
Investor Complaints	0	34	34	0
Consumer cases	30	10	7	33

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

The Bank believes that it has a significant role to play in furthering the financial inclusion agenda which is crucial to achieve inclusive growth and equitable development. As per Government of India / RBI guidelines, the Bank has started implementing the Financial Inclusion scheme from the year 2010. Similarly we have also implemented the Government of India flagship programme namely the “Pradhan Mantri Jan-Dhan Yojana” from 15.08.2014 which is a National Mission for Financial Inclusion to ensure access to financial services. In order to inculcate the habit of savings and to extend small credit combined with insurance benefits, we are having 3 No-frill accounts for the rural/ weaker section of the society. (a) KVB Grama Jyothi, (b) KVB Jan Dhan Yojana and (c) Kalpatharu SB.

The Bank’s Policy for lending to Micro and Small Enterprises (MSEs) guides the efforts to support MSEs through credit

related services. All these products and services of the Bank have inherent social opportunities that help in achieving inclusive growth and equitable development.

The Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption in its operations by promoting (A) Energy Efficiency – star rated and energy efficient ACs and Diesel Gensets and replacement with LED lights in the office. (B) Renewable Energy – ATMs with solar powered/Lithium UPS installation in areas of fluctuating power supply. (C) Waste Management – Strong emphasis on recycling of paper, Waste water recycling facility at one of the Hub location. (D) Resource Efficiency – Washrooms installed with proximity sensors.

The Bank has tied-up with leading Solar Pump-set Manufacturers / Suppliers and promoted the Ministry of New & Renewable Energy (MNRE) assisted Solar Pump-set Scheme for farmers. The Bank has been awarded 1st prize for having achieved highest disbursement under Solar Irrigation Pump-set Scheme by MNRE for the FY 2015-16.

In the reporting year 2016-17, KVB has won the following awards towards promoting social concerns:

SL No.	Name of the Award	Given By
1	First Prize for achieving highest disbursal under Solar Irrigation Pumps – Off Grid & Decentralized Solar Applications Programme for FY 2015-16	Ministry of New & Renewable Energy, Govt. of India
2	Second Prize under Branch Wise Performance (for Belgaum Branch) for achieving highest disbursal under Solar Irrigation Pumps – Off Grid & Decentralized Solar Applications Programme for FY 2015-16	Ministry of New & Renewable Energy, Govt. of India

## Conservation of Energy

1. The Bank has undertaken various initiatives for energy conservation at its premises. Bank own 850 KW Wind Turbine Generator at Govindanagaram 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.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a). Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

(b). Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable considering the nature of the business of the Bank.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

Given that the Banking sector's primary product offering is financial services, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, grid electricity, water from municipal sources, and diesel for DG sets in location with erratic availability of electricity. Through a centralized procurement process, led by the Central Procurement Unit, the Bank strives to achieve greater transparency, compliance and adoption of environmental and labour best practices.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The nature of banking products is service oriented and not material resource intensive, and the Bank does not procure goods for further processing. The manpower services required for offices and branches are generally hired from local agencies wherever possible. In addition to the Bank's

procurement done through the Central Procurement Unit, given that the Bank has branches in all states and Union Territories in India, it also procures locally for daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

Considering that the Bank is not a manufacturing unit, the waste generated at its offices is managed as per the waste disposal process. The Bank has procedures in place to dispose of e-waste through authorised e-waste vendors. There are sewage treatment plants where waste water is entirely treated & re-utilised for gardening.

## Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total No. of employees as on 31.03.2017 – 7400

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

Contract employees hired between 01.04.2016 to 31.03.2017 – 17

3. Please indicate the Number of permanent women employees.

No. of permanent woman employees as on 31.03.2017 – 2120 (other than contract)

4. Please indicate the Number of permanent employees with disabilities

No. of permanent employees with disabilities - 18

5. Do you have an employee association that is recognized by management?

The Bank has two recognized employee associations- KVB Officers Associations (KVBOA) and KVB Employees Union (KVBEU). The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed promptly.

6. What percentage of your permanent employees is members of this recognized employee association?

No. of KVBOA members – 41.39%  
 No. of KVBEU members – 42.85%  
 Total – 84.24%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
01	Child labour / forced labour / involuntary labour	Nil	Nil
02	Sexual harassment	Nil	Nil
03	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees – 27%
- (b) Permanent Women Employees – 28%
- (c) Casual/Temporary/Contractual Employees - Nil
- (d) Employees with Disabilities - Nil

Employee health and safety is of prime importance and the Bank conducts robust and periodic training like advanced and basic fire safety training, first aid and Cardio Pulmonary Resuscitation (CPR) training and evacuation related training for floor marshals and employees across offices and branches. Periodic fire evacuation drills were conducted at the office locations as well as branches, to sensitise employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to branch staff.

The Bank continues to focus on skilling employees with the requisite knowledge and skill. The Bank has training centres where various function related training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional

academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes – The bank engages with myriad stake holders through formal and informal channels of communication

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders.

In the reporting year 2016-17, KVB has won the following award towards promoting marginalized stakeholders and Rural Development:

Name of the Award	Given By
Best Private Sector Bank for Priority Sector Lending	Dun & Bradstreet

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.

Under Financial Inclusion, the Bank is rendering services to the disadvantaged, rural / semi-urban section of the society by providing basic banking services at their door step. The Bank is also extending service to the Senior Citizens by distributing the eligible Pension through the Banking Correspondents in their locality. In order to create awareness among rural and semi urban populations about the need for banking and to inculcate savings habits we have conducted 72 Financial Literacy campaign through our branches.

The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged through provision of ramps and is also providing facility for

the visually challenged to transact through talking 'Braille' keypad enabled ATMs.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers/ Contractors/ NGOs/ Others?

The Bank's philosophy / policies ensure non-discrimination among employees in all its dealings with employees and grievance redressal mechanisms are put in place. The Bank is committed to uphold the dignity of every individual engaged or associated with them. The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors, and has put in place a grievance redressal mechanism for the same.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer response to the question No. 2 under Principle 1.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

As outlined under Principle 2, the aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues.

The CSR policy of the Bank includes Environment Sustainability as one of its focus areas. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of health care and sanitation, setting up of homes for women, orphans and senior citizens, coastal cleanup campaign, protection of culture, buildings of national heritage, etc.,

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption in its operations by promoting (A) Multi channel digital delivery of banking products through – Net Banking, Mobile Banking, conversion of statements into E-statements, numerous other initiatives via paperless transactions - <http://www.kvb.co.in/personal/waystobank.html>. (B) IT Initiatives – Automated server and desktop shutdown to reduce consumption of energy, Video conferencing, Video chatting to reduce emissions as a result of air travel, Responsible E-waste disposal methods.

In the reporting year 2016-17, KVB has won the following awards towards promoting environmental concerns:

SL No.	Name of the Award	Given By
1	Best Bank among Small Banks for Digital Banking, 2015-16	IDRBT
2	Best Bank among Small Banks for Managing IT Ecosystems, 2015-16	IDRBT

3. Does the company identify and assess potential environmental risks? Y/N

The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

The above question is not applicable to the Bank as it is not a manufacturing company. However, the Bank assists projects that promote bio-diversity and environmental sustainability and projects that reduce greenhouse gas emissions.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

As outlined above in point no. 2, <http://www.kvb.co.in/personal/waystobank.html> the Bank participates in several initiatives in the area of environment sustainability.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Bank complies with applicable environmental regulations in respect of its premises and operations.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no outstanding notices at March 31, 2017.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

Indian Banks Association (IBA)

Fixed Income Money Market and Derivatives Association (FIMMDA)

Foreign Exchange Dealers Association of India (FEDAI)

Federation of Indian Chambers of Commerce and Industry (FICCI)

Confederation of Indian Industry (CII)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular.

**Principle 8: Businesses should support inclusive growth and equitable developments**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Bank has put in place 'Policy on Corporate Social Responsibility' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The Bank's primary CSR philosophy rests on purpose driven approach to create a meaningful and measurable positive impact on the lives of economically, physically and socially challenged communities of the country by

supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of health care and sanitation, setting up of homes for women, orphans and senior citizens, coastal cleanup campaign, protection of culture, building of national heritage, etc.,

In order to improve the livelihood of small / marginal / tenant farmers, share croppers and also entrepreneurs engaged in various non-farm activities, the Bank has rolled out a special credit scheme called "Joint Liability Group". Under the scheme, required credit at concessional rate, training and marketing arrangements are provided to the people jointly with local NGOs acting as Business Facilitators.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The Bank undertakes CSR programmes/projects directly and with the assistance of implementation through any other trust or agencies as required.

3. Have you done any impact assessment of your initiative?

Periodic reviews are undertaken on various projects. The Bank's initiatives in the area of rural development, particularly with regard to progress made in providing access to banking and financial services to underprivileged customers are reviewed regularly.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Bank has spent Rs. 1.60 Cr in fiscal 2016-17 on corporate social responsibility related activities. The expenditure has been undertaken primarily on skill development and sustainable livelihoods, education and primary healthcare and sanitation, financial literacy and setting up of homes for women, orphans and senior citizens and Swachh Bharat.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community.

The Community development initiatives are driven by its five-pronged approach towards CSR-promote, Invest,



Engage, Collaborate and Monitor. The Bank's CSR Policy guides the Bank in ensuring that its initiatives are mapped to the focus areas and are relevant, effective and replicable.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The customer Complaints/consumer cases pending as on 31.03.2017 is 8.05%.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its product and services through its website (<http://www.kvb.co.in>) which has detailed information on product features, service charges and fees applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible

advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

In the ordinary course of banking business, some customers and borrowers have disputes with the Bank which could result in their filing a civil suit or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/ borrowers and attempts to have an amicable settlement of the dispute.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Bank on a continuous basis measures the satisfaction levels of customers transacting across various sectors. As part of this exercise, the customer's feedback and satisfaction levels with the transaction experience are measured. This feedback is then analysed and the insights from the same are implemented to improve products and processes and enhance the service quality of the Bank. A standing committee on customer service, chaired by Managing Director & CEO/President & COO besides 3 Senior Executives of the Bank evaluate feedback on quality customer service on a quarterly intervals and place a review note to the customer service committee of the Board.

## 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 2017, 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 5 branches and 1 office audited by us, 766 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, 2017;
  - 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. We draw attention to Note on the Financial Statements, regarding unamortized loss of Rs. 185.07 Crore on sale of advances to Asset Reconstruction Companies during the Financial Year 2015-16. Our opinion is not qualified in respect of this matter.

## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

10. 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.
11. 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.
12. 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 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - 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"; and
  - 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

**S. Ananthan**

Partner

Membership No. 26379

Place: Karur

Date: 18-05-2017

## 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 2017 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
- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
  - 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 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

## INDEPENDENT AUDITOR'S REPORT

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 2017, 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

**S. Ananthan**

Partner

Membership No. 26379

Place: Karur

Date: 18-05-2017

**BALANCE SHEET AS AT 31ST MARCH 2017**

(000's omitted)

	SCHEDULE	AS ON 31.03.2017 ₹	AS ON 31.03.2016 ₹
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	121 86 45	121 86 45
Reserves & Surplus	2	4913 83 24	4451 08 65
Deposits	3	53699 81 12	50078 90 12
Borrowings	4	1695 65 00	2894 23 97
Other Liabilities and Provisions	5	1376 46 25	1438 62 58
<b>TOTAL</b>		<b>61807 62 06</b>	<b>58984 71 77</b>
<b>ASSETS</b>			
Cash and Bank Balances with Reserve Bank of India	6	2790 47 42	2529 05 71
Balances with Banks and Money at call and short notice	7	1554 61 76	362 54 07
Investments	8	14857 48 48	14442 67 22
Advances	9	40907 72 23	39084 38 30
Fixed Assets	10	418 60 81	420 11 84
Other Assets	11	1278 71 36	2145 94 63
<b>TOTAL</b>		<b>61807 62 06</b>	<b>58984 71 77</b>
Contingent Liabilities	12	11957 59 01	10358 32 99
Bills for collection		2921 42 84	2720 22 45
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

**M. K. VENKATESAN**  
 Director

**A. K. PRABURAJ**  
 Director

**K. L. VIJAYALAKSHMI**  
 Director

**K. VENKATESWARA RAO**  
 President & COO

**T. SIVARAMA PRASAD**  
 General Manager & CFO

 Place : Karur  
 Date : 18th May 2017

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017**

(000's omitted)

	SCHEDULE	Year Ended 31.03.2017 ₹	Year Ended 31.03.2016 ₹
<b>I INCOME</b>			
Interest earned	13	<b>5622 35 19</b>	5443 43 19
Other Income	14	<b>782 21 52</b>	706 78 41
<b>TOTAL</b>		<b>6404 56 71</b>	6150 21 60
<b>II EXPENDITURE</b>			
Interest expended	15	<b>3548 64 87</b>	3662 03 39
Operating expenses	16	<b>1284 95 08</b>	1185 12 41
Provisions and Contingencies		<b>964 98 49</b>	735 42 35
<b>TOTAL</b>		<b>5798 58 44</b>	5582 58 15
<b>III PROFIT</b>			
Net Profit from ordinary activities		<b>605 98 26</b>	567 63 45
Exceptional item		<b>Nil</b>	Nil
Net Profit for the year		<b>605 98 26</b>	567 63 45
Profit brought forward		<b>2 19 91</b>	1 48 69
<b>TOTAL</b>		<b>608 18 17</b>	569 12 14
<b>IV APPROPRIATIONS</b>			
Transfers to			
Statutory Reserve		<b>152 00 00</b>	145 00 00
Capital Reserve		<b>73 87 00</b>	4 61 00
Revenue & Other Reserves		<b>164 00 00</b>	181 63 00
Investment Reserve		<b>Nil</b>	34 00
Special Reserve U/s 36(1)(viii) of IT Act		<b>25 00 00</b>	30 00 00
Proposed Dividend (Including Interim Dividend)		<b>Nil</b>	170 61 02
Dividend Tax		<b>Nil</b>	34 73 22
		<b>414 87 00</b>	566 92 24
<b>BALANCE OF PROFIT</b>		<b>193 31 17</b>	2 19 91
<b>TOTAL</b>		<b>608 18 17</b>	569 12 15
Basic Earnings Per Share	(in ₹.)	9.95 (*)	46.59
Diluted Earnings Per Share	(in ₹.)	9.95 (*)	46.59

(Face value Rs. 2/- per share as of March 2017 &amp; Rs. 10/- per share as of March 2016)

(\*) Please refer point no.4.6 of Notes on Accounts

The schedules referred to above form an integral part of Statement of Profit and Loss.

**A. J. SURIYANARAYANA**  
Director

**N. S. SRINATH**  
Director

**DR. V. G. MOHAN PRASAD**  
Director

**M. V. SRINIVASAMOORTHY**  
Director

**DR. K. S. RAVICHANDRAN**  
Director

**SRINIVASA RAO .M**  
Assistant Company Secretary

As per our report of even date  
For **Abarna & Ananthan,**  
Chartered Accountants  
Firm Registration No. 000003S

**S. Ananthan**  
Partner  
Membership No. 026379

## SCHEDULES

(000's omitted)

	AS ON 31.03.2017 ₹	AS ON 31.03.2016 ₹
<b>SCHEDULE 1 - CAPITAL</b>		
Authorised Capital:		
100,00,00,000 Equity Shares of ₹ 2/- each (20,00,00,000 Equity Shares of ₹ 10/- each)	<u>200 00 00</u>	<u>200 00 00</u>
Issued Capital:		
60,97,26,285 Equity Shares of ₹ 2/- each (12,19,45,257 Equity Shares of ₹ 10/-each)	<u>121 94 53</u>	<u>121 94 53</u>
Subscribed & Paid up Capital:		
60,93,22,270 Equity Shares of ₹ 2/- each (12,18,64,454 Equity shares of ₹ 10/- each)	<u>121 86 45</u>	<u>121 86 45</u>
TOTAL	<u>121 86 45</u>	<u>121 86 45</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
I Statutory Reserve		
Opening Balance	1416 53 31	1271 53 31
Addition during the year	<u>152 00 00</u>	<u>145 00 00</u>
TOTAL	<u>1568 53 31</u>	<u>1416 53 31</u>
II Capital Reserve		
Opening Balance	94 89 24	90 28 24
Addition during the year	<u>73 87 00</u>	<u>4 61 00</u>
TOTAL	<u>168 76 24</u>	<u>94 89 24</u>
III Share Premium		
Opening Balance	1214 92 16	1204 17 39
Add : Addition during the year (ESOS 2011-234845 @ ₹ 457.65)	<u>Nil</u>	<u>10 74 76</u>
TOTAL	<u>1214 92 16</u>	<u>1214 92 15</u>
IV Revenue and Other Reserve		
a) General Reserve		
Opening Balance	1434 20 04	1291 94 61
Add : Write back of Unamortised Fraud provision	41 83 00	Nil
Add: Addition during the year	164 00 00	181 63 00
Add: Transferred from Employee Stock Option	Nil	2 45 43
Less: Provision for Unamortised Fraud Accounts	Nil	41 83 00
Less: Provision for Loss on sale to ARC	<u>185 06 68</u>	<u>Nil</u>
TOTAL	<u>1454 96 36</u>	<u>1434 20 04</u>
b) Investment Reserve		
Opening Balance	53 34 00	53 00 00
Addition during the year	<u>Nil</u>	<u>34 00</u>
TOTAL	<u>53 34 00</u>	<u>53 34 00</u>



**SCHEDULES**

(000's omitted)

	AS ON 31.03.2017 ₹	AS ON 31.03.2016 ₹
c) Employee Stock Option outstanding		
Opening Balance	Nil	6 97 86
Addition during the year	Nil	Nil
Deduction during the year	Nil	4 52 43
Less : Transferred to General reserve	Nil	2 45 43
TOTAL	<u>Nil</u>	<u>Nil</u>
d) Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961		
Opening Balance	235 00 00	205 00 00
Addition during the year	25 00 00	30 00 00
TOTAL	<u>260 00 00</u>	<u>235 00 00</u>
V Balance of Profit:	193 31 17	2 19 91
TOTAL I, II, III, IV & V	<u>4913 83 24</u>	<u>4451 08 65</u>

**SCHEDULE 3 - DEPOSITS**

A I. Demand Deposits :		
i) From Banks	5 50 92	7 03 00
ii) From Others	4914 84 00	4020 16 61
TOTAL	<u>4920 34 92</u>	<u>4027 19 61</u>
II. Savings Bank Deposits	9968 27 79	7647 31 67
III. Term Deposits		
i) From Banks	4 94 25	27 67 79
ii) From Others	38806 24 16	38376 71 05
TOTAL	<u>38811 18 41</u>	<u>38404 38 84</u>
TOTAL I, II & III	<u>53699 81 12</u>	<u>50078 90 12</u>
B Deposits from Branches :		
i) In India	53699 81 12	50078 90 12
ii) Outside India	Nil	Nil
TOTAL	<u>53699 81 12</u>	<u>50078 90 12</u>

**SCHEDULE 4 - BORROWINGS**

I Borrowings in India		
i) Reserve Bank of India	Nil	1321 00 00
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	1357 16 39	1224 47 47
iv) Other borrowings - Subordinated debt bonds	150 00 00	150 00 00
TOTAL	<u>1507 16 39</u>	<u>2695 47 47</u>
II Borrowings outside India	188 48 61	198 76 50
TOTAL I & II	<u>1695 65 00</u>	<u>2894 23 97</u>
Secured Borrowings included in I and II above	982 26 40	2147 38 07

## SCHEDULES

(000's omitted)

	AS ON 31.03.2017 ₹	AS ON 31.03.2016 ₹
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I Bills Payable	353 89 32	253 17 18
II Inter Office Adjustments (Net)	Nil	Nil
III Interest Accrued	171 38 44	225 01 20
IV Deferred Tax	65 57 57	182 96 81
V Other liabilities (including provisions)	785 60 92	777 47 39
TOTAL I, II, III, IV & V	<u>1376 46 25</u>	<u>1438 62 58</u>
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I Cash in Hand (Including Foreign Currency Notes)	564 86 50	523 77 43
II Balances with Reserve Bank of India In Current Account	2225 60 92	2005 28 28
TOTAL I & II	<u>2790 47 42</u>	<u>2529 05 71</u>
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL &amp; SHORT NOTICES</b>		
I In India		
i) Balances with Banks :		
a) In Current Accounts	40 15 71	31 66 62
b) In Other Deposit Accounts	100 72 45	43 73
ii) Money at Call and Short Notice with Banks		
(a) in RBI Reverse Repo	410 00 00	100 00 00
(b) with Banks	Nil	30 00 00
TOTAL	<u>550 88 16</u>	<u>162 10 35</u>
II Outside India		
In Current Accounts	Nil	1 33 32
In Other Deposit Accounts	1003 73 60	199 10 40
TOTAL	<u>1003 73 60</u>	<u>200 43 72</u>
TOTAL I & II	<u>1554 61 76</u>	<u>362 54 07</u>
<b>SCHEDULE 8 - INVESTMENTS</b>		
I Gross Investments in India	14955 47 90	14502 39 53
Less : Provision for Investment depreciation and impairment	97 99 42	59 72 31
TOTAL	<u>14857 48 48</u>	<u>14442 67 22</u>
Break-up		
i) Government Securities	12895 54 00	13384 99 12
ii) Other Approved Securities	Nil	Nil
iii) Shares	93 87 36	90 62 41

**SCHEDULES**

(000's omitted)

	<b>AS ON 31.03.2017 ₹</b>	<b>AS ON 31.03.2016 ₹</b>
iv) Debentures and Bonds	<b>798 52 35</b>	574 21 11
v) Subsidiaries & Joint Ventures	<b>Nil</b>	Nil
vi) Mutual Fund Units & Others	<b>1069 54 77</b>	392 84 58
	<b><u>14857 48 48</u></b>	<u>14442 67 22</u>
II Investments outside India	<b>Nil</b>	Nil
TOTAL I & II	<b><u>14857 48 48</u></b>	<u>14442 67 22</u>
<b>SCHEDULE 9 - ADVANCES</b>		
A i) Bills purchased and discounted	<b>1589 36 58</b>	1349 35 76
ii) Cash Credits, Overdrafts and Loans repayable on demand	<b>30799 77 75</b>	29447 38 84
iii) Term Loans	<b>8518 57 90</b>	8287 63 70
TOTAL	<b><u>40907 72 23</u></b>	<u>39084 38 30</u>
B i) Secured by tangible assets (incl. Book Debts)	<b>39941 25 01</b>	37338 58 75
ii) Covered by Bank / Government guarantees	<b>643 88 57</b>	1273 80 68
iii) Unsecured	<b>322 58 65</b>	471 98 87
TOTAL	<b><u>40907 72 23</u></b>	<u>39084 38 30</u>
C I Advances in India		
i) Priority Sector	<b>18362 57 83</b>	16988 72 84
ii) Public Sector	<b>1156 91 96</b>	1938 16 18
iii) Banks	<b>Nil</b>	Nil
iv) Others	<b>21388 22 44</b>	20157 49 28
TOTAL	<b><u>40907 72 23</u></b>	<u>39084 38 30</u>
C II Advances outside India	<b>Nil</b>	Nil
TOTAL CI & CII	<b><u>40907 72 23</u></b>	<u>39084 38 30</u>
<b>SCHEDULE 10 - FIXED ASSETS</b>		
I Premises :		
At cost as on 31st March of the preceding year	<b>197 37 24</b>	152 86 61
Addition during the year	<b>95 37</b>	44 52 81
	<b><u>198 32 61</u></b>	<u>197 39 42</u>
Deduction during the year	<b>Nil</b>	2 18
	<b><u>198 32 61</u></b>	<u>197 37 24</u>
Depreciation to date	<b>46 30 03</b>	41 86 94
TOTAL	<b><u>152 02 58</u></b>	<u>155 50 30</u>

**SCHEDULES**

		(000's omitted)	
		AS ON 31.03.2017 ₹	AS ON 31.03.2016 ₹
II	Building under construction	7 66 71	3 57 99
III	Other Fixed Assets (including Furniture & Fixtures) :		
	At cost as on 31st March of the preceding year	763 34 33	703 02 69
	Addition during the year	80 06 08	60 36 58
		<u>843 40 41</u>	<u>763 39 27</u>
	Deduction during the year	83 35	4 94
		<u>842 57 06</u>	<u>763 34 33</u>
	Depreciation to date	583 65 54	502 30 78
	TOTAL	<u>258 91 52</u>	<u>261 03 55</u>
	TOTAL I, II & III	<u>418 60 81</u>	<u>420 11 84</u>

**SCHEDULE 11 - OTHER ASSETS**

I	Inter Office Adjustments (Net)	51 84 71	56 40 71
II	Interest Accrued	295 06 37	265 37 27
III	Tax paid in advance / Tax deducted at source (Net)	9 28 84	333 71 76
IV	Stationery and Stamps	7 25 48	7 46 96
V	Deferred Tax	Nil	Nil
VI	Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII	Others	915 25 96	1482 97 93
	TOTAL	<u>1278 71 36</u>	<u>2145 94 63</u>

**SCHEDULE 12 - CONTINGENT LIABILITIES**

I	Claims against the Bank not acknowledged as debts	1 56 43	3 97 02
II	Liability on account of outstanding		
	a) Forward Exchange Contracts	5788 63 75	4861 50 44
	b) Derivatives	Nil	Nil
III	Guarantees given on behalf of constituents in India	3309 68 77	3081 61 58
IV	Acceptances, Endorsements and other Obligations	2118 48 80	2346 50 16
V	Other items for which the Bank is contingently liable	739 21 26	64 73 79
	TOTAL	<u>11957 59 01</u>	<u>10358 32 99</u>

## SCHEDULES

(000's omitted)

	Year Ended 31.03.2017 ₹	Year Ended 31.03.2016 ₹
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I Interest / discount on advances/bills	4401 68 76	4329 37 45
II Income on Investments	1106 03 63	1095 78 36
III Interest on balances with Reserve Bank of India & other inter-bank funds	87 77 05	2 24 49
IV Others	26 85 75	16 02 89
TOTAL	<u>5622 35 19</u>	<u>5443 43 19</u>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I Commission, Exchange and Brokerage	480 24 26	459 52 90
II Profit/Loss on sale of investments - Net	204 63 60	94 40 57
III Profit on sale of land, buildings and other assets	51 67	11 10
IV Profit on exchange transactions - Net	38 54 33	54 62 40
V Miscellaneous Income	58 27 66	98 11 44
TOTAL	<u>782 21 52</u>	<u>706 78 41</u>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I Interest on Deposits	3445 02 13	3432 72 98
II Interest on Reserve Bank of India/ Inter-bank borrowings	19 70 43	34 97 94
III Others	83 92 31	194 32 47
TOTAL	<u>3548 64 87</u>	<u>3662 03 39</u>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I Payments to and Provisions for employees	607 96 46	547 37 73
II Rent, Taxes and Lighting	132 75 91	119 48 64
III Printing and Stationery	15 67 77	12 97 09
IV Advertisement and Publicity	27 15 66	32 97 50
V Depreciation on Bank's Property	85 88 99	82 80 62
VI Directors' fees, allowances and expenses	1 68 90	2 33 64
VII Auditors' fees and expenses (including branch auditors fees and expenses)	2 47 00	2 22 31
VIII Law Charges	1 48 52	1 46 20
IX Postages, Telegrams, Telephones, etc.	25 10 93	23 28 30
X Repairs and maintenance	44 10 93	45 07 09
XI Insurance	55 16 98	44 75 64
XII Other Expenditure	285 47 03	270 37 65
TOTAL	<u>1284 95 08</u>	<u>1185 12 41</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 Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 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. Revenue Recognition

Income and expenses are generally accounted on accrual basis, except otherwise stated.

Interest income other than on non-performing assets is recognized on accrual basis. In respect of non-performing assets as well as restructured Funded Interest Term Loans (FITL) accounts / Strategic Debt Restructure (SDR) accounts, the interest income is recognized upon realisation, as per prudential norms prescribed by the RBI.

Commission on Bank Guarantees, Letter of Credit and insurance business, Loan Processing Fees, annual / renewal

fees on cards and locker rent are accounted on cash basis. Dividend income and interest on tax refund is recognised when the right to receive payment is established.

##### 2. Investments

Investments are categorized into three categories – (i) Held to Maturity, (ii) Held for Trading and (iii) Available for sale, 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 is 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 weighted average cost method for determining cost and accounting of profit on sale of investments.

Brokerage, commission and STT etc., pertaining to investments, paid at the time of acquisition are charged to the profit and loss account.

##### 3. 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. Amounts recovered against debts written off is recognised as income and provisions no longer considered necessary based on the current status of the borrower, is reversed in the profit and loss account.

##### 4. Fixed Assets

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

## SCHEDULES

### 5. Depreciation

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

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

Useful life of the assets has been estimated in line with Schedule II of the Companies Act, 2013, as determined by the management, as under –

Class of Asset	Useful life (years)	Method	
<b>a. BUILDING</b>	58	WDV	
<b>b. PLANT &amp; MACHINERY</b>			
ATM, Cash Deposit Machine, Cash Dispenser, Cash / Currency Sorting Machine, Air-conditioner / Air Coolers, Generator, General electrical works, and other Plant & Machinery etc.	10	SLM	
Safe Deposit Lockers, Safe / Strong Room Door / Cage, Wind Mill	15		
<b>c. FURNITURE &amp; FIXTURES</b>			
Furniture & Fixtures at bank premises	10		
Furniture & Fixtures at staff quarters / guest house	5		
Electric & Electronic items, Cellular / Mobile phones etc.	3		
<b>d. MOTOR VEHICLES</b>	8		
<b>e. COMPUTERS</b>	3		

### 6. 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.

### 7. 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.

### 8. Employee Benefits

Contributions to the Provident Fund and 'Defined Contributory Pension Scheme' are charged to the Profit and Loss account. Contributions to the recognised Gratuity Fund, Pension Fund and other defined employee benefits are made on accrual basis as per Actuarial valuation done as at the Balance Sheet date and net actuarial gains/losses are recognised as per the Accounting Standard 15. 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 tax 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

## SCHEDULES

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 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.

### 14. Net Profit

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

- Provision for Taxes, 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 31.03.2017 and all the inter branch entries have been reconciled upto 31.03.2017.

### 2. BALANCING OF BOOKS:

The books of accounts have been balanced and tallied in all branches of the Bank as on 31.03.2017.

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

#### 3.1 Capital:

SN	Particulars	2016-17		2015-16	
		Basel III	Basel II	Basel III	Basel II
1	Common Equity Tier 1 capital ratio (%)	11.85		11.26	-
2	Tier 1 capital ratio (%)	11.85		11.26	11.22
3	Tier 2 capital ratio (%)	0.69		0.91	1.04
4	Total Capital ratio (CRAR) (%)	12.54		12.17	12.26
5	Amount of equity capital raised (₹ in Cr)	Nil		0.23	0.23
6	Amount of additional Tier 1 capital raised of which	Nil			
	- PNCPS				
	- PDI				
7	Amount of Tier 2 capital raised	Nil			
	Of which				
	- Debt capital instruments				
	- Preference share capital instruments				
	- Perpetual cumulative preference shares (PCPS)				
- Redeemable non cumulative preference shares (RNCPS)					
- Redeemable cumulative preference shares (RCPS)					



## SCHEDULES

### 3.2 Investments:

(₹. in crore)

Particulars	2016-17	2015-16
(1) Value of Investments		
(i) Gross Value of Investments		
a) In India	14955.48	14502.40
b) Outside India	Nil	Nil
(ii) Provisions for Depreciation / NPI		
a) In India	97.99	59.72
b) Outside India	Nil	Nil
(iii) Net Value of Investments		
a) In India	14857.49	14442.68
b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments and Non Performing Investments		
i. Opening balance	59.72	60.03
ii. Add: Provisions made during the year	46.60	22.73
iii. Less: Write-off/ write-back of excess provisions during the year	8.33	23.04
iv. Closing balance	97.99	59.72

### 3.2.1 Repo Transactions :(in face value terms)

(₹. in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2017
1. Securities sold under repos				
a. Government Securities	34.28	2622.34	146.34	235.00
b. Corporate Debt Securities	Nil	Nil	Nil	Nil
2. Securities purchased under reverse repos				
a. Government Securities	9.36	3484.00	508.48	374.58
b. Corporate Debt Securities	Nil	Nil	Nil	Nil

### 3.2.2 Non-SLR Investment Portfolio:

(₹. in crore)

Issuer composition of Non SLR investments:

Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of unrated securities	Extent of unlisted Securities
1. PSUs	329.87	284.90	Nil	24.33	70.64
2. FIs	673.89	548.95	Nil	0.22	0.22
3. Banks	447.19	377.32	Nil	Nil	Nil
4. Private Corporates	104.66	41.28	Nil	39.36	44.36
5. Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6. Others	504.33	504.33	Nil	Nil	504.33
Sub Total	2059.94	1756.78	Nil	63.91	619.55
7. Less: Provision held towards depreciation and non performing investments	97.99	Nil	Nil	Nil	Nil
<b>Total</b>	<b>1961.95</b>	<b>1756.78</b>	<b>Nil</b>	<b>63.91</b>	<b>619.55</b>

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

## SCHEDULES

### ii) Non performing Non-SLR investments:

(₹. in crore)

Particulars	2016-17	2015-16
Opening balance	38.15	13.14
Additions during the year since 1st April	25.15	25.01
Reductions during the above period	0.67	Nil
Closing balance	62.63	38.15
Total provisions held	<b>25.63</b>	<b>16.90</b>

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

During the year, the bank has sold Government securities from Held to Maturity (HTM) category exceeding 5% of the book value of investments in HTM category at the beginning of the year. The Bank sold securities aggregating ₹ 2,696.83 crore from the HTM category during FY 2016-17, and by sale of securities from HTM category, the Bank has booked a profit of ₹ 150.26 crore. An amount of ₹ 73.87 crore (being net of tax & statutory reserve) is transferred to capital reserve. As on 31<sup>st</sup> March, 2017, the book value of SLR investment held under Held to Maturity category was ₹ 10,378.52 crore which shows marked to market appreciation of ₹ 314.78 crore.

**3.2.4** The percentage of SLR investment under Held to Maturity Category as on 31.03.2017 was 18.49 % of Demand and Time Liability of the bank ( previous year 20.51% ) which is within permissible limit as per RBI guidelines.

**3.2.5** In accordance with RBI guidelines, securities amounting to ₹ 106.76 crore have been shifted from AFS to HTM category and ₹ 406.31 crore from HTM to AFS category and the resultant depreciation of ₹ 0.93 crore has been charged to Profit and Loss account during the first quarter of the current financial year.

**3.2.6** Pursuant to RBI circular FMRD DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its repo / reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/Lendings, as the case may be. Hitherto, the repo/reverse repo transactions were included under Investments. Figures for the previous periods/year have been regrouped/ reclassified to conform to current periods/year classification. The above regrouping/ reclassification has no impact on the profit of the Bank for the quarter/year ended 31<sup>st</sup> March, 2017 or the previous periods/year.

## 3.3 Derivatives

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

(₹. in crore)

Particulars	2016-17	2015-16
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		
3. Collateral required by the bank upon entering into swaps		
4. Concentration of credit risk arising from the swaps		
5. The fair value of the swap book		

### 3.3.2 Exchange Traded Interest Rate Derivatives:

(₹. in crore)

Particulars	2016-17	2015-16
1. Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
2. Notional principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2017 (instrument wise)		
3. Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		
4. Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		

## SCHEDULES

### 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 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 swap 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.

#### Quantitative Disclosures:

Particulars	2016-17		2015-16	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1. Derivatives (Notional Principal Amount)				
a) For hedging				
b) For trading		Nil		Nil
2. Marked to Market Positions				
a) Asset (+)		Nil		Nil
b) Liability (-)				
3. Credit Exposure		Nil		Nil
4. Likely impact of one percentage change in interest rate (100*PV01)				
a) on hedging derivatives		Nil		Nil
b) on trading derivatives				
5. Maximum and Minimum of 100*PV01 observed during the year				
a) on hedging		Nil		Nil
b) on trading				

(₹. in crore)

#### 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 is 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.

**SCHEDULES**
**3.4.2 Disclosure of Restructured Accounts**

(₹. in crore)

Sl No	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				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	9	0	0	2	11	20	2	1	1	24	88	9	5	32	134	117	11	6	35	169
		Amount outstanding	358.77	0.00	1.15	359.92	22.33	0.48	0.01	0.00	22.82	973.87	0.56	4.14	0.65	979.22	1354.97	1.04	4.15	1.80	1361.96	
		Provision thereon	59.08	0.00	1.15	60.23	3.28	0.07	0.01	0.00	3.36	79.97	0.08	4.14	0.65	84.84	142.33	0.15	4.15	1.80	148.43	
2	Fresh Restructuring during the year <sup>1</sup>	No. of borrowers	0	0	0	0	0	0	0	0	0	0	2	0	0	0	2	2	0	0	0	2
		Amount outstanding	9.36	0.00	0.00	9.36	0.01	0.00	0.00	0.00	0.01	99.58	0.00	1.45	0.00	101.03	108.95	0.00	1.45	0.00	110.40	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.26	0.00	0.00	0.00	16.26	16.26	0.00	0.00	0.00	16.26	
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	1	0	0	-1	0	1	0	0	-1	0
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.02	0.00	-0.02	0.00	0.02	0.00	0.00	-0.02	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Restructured standard advanced 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	0	0	0	-1	-5	0	0	-5	-22	-22	0	0	0	-22	-28	0	0	0	-28
		Amount outstanding	-37.71	0.00	0.00	-37.71	-2.41	0.00	0.00	0.00	-2.41	-38.22	0.00	0.00	0.00	-38.22	-78.34	0.00	0.00	0.00	0.00	-78.34
		Provision thereon	-4.58	0.00	0.00	-4.58	-0.03	0.00	0.00	0.00	-0.03	-2.29	0.00	0.00	0.00	-2.29	-6.90	0.00	0.00	0.00	0.00	-6.90

**SCHEDULES**

(₹. in crore)

Sl No	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total					
		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total	
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	1	3	0	1	-22	-4	9	17	-25	-3	12	17	1
		Amount outstanding	0.00	0.00	0.00	0.00	-0.43	0.10	0.57	0.00	-80.57	-0.15	80.39	0.34	-81.00	-0.05	80.96	0.34	0.25
		Provision thereon	0.00	0.00	0.00	0.00	-0.02	0.05	0.07	0.00	-13.37	0.03	19.15	0.02	-13.39	0.08	19.22	0.02	5.93
6	Write-offs of restructured accounts during the FY <sup>2</sup>	No. of borrowers	-1	0	0	-2	-3	0	-1	-10	-24	-4	-1	-5	-34	-4	-1	-8	-47
		Amount outstanding	-81.52	0.00	0.00	-1.15	-82.67	-6.76	-0.13	0.00	-374.52	-0.26	-29.95	-0.17	-462.80	-0.38	-30.08	-1.32	-494.58
		Provision thereon	-19.75	0.00	0.00	-1.15	-20.90	-2.61	-0.01	0.00	-10.81	-0.10	-2.92	-0.55	-33.17	-0.15	-2.93	-1.70	-37.95
7	Restructured Accounts as on March 31 of the FY (closing figures <sup>3</sup> )	No. of borrowers	7	0	0	0	7	3	4	10	23	1	13	43	33	4	17	43	97
		Amount outstanding	248.90	0.00	0.00	0.00	248.90	12.74	0.45	0.00	580.16	0.15	56.03	0.80	841.80	0.61	56.48	0.79	899.68
		Provision thereon	34.75	0.00	0.00	0.00	34.75	0.62	0.07	0.00	69.76	0.01	20.37	0.12	105.13	0.08	20.44	0.12	125.77

\* - 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 fresh accounts restructured under Tamil Nadu Flood Relief Package (Ac - 2, Amt. ₹ 1.75 Cr.) & additions to existing restructured accounts (₹ 108.65 Cr.).

Foot Note 2 - The figures under Sr.No.6 include Rs 63.85 crore of reduction from existing restructured accounts by way of Partial closure/Recovery/Write-off.

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

Foot Note 4 - Accounts restructured under Flexible Structuring, SDR, Change of ownership outside SDR etc., are disclosed separately.

## SCHEDULES

### 3.4 Asset Quality

#### 3.4.1 Non-Performing Asset:

(₹.in crore)

Particulars	2016-17	2015-16
1. Net NPAs to Net Advances (%)	2.53%	0.55%
2. Movement of NPAs (Gross)		
a. Opening balance	511.18	677.78
b. Additions during the year	1330.83	1133.41
c. Reductions during the year	358.20	1300.01
d. Closing balance	1483.81	511.18
3. Movement of Net NPAs		
a. Opening balance	216.17	280.97
b. Additions during the year	940.83	877.26
c. Reductions during the year	123.54	942.06
d. Closing balance	1033.46	216.17
4. Movement of provisions for NPAs (excluding provision on Standard Assets)		
a. Opening balance	285.00	380.00
b. Provisions made during the year	484.17	350.12
c. Write off/Write back of excess provisions	340.43	445.12
d. Closing balance	428.74	285.00

#### 3.4.1.1 Disclosure related to divergence in provision in respect of NPAs identified by RBI inspection

(₹.in crore)

SN	Particulars	Amount
1	Gross NPAs as on March 31, 2016* as reported by the bank	511.18
2	Gross NPAs as on March 31, 2016* as assessed by RBI	731.10
3	Divergence in Gross NPAs (2-1)	219.92
4	Net NPAs as on March 31, 2016 as reported by the bank	216.17
5	Net NPAs as on March 31, 2016 as assessed by RBI	436.09
6	Divergence in Net NPAs (5-4)	219.92
7	Provisions for NPAs as on March 31, 2016 as reported by the bank	285.00
8	Provisions for NPAs as on March 31, 2016 as assessed by RBI	390.89
9	Divergence in provisioning (8-7)	105.89
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	567.63
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning	496.49

\* The above divergence is due to two borrowal accounts, of which, one account with an outstanding balance of ₹ 175.38 crore was treated as a Standard Asset as on 31.03.2016 by the bank in compliance of the RBI guidelines relating to "Stand Still" clause under the Strategic Debt Restructuring (SDR) scheme, since the scheme was under implementation. As the time limit for implementation of the scheme was complete during the year, the Bank classified this account as NPA. However, in the subsequent inspection by the RBI, the effective date of NPA was deemed as 30<sup>th</sup> June 2014, thereby treating the same as a divergence as on 31.03.2016.

#### 3.4.2 Disclosures related to Restructured Advances (enclosed separately)

#### 3.4.3 Strategic Debt Restructuring (SDR)

During the year, the Bank has been allotted 9,29,640 number of shares with a face value of ₹ 10 /- at the rate of ₹ 11.09 per share amounting to a book value of ₹ 1.03 crore on account of SDR mechanism in respect of one borrowal account with an aggregate exposure of ₹ 30.02 crore under consortium arrangement.

## SCHEDULES

### 3.4.3.1. Disclosures on Flexible Structuring of Existing Loans

(₹.in crore)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year	2	204.45 *	Nil	3.15 years	22.08 years
Current Financial Year	Nil	Nil	Nil	Nil	Nil

\* Out of the two accounts, one account with the outstanding of ₹ 155.43 crore as on 31.03.2016 has slipped into substandard category during the current financial year 2016-17.

### 3.4.3.2. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) as on 31.03.2017

(₹.in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
3	104.64	--	35.79	--	68.85	--

### 3.4.3.3. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as on 31.03.2017

(₹.in crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1	32.42	--	32.42	--	--	--	--	--

### 3.4.3.4. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period) as on 31.03.2017

(₹.in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil	Nil	Nil	Nil

### 3.4.3.5. Disclosures on the Scheme for Sustainable Structuring of Stresses Assets (S4A), as on 31.03.2017

(₹.in crore)

No of accounts where S4A has been applied	Aggregate amount outstanding	Amount Outstanding @		Provision Held
		In Part A	In Part B	
Classified as Standard	1	54.10	-	1.97

@ Conversion yet to take place.

## SCHEDULES

### 3.4.4 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction: (₹.in crore)

Particulars	2016-17	2015-16
1. No. of accounts	Nil	564
2. Aggregate value (net of provisions) of accounts sold to SC/RC		788.82
3. Aggregate consideration		308.30
4. Additional consideration realized in respect of accounts transferred in earlier years		Nil
5. Aggregate gain / (loss) over net book value.		(490.89)

During the Financial Year 2015-16, Bank has sold NPAs to ARCs resulting in loss of ₹ 505.46 crore of which ₹ 252.76 crore has been amortised in the current FY 2016-17 and balance unamortised amount of ₹ 185.07 crore is debited to General Reserve and credited to Other Provisions as per RBI guidelines vide DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016. (Refer to note 5.3 below)

#### 3.4.4.1 Investments in Security Receipts

##### Details of Book Value of Investments in Security Receipts (₹.in crore)

Particulars	2016-17	2015-16
1. Backed by NPAs sold by the bank as underlying	504.33	262.82 *
2. Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	Nil	Nil
<b>Total</b>	<b>504.33</b>	<b>262.82</b>

\* In addition, ₹ 253.73 crore was held under 'Share & Other Application money' under 'Other Assets' pending receipt of Security Receipts towards sale of NPAs to ARC in financial year 2015-16.

### 3.4.5 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	2016-17	2015-16
1. (a) No. of accounts purchased during the year (b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year (b) Aggregate outstanding		

#### B. Details of non performing financial assets sold: (₹.in crore)

Particulars	2016-17	2015-16
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding		
3. Aggregate consideration received		

### 3.4.6 Provisions on Standard Asset: (₹.in crore)

Particulars	2016-17	2015-16
Provisions towards Standard Assets	185.48	196.66



## SCHEDULES

### 3.5 Business Ratios:

Particulars		2016-17	2015-16
1.	Interest Income as a percentage to Working Funds	9.28%	9.85%
2.	Non-interest income as a percentage to Working Funds	1.29%	1.28%
3.	Operating Profit as a percentage to Working Funds	2.59%	2.24%
4.	Return on Assets	1.00%	1.03%
5.	Business (Deposits plus advances) per employee (₹ in crore)	12.85	12.41
6.	Profit per employee (₹ in Lakh)	8.19	7.87

### 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	120.18	2884.47	1773.10	271.97	593.21	416.80
2 to 7 days	626.61	193.33	546.93	1014.69	40.93	33.14
8 to 14 days	573.69	227.17	345.60	32.42	67.59	32.51
15 to 28 days	1274.09	1082.86	434.85	64.85	129.11	65.31
29 days to 3 months	3730.32	2890.40	1384.38	0.00	889.40	21.49
Over 3 months to 6 months	3319.73	3322.66	1867.35	32.42	449.89	48.92
Over 6 months to 1year	6586.42	5048.85	2339.80	0.00	79.71	74.30
Over 1 year to 3 years	10853.29	17373.06	2863.79	243.86	4.11	258.83
Over 3 years to 5 years	8580.96	4272.49	1597.92	35.43	15.29	64.11
Over 5 years	18034.52	4139.69	1801.77	0.00	6.21	2.00
<b>Total</b>	<b>53699.81</b>	<b>41434.98</b>	<b>14955.49</b>	<b>1695.64</b>	<b>2275.45</b>	<b>1017.41</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.

### 3.7 Exposures

#### 3.7.1 Exposure to Real Estate Sector:

(₹.in crore)

Category	2016-17	2015-16
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)	2712.43	2422.28
(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;	2469.04	2300.04
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil

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Category	2016-17	2015-16
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	109.43	242.52
<b>Total Exposure to Real Estate Sector</b>	<b>5290.90</b>	<b>4964.84</b>

### 3.7.2 Exposure to Capital Market:

(₹. in crore)

Particulars	2016-17	2015-16
1. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	110.30	104.80
2. 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;	1.09	1.58
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	145.77	170.33
6. Loans sanctioned to corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	60.17	61.66
7. Bridge loans to companies against expected equity flows/issues;	Nil	Nil
8. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
9. Financing to stockbrokers for margin trading;	Nil	Nil
10. All exposures to Venture Capital Funds (both registered and unregistered)	Nil	50.33
<b>Total Exposure to Capital Market</b>	<b>317.33</b>	<b>388.70</b>

### 3.7.3 Risk Category wise Country Exposure

(₹.in crore)

Risk Category	31.03.2017		31.03.2016	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	1147.45	Nil	392.72	Nil
Low	387.65		195.05	
Moderate	24.54		10.89	
High	5.23		2.30	
Very High	Nil		Nil	
Restricted	12.82		5.45	
Off-credit	Nil		Nil	
<b>Total</b>	<b>1577.69</b>	<b>Nil</b>	<b>606.41</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.

## SCHEDULES

### 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 ₹ 0.01 crore 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:

#### 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, 2017.

#### 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:

- 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.
- In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per the guidelines.
- 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	7.50%	7.30%	7.50%
Salary escalation rate	5.50%	5.50%	5.50%
Attrition rate	1.59%	3.00%	1.28%
Expected rate of return on Plan Assets	8.74%	8.21%	----

#### Expenses recognized in Profit and Loss Account

(₹.in crore)

Particulars	Gratuity	Pension	Privilege Leave
Current Service Cost	7.02	13.58	0.74
Interest cost on benefit obligation	8.59	26.83	6.43
Expected return on plan assets	(10.91)	(35.14)	--
Net Actuarial gain / (loss) recognised in the year	1.96	54.63	20.31
Expenses recognised in the Profit and Loss Account	6.66	59.90	27.48

## SCHEDULES

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

(₹.in crore)

Particulars	Gratuity	Pension	Privilege Leave
Present value of obligation as at 01.4.2016	115.24	350.95	85.65
Interest cost	8.59	26.82	6.43
Current Service Cost	7.02	13.58	0.73
Benefits paid	(8.79)	(9.65)	(5.28)
Net actuarial gain / (loss) on obligation	1.03	41.97	20.31
Present value of the defined benefit obligation as at 31.3.2017	123.09	423.67	107.84

### Change in the fair value of plan assets

(₹.in crore)

Particulars	Gratuity	Pension	Privilege Leave
Fair value of plan assets as at 01.4.2016	116.46	352.87	---
Expected Return on plan assets	10.91	35.14	--
Contribution by employer	8.88	71.91	5.28
Benefits Paid	(8.79)	(9.65)	(5.28)
Actuarial gain / (loss)	(0.92)	(12.66)	--
Fair value of plan assets as at 31.3.2017	126.54	437.61	--

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

#### Part A: Business segments

(₹.in crore)

SN	Particulars	2016-17 (Audited)	2015-16 (Audited)
a	<b>Segment Revenue</b>		
	1. Treasury Operations	1437.54	1247.51
	2. Corporate/Wholesale Banking Operations	1755.76	1786.07
	3. Retail Banking Operations	3199.98	3105.66
	4. Other Banking Operations	11.28	10.98
	<b>Total</b>	<b>6404.56</b>	<b>6150.22</b>
b	<b>Segment Results</b>		
	1. Treasury Operations	416.50	256.85
	2. Corporate/Wholesale Banking Operations	544.32	472.89
	3. Retail Banking Operations	835.08	791.22
	4. Other Banking Operations	10.20	10.00
	<b>Total</b>	<b>1806.10</b>	<b>1530.96</b>
c	Unallocated Expenses	235.13	227.90
d	<b>Operating Profit</b>	<b>1570.97</b>	<b>1303.06</b>
e	Income Taxes	277.49	344.00
f	Other Provisions	687.50	391.43
g	Exceptional Item	Nil	Nil
h	<b>Net Profit</b>	<b>605.98</b>	<b>567.63</b>
i	Other Information	Nil	Nil
j	<b>Segment Assets</b>		
	1. Treasury Operations	14958.21	14573.11
	2. Corporate/Wholesale Banking Operations	13511.62	13991.59
	3. Retail Banking Operations	27396.10	25092.79
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Assets	5941.69	5327.23
	<b>Total</b>	<b>61807.62</b>	<b>58984.72</b>

**SCHEDULES**

SN	Particulars	2016-17 (Audited)	2015-16 (Audited)
k	<b>Segment Liabilities</b>		
	1. Treasury Operations	14487.11	14179.05
	2. Corporate/Wholesale Banking Operations	12194.54	12672.63
	3. Retail Banking Operations	24723.78	22733.42
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	5366.49	4826.67
	Capital Employed	5035.70	4572.95
	<b>Total</b>	<b>61807.62</b>	<b>58984.72</b>

**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 B. Swaminathan	Chairman	Honorarium	9,00,000.00
Shri K. Venkataraman	MD & CEO	Remuneration	80,16,467.93

(₹ in crore)

Items/Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
March 31st												
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Deposit	Nil	Nil	Nil	Nil	Nil	Nil	1.83(max during the year 1.83)	1.58 (max during the year 1.58)	Nil	Nil	1.83	1.58
Placement of deposits	Nil											
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed												
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												

**SCHEDULES**

Items/Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
Interest paid	Nil	Nil	Nil	Nil	Nil	Nil	0.15	0.12	Nil	Nil	0.15	0.12
Interest received	NIL											
Rendering of services												
Receiving of services												
Management contracts												

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

S N	Particulars	2016-17	2015-16
1	Basic EPS after extraordinary items (₹)	(*) 9.95	46.59
2	Basic EPS before extraordinary items (₹)	(*) 9.95	46.59
3	Diluted EPS after extraordinary items (₹)	(*) 9.95	46.59
4	Diluted EPS before extraordinary items (₹)	(*) 9.95	46.59

**Computation of Basic EPS (after extraordinary items)**

S N	Particulars	2016-17	2015-16
1	Net Profit (₹ in crore)	605.98	567.63
2	Weighted number of shares	609322270	121846438
3	Basic EPS (1/2) (₹)	(*) 9.95	46.59
4	Nominal Value per share (₹)	2.00	10.00

**Computation of Diluted EPS (after extraordinary items)**

S N	Particulars	2016-17	2015-16
1	Net Profit (₹ in crore)	605.98	567.63
2	Weighted number of shares (including Potential Equity Shares)	609322270	121846438
3	Diluted EPS (1/2) (₹)	(*)9.95	46.59
4	Nominal Value per share (₹)	2.00	10.00

**Computation of Basic EPS (before extraordinary items)**

S N	Particulars	2016-17	2015-16
1	Net Profit (Rs. in crore)	605.98	567.63
2	Weighted number of shares	609322270	121846438
3	Basic EPS (1/2) (₹)	(*) 9.95	46.59
4	Nominal Value per share (₹)	2.00	10.00

## SCHEDULES

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

S N	Particulars	2016-17	2015-16
1	Net Profit (₹ in crore)	605.98	567.63
2	Weighted number of shares (including Potential Equity Shares)	609322270	121846438
3	Diluted EPS (1/2) (₹)	(*) 9.95	46.59
4	Nominal Value per share (₹)	2.00	10.00

(\*) During the year ended March 31, 2017, one Equity Share of face value ₹ 10/- each was sub-divided into five Equity Shares of face value ₹ 2/- each with effect from 18<sup>th</sup> November 2016. The EPS calculations reported above for the year ended 31<sup>st</sup> March 2017 have been calculated taking into account face value of ₹ 2/- each. The EPS calculations reported therein for the corresponding previous year ended March 31, 2016 are based on the face value of ₹ 10/- each as it existed as on the said date.

### 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 31.03.2017.

Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

#### Deferred Tax Liabilities

(₹.in crore)

	Particulars	As on 31.03.2017	As on 31.03.2016
1.	Depreciation on Fixed Asset	22.68	25.66
2.	Interest received but not due	Nil	3.29
3.	Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	89.98	81.33
4.	Others	64.05	151.52
	<b>TOTAL</b>	<b>176.71</b>	<b>261.80</b>

#### Deferred Tax Assets

(₹.in crore)

	Particulars	As on 31.03.2017	As on 31.03.2016
1.	Provision for leave encashment	41.58	30.30
2.	Provision for Bad and doubtful debts	36.24	36.24
3.	Others	33.31	12.29
	<b>TOTAL</b>	<b>111.13</b>	<b>78.83</b>

Note :The provision for Income Tax has been worked based on the Income Computation and Disclosures Standards (ICDS).

### 4.8. Impairment of Assets (AS – 28) :

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at 31.03.2017 requiring recognition in terms of Accounting Standard 28.

4.9. The Bank has deposited an amount of ₹ 251.39 crore towards disputed tax liability. In the opinion of the Bank, no provision is considered necessary based on favourable decisions by various courts.

## SCHEDULES

### 5. ADDITIONAL DISCLOSURES

#### 5.1 Provisions and Contingencies:

(₹.in crore)

Break-up of 'Provision and Contingencies' shown under the head Expenditure in Profit & Loss Account	2016-17	2015-16
Provision for Standard Assets	(11.18)	(5.28)
Provision for Bad & Doubtful Debts	417.30	349.59
Provision for loss on sale of assets to ARC	252.76	67.63
Provision for Depreciation on Investments	30.47	(0.69)
Provision towards sacrifice of Interest on Restructured Advances	(12.06)	(61.26)
Provision for Frauds and Other provision	9.16	4.91
Provision for SDR	12.18	Nil
Provision for food credit @	(12.68)	35.52
Provision for unhedged Foreign Currency Exposure	1.54	1.00
Provision for Income Tax	394.88	161.31
Provision for Deferred Tax	(117.39)	182.69
<b>Total</b>	<b>964.98</b>	<b>735.42</b>

@The Bank had made a provision of ₹ 35.52 crore being 15% of the outstanding food credit availed by the State Government of Punjab as at 31.03.2016. During the year ended March 31, 2017 an excess provision of ₹ 12.68 crore was written back.

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

(₹. in crore)

Particulars	2016-17	2015-16
Floating Provision at the beginning of the year	9.69	9.69
Floating Provision made during the year	Nil	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines	Nil	Nil
Floating Provision at the end of the year	9.69	9.69

#### 5.3 Draw Down from Reserves

##### General Reserve

In terms of RBI circular DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016, the bank has debited to General Reserve an amount of ₹ 185.07 crore, being unamortised amount of loss on sale of assets to ARCs during the Financial Year 2015-16. (Refer Note No. 3.4.4)

#### 5.4. Disclosure of Complaints

##### (a) Customer Complaints (including ATM transaction complaints) as on 31.03.2017

Particulars	2016-17	2015-16
No. of complaints pending at the beginning of the year	55	32
No. of complaints received during the year #	18335	18937
No. of complaints redressed #	18338	18914
No. of complaints pending at the end of the year	52	55

# Includes ATM failed transactions complaints received and redressed of 17742 during FY 2016-17 (Previous Year 18388 complaints)



## SCHEDULES

### (b) Awards passed by Banking Ombudsman

Particulars		2016-17	2015-16
1.	No. of unimplemented awards at the beginning of the year	Nil	
2.	No. of awards passed by Banking Ombudsman during the year		
3.	No. of awards implemented during the year		
4.	No. of unimplemented awards at the end of the year		

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 2016-17 was ₹ 3664.13 crore (Previous year ₹ 3395.57 crore) and outstanding as on 31.03.2017 was ₹ 1284.61 crore (Previous year ₹ 1447.19 crore)

### 5.6 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio as on 31.03.2017 is 57.83%.

### 5.7 Bancassurance Business:

The bank has received an amount of ₹ 9.36 crore (Life Insurance ₹ 6.66 crore and Non-Life Insurance ₹ 2.70 crore) towards fee/remuneration in respect of the bancassurance business undertaken during 01.04.2016 to 31.03.2017.

#### 5.8.1 Concentration of Deposits:

(₹. in crore)

Particulars	As on 31.03.2017	As on 31.03.2016
Total Deposits of twenty largest depositors	3540.20	4706.57
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	6.59%	9.40%

#### 5.8.2 Concentration of Advances

(₹. in crore)

Particulars	As on 31.03.2017	As on 31.03.2016
Total Advances to Twenty Largest Borrowers	5041.57	5682.60
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the Bank.	10.01%	9.81%

#### 5.8.3 Concentration of Exposures

(₹. in crore)

Particulars	As on 31.03.2017	As on 31.03.2016
Total Exposures to Twenty Largest Borrowers / Customers	5136.01	5769.62
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	9.80%	9.78%

#### 5.8.4 Concentration of NPAs

(₹. in crore)

Particulars	As on 31.03.2017	As on 31.03.2016
Total Exposure to top four NPA Accounts	567.52	204.03

## SCHEDULES

### 5.9 Sector-wise Advances

(₹. in crore)

SN	Sector	As on 31.03.2017			As on 31.03.2016		
		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	7551.68	194.60	2.58%	7604.82	56.72	0.75%
2	Advances to industries sector eligible as priority sector lending	3983.92	97.71	2.45%	3302.07	41.59	1.26%
3	Services	5559.10	133.36	2.40%	4636.78	76.26	1.64%
4	Personal Loans	1216.00	44.83	3.69%	1207.15	29.01	2.40%
	Subtotal (A)	18310.70	470.50	2.57%	16750.82	203.58	1.21%
<b>B.</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied Activities	627.18	2.69	0.43%	584.01	Nil	Nil
2	Industry	12746.05	604.75	4.74%	12707.03	195.11	1.54%
3	Services	7557.06	351.23	4.65%	7215.18	60.66	0.84%
4	Personal Loans	2193.99	54.64	2.49%	2218.66	51.83	2.34%
	Subtotal (B)	23124.28	1013.31	4.38%	22724.88	307.60	1.35%
	<b>Total(A+B)</b>	<b>41434.98</b>	<b>1483.81</b>	<b>3.58%</b>	<b>39475.70</b>	<b>511.18</b>	<b>1.30%</b>

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	2016-17	2015-16
Gross NPAs * as on the beginning of the year	511.18	677.78
Additions (Fresh NPA) during the year	1330.83	1133.41
Sub-total (A)	1842.01	1811.19
Less : -(i) Up gradations	28.52	26.14
(ii) Recoveries (excluding recoveries made from upgraded accounts)	65.91	331.28
(iii) Technical/Prudential write-offs/Sale to ARC	260.42	942.59
(iv) Write off other than those (iii) above	3.35	Nil
Sub-total (B)	358.20	1300.01
Gross NPAs as at the end of the year	1483.81	511.18

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

## SCHEDULES

### ii) Movements in Technical write off

(₹. in crore)

Particulars	2016-17	2015-16
Opening balance of Technical/prudential write-off accounts as at beginning of the year	721.50	455.38
Add: Technical/prudential write-offs during the year	260.42	292.25
Sub-total (A)	981.92	747.63
Less: Recoveries / Sale made from previously technical/prudential written-off accounts during the year (B)	14.96	26.13
Closing balance (A-B)	966.96	721.50

### 5.11 Overseas Asset, NPAs and Revenue:

(₹. in crore)

Particulars	2016 - 17	2015 - 16
Total Assets	1003.74	199.10
Total NPAs	Nil	Nil
Total Revenue	0.30	0.06

### 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

Nomination and Remuneration Committee of the Board consists of five directors and its composition complies with RBI guidelines, provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The mandate of the Nomination & Remuneration Committee includes:

Recommendation of appointment/ reappointment of Directors, MD & CEO/WTD of the Bank.

Recommending to the Board a policy relating to the remuneration for the MD & CEO/WTD, Non-Executive Independent (Part-time) Chairman of the Bank and President & COO.

Framing of guidelines for the ESOS and considering granting of ESOS administering and supervising the ESOS with particular reference to quantum of options to be granted, grant price, vesting period, exercise period etc., to the eligible employees.

No external consultants' advice had been sought by the Bank in the remuneration process.

Compensation policy of the Bank, approved by the Board, pursuant to the guidelines issued by RBI. The policy is applicable to the MD & CEO/WTD, Non-Executive Independent (Part-time) Chairman and President & COO. All other employees up to Scale VII cadre are covered under Industry level Bi-partite Settlements of IBA.

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

NRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Non-Executive Independent (Part-time) Chairman, MD & CEO/WTD and the President & COO in the light of the guidance from the regulator from time to time.

## SCHEDULES

The Compensation payable to MD & CEO/ WTD of the Bank is divided into fixed and variable components. The fixed remuneration represents a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practices. Variable pay shall relate to the performance of the Bank and there is proper balance between fixed pay and variable pay. Variable pay must be paid on the basis of achievement of certain basic 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 industry performance.

As the Bank is a party to the Bipartite settlements of IBA, the compensation of staff engaged in control functions like Risk and Compliance are covered under these Bipartite settlements which cover all employees upto the Scale VII cadre.

The Nomination and Remuneration Committee of the Board reviewed the Compensation policy of the Bank on 21.03.2017. There were no changes made in the Compensation policy during the year.

**(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**

NRC may use a wide variety of measures of credit, market and liquidity risks in implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements. Bank has system of measuring and reviewing these risks.

The risk parameters used for setting of performance objectives and for measuring performance which includes besides financial performance, adherence to internal processes and compliance. Compensation is effectively aligned in both fixed and variable pay. There is a proper balance between fixed and variable pay. Bank shall not offer any guaranteed bonus based on its performance in tune with the sound risk management principles. The Bank shall not grant any severance pay to the MD & CEO/ WTD and Bank shall not provide any facility or fund or permit MD & CEO/ WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

**(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.

For the Part-time (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.

In the event of negative growth 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**

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/WTD for the year 2016-17 as per RBI approval.

## SCHEDULES

NRC may recommend a reasonable number of Stock Options under the ESOS to MD & CEO/WTD while granting ESOS as per SEBI Regulation. ESOS shall not form part of the total compensation of MD & CEO/WTD as per the Compensation Policy.

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

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

### Quantitative Disclosures:

Particulars	2016-17	2015-16
a) Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	3 Meetings and Remuneration of ₹ 2.80 lakh	2 Meetings and Remuneration of ₹ 1.80 lakh
b) Number of employees having received a variable remuneration award during the financial year		
c) Number and total amount of sign-on awards made during the financial year		
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus		
e) Details of severance pay, in addition to accrued benefits, if any		
f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms		
g) Total amount of deferred remuneration paid out in the financial year	Nil	Nil
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments		
j) Total amount of reductions during the financial year due to ex-post explicit adjustments		
k) Total amount of reductions during the financial year due to ex-post implicit adjustments		

### 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

## SCHEDULES

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

(₹.in crore)

Particulars	2016-17	2015-16
Opening balance of amounts transferred to DEAF	64.73	50.36
Add : Amounts transferred to DEAF during the year	20.17	15.22
Less : Amounts reimbursed by DEAF towards claims	1.30	0.85
Closing balance of amounts transferred to DEAF	83.60	64.73

### 5.19 Provision for Unhedged Forex Exposure :

The Bank has made a provision of ₹ 1.54 crore (Previous Year ₹ 1 crore) towards unhedged forex exposure for its clients for the year ended 31.03.2017.

5.20 During the financial year 2016-17, the Bank has not granted any stock options.

### 6. Liquidity Coverage Ratio ( LCR )

(₹. in crore)

Particulars	2016-17		2015-16	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)		8796.38		6903.22
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	35265.65	3363.55	30249.05	2883.18
(i) Stable deposits	3260.36	163.02	2834.60	141.73
(ii) Less stable deposits	32005.29	3200.53	27414.45	2741.45
3 Unsecured wholesale funding, of which:	5503.54	790.77	4387.33	581.45
(i) Operational deposits (all counterparties)	0	0	0	0
(ii) Non-operational deposits (all counterparties)	5503.54	790.77	4387.33	581.45
(iii) Unsecured debt	0	0	0	0
4 Secured wholesale funding		1158.21		2059.40
5 Additional requirements, of which	6773.30	559.84	3985.70	355.71
(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	6773.30	559.84	3985.70	355.71
6 Other contractual funding obligations	85.41	85.41	48.35	48.35
7 Other contingent funding obligations	408.99	12.27	440.62	22.03
8 Total Cash Outflows		4811.84		3890.71
Cash Inflows				
9 Secured lending (e.g. reverse repos)	240.22	0	33.42	0
10 Inflows from fully performing exposures	0	0	0	0
11 Other cash inflows	1136.37	751.64	2038.70	1149.11
12 Total Cash Inflows	1376.58	751.64	2067.12	1149.11
		Total Adjusted Value		
13 TOTAL HQLA		8796.38		6903.22
14 Total Net Cash Outflows		4060.20		2741.60
15 Liquidity Coverage Ratio (%)		216.65%		251.80%

## SCHEDULES

### 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.

For FY 2015-16, the values were arrived based on simple averages of monthly observations over the previous quarter. (i.e. the average is calculated over a period of 90 days.)

As specified in the RBI Circular RBI/2014-15/529 DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015 “Prudential Guidelines on Capital Adequacy and Liquidity Standards – Amendments”, for FY 2016-17 upto Q3, the values were arrived based on simple averages of monthly observations while for Q4(i.e. from 01/01/2017 to 31/03/2017) the values were calculated simple averages on daily observations. After considering all the 4 quarters average values, the “Total un-weighted Values (average)” and “Total weighted Values (average)” has been calculated.

### 7. Basel III disclosures

In accordance with 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.htm](http://www.kvb.co.in/footer/pillarIII_disclosures.htm)

These disclosures have not been subjected to audit by the Statutory Central Auditors.

## SCHEDULES

### 8. Corporate Social Responsibility

The bank has incurred an amount of Rs.1.60 crore towards Corporate Social Responsibility and is in the process of identifying various projects and its appropriateness for spending in future.

### 9. UDAY Scheme

In compliance with RBI communication DBR.BP.No.11657/21.04.132/2015-16 dated 17th March 2016, the investments in DISCOM bonds of ₹ 24.33 crore (which were envisaged to be converted into SDL) have been classified as Non Performing Investments and provision of ₹ 6.08 crore has been made therefor.

10. The Bank had made a provision of ₹ 35.52 crore being 15% of the outstanding food credit availed by the State Government of Punjab as at 31.03.2016. During the year ended March 31, 2017 an excess provision of ₹ 12.68 crore was written back.

11. The Bank was grouping loss on sale of assets to ARC under Operating Expenses upto December 2016. However, from the quarter ended 31.03.2017, it has been regrouped under Provisions & Contingencies. Accordingly, the figures of the previous year have also been regrouped.

### 12. Status with regard to Ind AS Implementation

As per RBI notification DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016, Bank has to disclose the strategy for Ind AS implementation, including the progress made in this regard.

#### Implementation Strategy

The Bank has formulated a Steering Committee for implementation of Ind AS. The Steering Committee of Bank is analyzing the current accounting framework and Ind AS for changes in significant accounting policies, preparation of disclosures, documentation.

#### Progress on Ind AS implementation.

The bank has submitted Proforma Ind AS Financial Statement to RBI for the half year ended September 30, 2016 on 31<sup>st</sup> December 2016.

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

#### B. SWAMINATHAN

Chairman

#### K. VENKATARAMAN

MD & CEO

#### G. RAJASEKARAN

Director

#### A. J. SURIYANARAYANA

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

Director

#### Dr. K. S. RAVICHANDRAN

Director

#### K. VENKATESWARA RAO

President & COO

#### T. SIVARAMA PRASAD

General Manager & CFO

#### SRINIVASA RAO .M

Asst. Company Secretary

As per our report of even date  
For **Abarna & Ananthan**,  
Chartered Accountants  
Firm Registration No. 000003S

#### S. Ananthan

Partner

Membership No. 026379



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**
**(000'S OMITTED)**

	AS AT 31.03.2017 ₹	AS AT 31.03.2016 ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT AS PER PROFIT AND LOSS ACCOUNT</b>	<b>6059826</b>	5676346
<b>ADJUSTMENTS FOR</b>		
EXCEPTIONAL ITEMS	Nil	Nil
DEPRECIATION	<b>858899</b>	828062
INTEREST PAID ON TIER II BOND ISSUED	<b>147595</b>	148204
PROVISIONS AND CONTINGENCIES	<b>9565843</b>	6640294
PROVISION FOR LEAVE ENCASHMENT	<b>267400</b>	264900
AMORTIZATION OF HTM SECURITIES	<b>276732</b>	227365
PROVISION FOR IMPAIRMENT ON INVESTMENTS	<b>84006</b>	37641
PROFIT / (LOSS) ON SALE OF INVESTMENTS	<b>(-)2046361</b>	(-)944057
PROFIT / (LOSS) ON SALE OF ASSETS	<b>(-)5167</b>	(-)1110
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>15208773</b>	12877645
<b>(INCREASE) /DECREASE IN OPERATING ASSETS</b>		
PURCHASE AND SALE OF INVESTMENTS	<b>(-)2767238</b>	(-)19989256
FUNDS ADVANCED TO CUSTOMERS	<b>(-)22279880</b>	(-)32637711
OTHER OPERATING ASSETS	<b>(-)1723743</b>	(-)7707828
	<b>(-)11562088</b>	(-)47457150
<b>INCREASE / (DECREASE) IN OPERATING LIABILITIES</b>		
DEPOSITS FROM CUSTOMERS	<b>36209100</b>	53886313
BORROWINGS FROM BANKS	<b>(-)11985897</b>	(-)65140
OTHER OPERATING LIABILITIES	<b>1301423</b>	1184676
<b>CASH GENERATED FROM OPERATIONS</b>	<b>13962538</b>	7548699
DIRECT TAXES PAID	<b>(-)2150000</b>	(-)1750000
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>16112538</b>	5798699

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017**
**(000'S OMITTED)**

	AS AT 31.03.2017 ₹	AS AT 31.03.2016 ₹
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	(-)852132	(-)918300
SALE OF FIXED ASSETS / OTHER ASSETS	13502	1820
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>(-)838630</u>	<u>(-)916480</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM SHARE CAPITAL	Nil	2348
PROCEEDS FROM SHARE PREMIUM	Nil	62234
INTEREST PAID ON TIER II BOND ISSUED	(-)147596	(-)148204
DIVIDEND PAID ( INCL INTERIM DIVIDEND AND DIVIDEND DISTRIBUTION TAX )	(-)591372	(-)3373483
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(-)738968</u>	<u>(-)3457105</u>
CASH FLOW FROM OPERATING ACTIVITIES	16112538	5798699
CASH FLOW FROM INVESTING ACTIVITIES	(-)838630	(-)916480
CASH FLOW FROM FINANCING ACTIVITIES	(-)738968	(-)3457105
INCREASE IN CASH & CASH EQUIVALENT	<u>14534940</u>	1425114
CASH AND CASH EQUIVALENTS AT THE BEGINNING	<u>28915978</u>	27490864
CASH AND CASH EQUIVALENTS AT THE END	<u>43450918</u>	<u>28915978</u>

The above Cash Flow Statement is followed based on indirect method.

K. Venkataraman  
MD & CEO

**AUDITORS' CERTIFICATE**

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.03.2017. 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 18th May 2017 to the shareholders of the Bank

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

Place: Karur  
Date: 18<sup>th</sup> May 2017

**S. Ananthan**  
Partner  
Membership No.026379

## BASEL III – PILLAR 3 DISCLOSURES

### PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2017)

#### (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 31.03.2017, 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, countercyclical capital buffer etc.). Banks are required to maintain a minimum capital conservation buffer of 1.25% additionally for the year ended 31.03.2017

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 and admissible Additional Tier I capital. 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, revaluation reserve and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year excluding proposed dividend and dividend distributions tax 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 Cr comprising 100,00,00,000 equity shares of ₹ 2/- each. As on 31.03.2017 the Bank has Issued, Subscribed and Paid-up capital of ₹ 121.86 crore constituting 60,93,22,270 shares of ₹ 2/- 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.

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

As on 31.03.2017, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible subordinated lower Tier II Bonds) aggregating ₹ 150 Cr, the details of which are stated below:

(₹. in crore)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a )	Tenor ( in Months )	Equivalent Amount as on 31.03.2017
I	September 25, 2009	9.86	120	150.00

## BASEL III – PILLAR 3 DISCLOSURES

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

Particulars as on 31.03.2017

(₹. in crore)

1.	Tier I capital	
1.1	Paid-up share capital	121.86
1.2	Reserves	4669.82
1.3	Gross Tier I capital (1.1 + 1.2)	4791.68
1.4	Deductions	1.67
1.5	Total Tier I capital (1.3 - 1.4)	4790.01
2.	Tier II capital	
2.1	Subordinated Debt (Lower Tier II bonds)	150.00
2.2	General Provisions/IRA	208.32
2.3	Investment Reserve	53.34
2.4	Gross Tier II capital (2.1 + 2.2 + 2.3)	411.66
2.5	Deductions	133.00
2.6	Total Tier II capital (2.4 - 2.5)	278.66
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	150.00
4.2	Of which amount raised during the current year	-
4.3	Amount eligible to be reckoned as capital funds	27.00
5.	Other deductions from capital	
5.1	Other deductions from capital	-
6.	Total eligible capital	
6.1	Total eligible capital (1.5 + 2.6)	5068.67

### 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

## BASEL III – PILLAR 3 DISCLOSURES

well as reflect possible 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.

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 31.03.2017. 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 10.25% with regard to credit risk, market risk and operational risk.

### 2.2 Capital Adequacy as on 31.03.2017

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 12.54 % as on 31.03.2017 (as against minimum regulatory requirement of 10.25%). The Tier I CRAR stands at 11.85 %. 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 31.03.2017

(₹. in crore)

1. Capital requirement for Credit Risk	3532.99
- Portfolio subject to Standardized Approach	3532.99
- Securitization exposures	0.00
2. Capital requirement for Market Risk	205.27
Standardized Duration Approach	
Interest Rate Risk	93.44
Foreign Exchange Risk (Including gold)	4.61
Equity Risk	107.22

3. Capital requirement for Operational Risk	
Basic Indicator Approach	404.46

Total capital requirements at 10.25% (1 + 2 + 3)	4142.72
Total capital	5068.67
CRAR %	12.54%
Tier-I CRAR %	11.85%

### 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 the 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 specific risk areas. These committees, in turn, provide inputs for review by the Risk Management Committee (RMC) of the Board.

## BASEL III – PILLAR 3 DISCLOSURES

### 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)

4.1 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.

### 4.1.1. 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.

### 4.1.2. 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
- 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

## BASEL III – PILLAR 3 DISCLOSURES

to risk concentration, maturity profile and liquidity management

### 4.1.3 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.

### 4.2 Total gross credit risk exposure as on 31.03.2017:

Category Domestic	(₹. in crore)
Fund based	46369.59
Non fund based	5427.87
Total	51797.46

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 terms loans and NPAs, the outstanding amount has been considered for this purpose.

### 4.3 Geographical Distribution of Credit: (₹. in crore)

State	Fund Based
ANDHRA PRADESH	5703.44
CHANDIGARH	38.89
CHHATTISGARH	24.30
DELHI	2373.68
GOA	49.68
GUJARAT	1451.65
HARYANA	300.55
JHARKHAND	25.82
KARNATAKA	2156.44
KERALA	708.01
MADHYA PRADESH	156.67
MAHARASHTRA	3308.14
ORISSA	123.78
PONDICHERRY	238.52
PUNJAB	297.28
RAJASTHAN	90.67
TAMIL NADU	18615.12
TELANGANA	4021.86
UTTAR PRADESH	327.61
WEST BENGAL	1422.87
TOTAL	41434.98

## BASEL III – PILLAR 3 DISCLOSURES

### 4.4 Industry wise distributions of exposures as on 31.03.2017:

(₹. in crore)

Industry	Fund Based	Non fund based
MINING & QUARRYING	303.88	28.07
FOOD PROCESSING	535.97	155.71
BEVERAGES & TOBACCO	111.60	1.96
TEXTILES	3768.74	207.01
LEATHER AND LEATHER PRODUCTS	37.07	0.49
WOOD AND WOOD PRODUCTS	268.16	454.40
PAPER AND PAPER PRODUCTS	195.28	168.02
PETROLEUM	33.52	6.37
CHEMICALS AND CHEMICAL PRODUCTS	521.67	95.78
RUBBER, PLASTIC AND THEIR PRODUCTS	355.38	18.15
GLASS & GLASSWARE	40.22	4.64
CEMENT & CEMENT PRODUCTS	384.50	19.80
BASIC METAL AND METAL PRODUCTS	1193.76	252.36
ALL ENGINEERING	513.43	119.89
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIPMENTS	396.55	17.13
GEMS AND JEWELLERY	444.66	356.38
CONSTRUCTION	371.26	404.84
INFRASTRUCTURE	2963.50	591.73
OTHER INDUSTRIES	247.23	23.00
OTHERS	28748.60	2502.14
<b>TOTAL</b>	<b>41434.98</b>	<b>5427.87</b>



## BASEL III – PILLAR 3 DISCLOSURES

### 4.5 Residual contractual maturity breakdowns of assets \* as on 31.03.2017:

(₹. in crore)

Assets	D 1	2 - 7 D	8 - 14 D	15 - 30 D	31 D To 2 M	Over 2 M - 3 M	Over 3 M - 6 M	Over 6 M - 1 Y	Over 1 Y - 3 Y	Over 3 Y - 5 Y	Over 5 Y - 7 Y	Over 7 Y - 10 Y	10 Y - 15 Y	Over 15 Y	TOTAL
Cash	564.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	564.87
Balanced with RBI	55.38	99.95	57.84	75.06	128.73	127.63	266.53	433.13	436.85	230.94	291.35	20.26	1.05	0.91	2225.61
Balance with other banks	1449.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.01	0.00	0.00	0.00	0.00	0.00	1453.89
Investments	1773.10	546.93	345.70	435.19	659.71	724.66	1967.63	2332.27	2838.58	1597.10	1549.96	161.13	22.28	4.66	14958.90
Advances -Performing	2885.35	193.33	227.17	1082.86	1357.15	1533.25	3322.66	5048.85	17372.19	3322.50	1642.52	1102.24	681.20	179.91	39951.18
NPA (Gross) Including NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	949.99	596.45	0.00	0.00	0.00	1546.44
Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	418.61	418.61
Other Assets	229.86	28.73	28.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	706.44	993.76
Total	6958.44	868.94	659.44	1593.11	2145.59	2385.54	5556.82	7814.25	20651.64	6100.53	4080.28	1283.63	704.53	1310.53	

\* As per ALM guidelines

### 4.6 Non Performing Advances and Provisions (as on 31.03.2017)

#### (a) Gross NPA Particulars

₹. in crore

i. Substandard	949.99
ii. Doubtful 1	176.45
iii. Doubtful 2	247.24
iv. Doubtful 3	5.64
v. Loss	104.49
Total	1483.81

(b) Net NPAs	1033.46
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#### (c) NPA Ratios

i. Gross NPAs to Gross Advances (%)	3.58
ii. Net NPAs to Net Advances (%)	2.53

## BASEL III – PILLAR 3 DISCLOSURES

(d) Movement of NPAs (Gross)	
i. Opening balance	511.18
ii. Additions during the year	1330.83
iii. Reductions during the year	358.20
iv. Closing balance	1483.81
(e) Movement of provisions for NPAs (excluding provision on Standard Assets)	
i. Opening balance	285.00
ii. Provision made during the year	484.17
iii. Write-off / write-back of excess provisions	340.43
iv. Closing balance	428.74
(f) Amount of Non-Performing Investments	62.63
(g) Amount of provisions held for non-performing investments	25.63
(h) Movement of depreciation on investments	
i. Opening balance as on 01.04.2016	42.82
ii. Add: Provision made during the year	37.20
iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)	7.65
iv. Closing balance as on 31.03.2017	72.37

### 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.

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.

Claims on Corporates, AFCs and NBFC – IFCs having aggregate exposure from the banking system of more than Rs.100 crores which were rated earlier and subsequently have become unrated

## BASEL III – PILLAR 3 DISCLOSURES

has been assigned with a risk weight of 150% as per revised regulatory guidelines.

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 31.03.2017 are as follows:

(₹. in crore)

Particulars	Fund Based	Non Fund Based
Below 100% risk weight	34803.27	1429.71
100% risk weight	9449.93	2090.92
More than 100% risk weight	5903.43	833.36
Total	50156.63	4353.99

### 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 is 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.

### 6.2 Eligible Financial Collateral:

The following eligible collateral instruments are used for recognition in the comprehensive approach:

- 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
- Gold: Gold would include both bullion and jewellery
- Securities issued by Central and State Governments
- National Savings Certificates
- Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
- 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:

## BASEL III – PILLAR 3 DISCLOSURES

- 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; 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 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 31.03.2017 the Bank does not have any securitization exposure as originator.

### 8. MARKET RISK IN TRADING BOOK (DF 7)

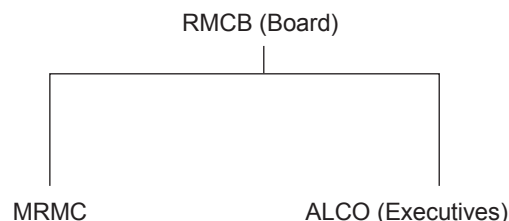
Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. 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 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:



## BASEL III – PILLAR 3 DISCLOSURES

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 31.03.2017	(₹. in crore)
Capital requirements for market risk	
Interest Rate Risk	93.44
Foreign Exchange Risk (Including gold)	4.61
Equity Risk	107.22
Capital requirement for Market Risk	205.27

### 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.

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 31.03.2017 is ₹. 404.46 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

## BASEL III – PILLAR 3 DISCLOSURES

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 the 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:

#### a) 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.

#### b) 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.

#### c) 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.

#### d) Duration gap analysis:

Movement in the interest rates also have a long-term 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 bps	200 bps
INR	34.53	69.06

#### ii) Impact on economic value of equity:

Changes in interest rates (in bps) (₹. in crore)

Currency	100 bps	200 bps
INR	105.25	210.50

\* No major exposure in foreign currencies

## BASEL III – PILLAR 3 DISCLOSURES

### 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 contracts.

#### 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 31.03.2017

(₹. in crore)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	5788.64	5901.38	118.03	6019.41

### 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)	3454.89
4	<i>Directly issued capital subject to phase out from CET 1 (only applicable to non-joint stock companies)</i>	
5	Common share capital issued by subsidiaries and held by third parties ( amount allowed in group CET 1)	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>4791.68</b>
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)	
10	Deferred tax assets	
11	Cash-flow hedge reserve	
12	Shortfall of provisions to expected losses	
13	Securitization gain on sale	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	
15	Defined-benefit pension fund net assets	

**BASEL III – PILLAR 3 DISCLOSURES**

(₹. in crore)

16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	
17	Reciprocal cross-holdings in common equity	1.67
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	<i>of which: significant investments in the common stock of financial entities</i>	
24	<i>Of which :mortgage servicing rights</i>	
25	<i>Of which: deferred tax assets arising from temporary differences</i>	
26	National specific regulatory adjustments(26a+26b+26c+26d)	
26a	<i>of which: Investments in the equity capital of unconsolidated insurance subsidiaries</i>	
26b	<i>Of which: Investments in the equity capital of unconsolidated non- financial subsidiaries</i>	
26c	<i>Of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank</i>	
26d	<i>Of which: Unamortized pension funds expenditures</i>	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier2 to cover deductions	
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	1.67
29	<b>Common Equity Tier 1 capital(CET1)</b>	4790.01
<b>Additional Tier 1 capital: instruments</b>		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	
31	Of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	
32	Of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier I</i>	
34	Additional Tier 1 instruments (and CET 1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	



**BASEL III – PILLAR 3 DISCLOSURES**

(₹. in crore)

<b>Additional Tier 1 capital: regulatory adjustments</b>		
37	Investments in own Additional Tier 1 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	<i>of which:</i> Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	
41b	<i>Of which:</i> Shortfall 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	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	
44	<b>Additional Tier 1 capital (AT1)</b>	
44a	<b>Additional Tier 1 capital reckoned for capital adequacy</b>	
45	<b>Tier 1 capital(T1=CET1+Admissible AT1)(29+44a)</b>	4790.01
<b>Tier 2 capital: instruments and provisions</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47	Directly issued qualifying Tier 2 Instruments subject to phase out	27.00
48	Tier2 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	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	
50	Other Reserves & Provisions	261.66
51	<b>Tier 2 capital before regulatory adjustments</b>	288.66
<b>Tier 2 capital: regulatory adjustments</b>		
52	Investments in own Tier2 instruments	
53	Reciprocal cross- holdings in Tier2 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)	
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	

**BASEL III – PILLAR 3 DISCLOSURES**

(₹. in crore)

56	National specific regulatory adjustments (56a+56b)	
56a	<i>of which:</i> Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	
56b	<i>Of which:</i> Short fall in the Tier2 capital of majority owned financial entities which have not been consolidated with the bank	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>10.00</b>
58	<b>Tier 2 capital (T2)</b>	278.66
58a	<b>Tier2 capital reckoned for capital adequacy</b>	278.66
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a+58b)</b>	278.66
59	<b>Total capital (TC=T1+Admissible T2) (45+58c)</b>	5068.67
60	<b>Total risk weighted assets (60a+60b+60c)</b>	40416.81
60a	<i>Of which: total credit risk weighted assets</i>	34468.21
60b	<i>Of which: total market risk weighted assets</i>	2002.62
60c	<i>Of which: total operational risk weighted assets</i>	3945.98
<b>Capital ratios and buffers</b>		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.85%
62	Tier 1 (as a percentage of risk weighted assets)	11.85%
63	Total capital (as a percentage of risk weighted assets)	12.54%
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)	6.75%
65	<i>Of which: capital conservation buffer requirement</i>	1.25%
66	<i>Of which: bank specific counter cyclical buffer requirement</i>	
67	<i>Of which: G-SIB buffer requirement</i>	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.10%
<b>National minima (if different from Basel III )</b>		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	6.75%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7%
71	National total capital minimum ratio (if different from Basel III minimum)	10.25%
<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)	

**BASEL III – PILLAR 3 DISCLOSURES**

(₹. in crore)

Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	208.32
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	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

**13. Main Features of Regulatory Capital Instruments**

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	Tier 2
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 Lakh, as of most recent reporting date.)	15000
9	Par value of instrument ₹	10 Lakh
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
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

## BASEL III – PILLAR 3 DISCLOSURES

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 transition 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		Rs.10 lakhs per bond
Date of Allotment		25 <sup>th</sup> September 2009
Maturity		25 <sup>th</sup> September 2019
Coupon		9.86%
Interest payment		Half yearly

### 15. Disclosures on Remuneration:

Qualitative Disclosure:

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

The Nomination and Remuneration Committee of the Board consists of five directors, the composition complies with RBI guidelines, provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The mandate of the Nomination & Remuneration Committee includes:

Recommendation of appointment/ reappointment of Directors, MD & CEO/WTD of the Bank.

Recommending to the Board a policy relating to the remuneration for the MD & CEO/WTD, Part-time (Non-Executive) Chairman of the Bank and President & COO.

Framing of guidelines for the ESOS and considering granting of ESOS, administering and supervising the ESOS with particular reference to quantum of options to be granted, grant price, vesting period, exercise period etc., to the eligible employees.

No external consultants' advice had been sought by the Bank in the remuneration process.

Compensation policy of the Bank, approved by the Board, pursuant to the guidelines issued by RBI. The

## BASEL III – PILLAR 3 DISCLOSURES

policy is applicable to the MD & CEO/WTD, Part-time (Non-Executive) Chairman and President & COO. All other employees up to Scale VII cadre are covered under Industry level Bi-partite Settlements of IBA.

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

NRC is entrusted with the responsibility of recommending to the Board an appropriate compensation payable to the Part-time (Non-Executive) Chairman, MD & CEO/WTD and the President & COO in the light of the guidance from the regulator from time to time.

The Compensation payable to MD & CEO/WTD of the Bank is divided into fixed and variable components. The fixed remuneration represents a significant proportion of total remuneration taking into account all relevant factors including the prevalent industry practices. Variable pay shall relate to the performance of the Bank and there is proper balance between fixed pay and variable pay. Variable pay must be paid on the basis of achievement of certain basic 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 industry performance.

As the Bank is a party to the Bipartite settlements of IBA, the compensation of staff engaged in control functions like Risk and Compliance are covered under these Bipartite settlements which cover all employees upto the Scale VII cadre.

The Nomination and Remuneration Committee of the Board reviewed the Compensation policy of the Bank on 21.03.2017. There were no changes made in the Compensation policy during the year.

- (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:

NRC may use a wide variety of measures of credit, market and liquidity risks in implementation of risk adjustment. The risk adjustment methods should preferably have both quantitative and judgmental elements. Bank has system of measuring and reviewing these risks.

The risk parameters used for setting of performance objectives and for measuring performance which includes besides financial performance, adherence to internal processes and compliance. Compensation is effectively aligned in both fixed and variable pay. There is a proper balance between fixed and variable pay. Bank shall not offer any guaranteed bonus based on its performance in tune with the sound risk management principles. The Bank shall not grant any severance pay to the MD & CEO/WTD and Bank shall not provide any facility or fund or permit MD & CEO/WTD to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

- (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.

For the Part-time (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.

In the event of negative growth 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:

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

## BASEL III – PILLAR 3 DISCLOSURES

- (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/WTD for the year 2016-17 as per RBI approval.

NRC may recommend a reasonable number of Stock Options under the ESOS to MD & CEO/WTD while granting ESOS as per SEBI Regulation. ESOS shall not

form part of the total compensation of MD & CEO/WTD as per the Compensation Policy.

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

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

### Quantitative Disclosures:

Particulars	2016-17	2015-16
a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	3 Meetings and Remuneration of ₹ 2.80 lakh	2 Meetings and Remuneration of ₹ 1.80 lakh
b) Number of employees having received a variable remuneration award during the financial year	Nil	Nil
c) Number and total amount of sign-on awards made during the financial year	Nil	Nil
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
e) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Nil	Nil
g) Total amount of deferred remuneration paid out in the financial year	Nil	Nil
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Nil	Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	Nil	Nil
j) Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
k) Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

### Leverage Ratio (Consolidated)

(₹. in crore)

Tier I Capital	4790.01
Exposure Measure	66966.06
Leverage Ratio	7.15%

## NETWORK OF BRANCHES

### REGISTERED AND CENTRAL OFFICE

Erode Road, Karur - 639002  
{CIN No.L65110TN1916PLC001295}  
Ph. : 04324 - 269000, 226520, 225521-25  
Fax No. 04324-225700  
Website : www.kvb.co.in

### INTERNATIONAL DIVISION

No.37, Whites Road, 2nd Floor  
Chennai - 600014  
Ph. : 044 28412090-92

### DIVISIONAL OFFICE

AHMEDABAD	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BENGALURU	No.6, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bengaluru - 560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	No.1498-C, 3rd Floor, KVB Towers, Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004
DELHI	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, II nd 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
TIRUPATHI	6-8-1250, I st floor, Priya Towers, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi - 517501
VILLUPURAM	D.No.15, I st floor, G.V.Farms Building, Mampazhapattu Road, Villupuram - 605602

### OTHER OFFICE

DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl Hi-Tech City, Madhapur, Hyderabad - 500 081
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.Nagar, 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

## NETWORK OF BRANCHES

### OTHER OFFICE

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.Nagar, 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	No.1498-C, KVB Towers, Avinashi Road, Peelamedu, Coimbatore - 641004
BENGALURU CLPC	No.6, Vasavi Temple Road, Sajjanrao Circle, Visveswarapuram, Next to Sri Vasavi temple, Bengaluru - 560004
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, 2 <sup>nd</sup> 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
BENGALURU - RLPC	No.6, Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi temple, Bengaluru - 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	No.1498-C, 3rd Floor, KVB Towers, Avinashi Road, Peelamedu, Coimbatore - 641004
KARUR - RLPC	P.B No. 91, No.633/637, First Floor, Jawahar Bazar, Karur-639001
TRANSACTION BANKING GROUP	Krishna Arcade, 2nd Floor, 29, Rangan Street, T. Nagar, Chennai - 600017
CHENNAI - CHANNEL	
RECONCILIATION CELL	No.29, Basement, Rangan Street, T.Nagar, Chennai - 600017

### CENTRAL CLEARING OFFICES

CHENNAI  
DELHI  
MUMBAI

### CURRENCY CHEST

CHENNAI  
KARUR  
MADURAI  
VIJAYAWADA  
BENGALURU  
COIMBATORE



## NETWORK OF BRANCHES

### ANDHRA PRADESH

#### ANANTAPUR

ANANTAPUR  
DHARMAVARAM  
HINDUPUR  
GUNTAKAL  
KADIRI

#### CHITTOOR

CHITTOOR  
NAGARI  
SRIKALAHASTI  
PUTTUR  
TIRUPATHI - MAIN  
RALLABUDUGURU  
TIRUPATHI - KHADI COLONY  
KUPPAM  
MADANAPALLE  
MURAKAMBATTU  
TIRUPATHI M.R.PALLI

#### CUDDAPAH

CUDDAPAH  
PRODDATUR  
RAJAMPET

#### EAST GODAVARI

RAJAHMUNDRY  
KAKINADA  
PEDDAPURAM  
MANDAPETA  
RAVULAPALEM  
KADIAM  
AMALAPURAM  
TUNI  
SAMALKOT  
RAJAHMUNDRY - TILAK ROAD  
BOMMURU  
PITHAPURAM  
ARYAVATAM  
RAZOLE  
KAKINADA - BHANUGUDI JUNCTION

#### GUNTUR

GUNTUR  
TENALI  
GUNTUR - LAKSHMIPURAM  
NARASARAOPET  
BAPATLA  
CHINTALAPUDI

CHILAKALURIPET  
MANGALAGIRI  
BUDDHAM  
GUNTUR-GUJJANAGUNDLA  
VENKATAPALEM

#### KRISHNA

VIJAYAWADA-GOVERNORPET  
VIJAYAWADA - NO.1 TOWN  
GUDIVADA  
VIJAYAWADA -BUNDER ROAD  
PORANKI  
KANKIPADU  
MACHILIPATNAM  
VUYUYURU  
VIJAYAWADA -BHAVANIPURAM  
NUZVID  
GANNAVARAM  
VIJAYAWADA - SATYANARAYANAPURAM  
VIJAYAWADA - BENZ CIRCLE

#### KURNOOL

KURNOOL  
NANDYAL  
ADONI  
VENKATARAMANA COLONY  
MAYALURU  
KADUMUR

#### NELLORE

NELLORE  
KAVALI  
NAIDUPET

#### PRAKASAM

CHIRALA  
ONGOLE  
MARKAPUR  
VALLURU  
BUDAWADA  
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  
G. AGRAHARAM

#### WEST GODAVARI

PALAKOL  
TADEPALLIGUDEM  
NIDADAVOLU  
JANGAREDDYGUDEM  
BHIMAVARAM  
ELURU  
TANUKU  
NARASAPUR  
AKIVIDU  
CHINAAMIRAM

### CHANDIGARH - UT

#### CHANDIGARH

CHANDIGARH

### CHATTISGARH

#### RAIPUR

RAIPUR

### DELHI

#### DELHI

RAMESH NAGAR  
CHANDINI CHOWK  
CONNAUGHT PLACE  
PITAMPURA  
DELHI - JANAKPURI  
DELHI - KAMLANAGAR  
DELHI - LAXMINAGAR

## NETWORK OF BRANCHES

### NEW DELHI

KAROL BAGH  
LAWRENCE ROAD  
KASHMERE GATE  
ROHINI  
EAST OF KAILASH  
NEW DELHI - PASCHIM VIHAR  
NEW DELHI - OKHLA

### GOA

NORTH GOA  
PANAJI

### GUJARAT

#### AHMEDABAD

AHMEDABAD-MAIN  
MANINAGAR  
SATELLITE AREA  
SANAND  
NARODA

#### ANAND

ANAND

#### BHARUCH

BHARUCH

#### KACHCHH

GHANDIDHAM  
BHUJ

#### 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

#### BENGALURU

BENGALURU - MAIN  
MALLESWARAM  
HALASURU  
J.C. ROAD  
RAJAJINAGAR  
ISRO LAYOUT  
JAYANAGAR  
KORAMANGALA  
BASAVANAGUDI  
BTM LAYOUT  
INDIRA NAGAR  
HEBBAGODI  
HSR LAYOUT  
ATTIBELE  
CHANDAPUR  
BENGALURU- R T NAGAR  
BENGALURU - WHITEFIELD  
BENGALURU - V V PURAM  
BENGALURU - VIDYARANYAPURA  
BENGALURU - J P NAGAR  
BENGALURU- KENGERI  
BENGALURU-BANASHANKARI  
BENGALURU - CHANDRA LAYOUT  
BENGALURU RAJA RAJESHWARI NAGAR  
BENGALURU YESHWANTHPUR

#### BENGALURU RURAL

DODDABALLAPUR  
HOSAKOTTE  
CHIKKABANAVARA  
NELAMANGALA  
DEVANAHALLI

#### BELGAUM

BELGAUM

#### BELLARY

BELLARY  
HOSPET

### CHITRADURGA

CHITRADURGA  
HIRIYUR

### DAKSHINA KANNADA

MANGALORE

### DAVANGERE

DAVANGERE

### DHARWAD

HUBLI

### CHIKBALLAPUR

CHINTAMANI  
GAURIBIDANUR

### 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  
ERNAKULAM - PALARIVATTOM  
ANGAMALY

#### KANNUR

KANNUR  
THALASSERY

## NETWORK OF BRANCHES

### KOLLAM

KOLLAM

### KOTTAYAM

KOTTAYAM

### KOZHIKODE

KOZHIKODE

### PALAKKAD

PALAKKAD

### PATHANAMTHITTA

TIRUVALLA

PATHANAMTHITTA

### THRISSUR

THRISSUR

IRINJALAKUDA

### THIRUVANANTHAPURAM

THIRUVANANTHAPURAM

## MADHYA PRADESH

### BHOPAL

BHOPAL

### GWALIOR

GWALIOR

### INDORE

INDORE

### JABALPUR

JABALPUR

## 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

DOMBIVALI

## ORISSA

### CUTTACK

CUTTACK

### GANJAM

BERHAMPUR

ASKA

### KHURDA

BHUBANESHWAR

### SUNDERGARH

ROURKELA

## PONDICHERY-UT

### PONDICHERY

PONDICHERY

PONDICHERY-LAWSPET

VILLIANUR

YANAM

PILLAYARKUPPAM

### KARAIKAL

KARAIKAL

## PUNJAB

### AMRITSAR

AMRITSAR

### FATEHGARH SAHIB

MANDI GOBINDGARH

### KAPURTHALA

HARDASPUR (LPU)

PHAGWARA

### JALANDHAR

JALANDHAR

### LUDHIANA

LUDHIANA

### PATIALA

PATIALA

## RAJASTHAN

### RAJASTHAN

BHILWARA

BHILWARA

### JAIPUR

JAIPUR

### ALWAR

BHIWADI

## TAMILNADU

### ARIYALUR

ARIYALUR

JAYANKONDAM

SENDURAI

### CHENNAI

CHENNAI - MAIN

TRIPLICANE

ROYAPURAM

MYLAPORE

ANNA NAGAR

KODAMBAKKAM

T.NAGAR

WHITES ROAD

PURASAWALKAM

DHANDAPANI ST.

TEYNAMPET

## NETWORK OF BRANCHES

NANGANALLUR  
 ADYAR  
 MOGAPPAIR  
 VALASARAVAKKAM  
 VELACHERY  
 ASHOK NAGAR  
 EGMORE  
 R.A.PURAM  
 ARUMBAKKAM  
 K K NAGAR  
 SAIDAPET  
 CHENNAI - SALIGRAMAM  
 CHENNAI - NUNGAMBAKKAM  
 CHENNAI - GODOWN STREET  
 CHENNAI - RAMAPURAM  
 CHENNAI - KILPAUK  
 CHENNAI - NELSON MANICKAM ROAD  
 CHENNAI - BESANT NAGAR  
 CHENNAI - PERIYAR 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  
 COIMBATORE - NEW SIDDHAPUDUR

### CUDDALORE

CHIDAMBARAM  
 VRIDHACHALAM  
 CUDDALORE  
 NEYVELI  
 CHIDAMBARAM-ANNAMALAI NAGAR  
 PANRUTI  
 ERAIYUR

### DHARMAPURI

KAMBAINALLUR  
 DHARMAPURI  
 HARUR  
 PAPPIREDDIPATTI

### DINDIGUL

DINDIGUL  
 BATLAGUNDU  
 CHINNALAPATTI  
 PALANI  
 NEIKARAPATTI  
 ODDTANCHATRAM  
 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  
 PUNJAIPULIYAMPATTI  
 KARUMANDAPALAYAM  
 ERODE- CHINNIAMPALAYAM  
 OTHAKADAI  
 MULLAMPARAPPU  
 KANAKAMPALAYAM  
 T. VELLODE  
 SAVANDAPUR  
 NAMBIYUR  
 KONGARPALAYAM

### KANCHEEPURAM

CHENNAI - TAMBARAM  
 CHENNAI - ALANDUR  
 KANCHEEPURAM  
 CHENNAI - CHROMEPET  
 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

## NETWORK OF BRANCHES

KARUR - WEST  
 VEERARAKKIYAM  
 GANDHIGRAMAM  
 VENGAMEDU  
 ARAVAKURICHI  
 THANTHONIMALAI  
 PADIRIPATTI

### **KRISHNAGIRI**

KRISHNAGIRI  
 HOSUR  
 BARGUR  
 HOSUR - BATHALAPALLI  
 SAMALPATTI  
 AGARAM  
 MARUDANDAPALLI

### **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  
 MADURAI-THIRUMANGALAM  
 MADURAI - BIBIKULAM

### **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**

COONOOR  
 UDHAGAMANDALAM

### **PERAMBALUR**

PERAMBALUR

### **PUDUKOTTAI**

KOTHAMANGALAM  
 PUDUKOTTAI  
 ARANTHANGI  
 PONNAMARAVATHI  
 KURIVIKONDANPATTI  
 ALAVAYAL

### **RAMANATHAPURAM**

RAMANATHAPURAM  
 PARAMAKUDI  
 RAMANATHAPURAM-BHARATHI NAGAR

### **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  
 THANJAVUR  
 KUMBAKONAM

### **THANJAVUR**

PATTUKOTTAI  
 VILAR  
 MADUKKUR  
 PERAVURANI  
 THIRUVIDAIMARUDUR  
 THIRUPALATHURAI  
 PULIYANTHOPPU  
 THANJAVUR - R.R.NAGAR

### **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  
 MADHAVARAM

### **THIRUVARUR**

MANNARGUDI  
 THIRUVARUR  
 KOOTHANUR  
 THAMBIKOTTAI

## NETWORK OF BRANCHES

### TIRUPUR

DHARAPURAM  
UDUMALPET  
TIRUPUR - MAIN  
MULANUR  
GANAPATHIPALAYAM  
KOLUMAM  
ERISANAMPATTI  
PAPPANKULAM  
TIRUPUR - OVERSEAS  
TIRUPUR - P.N.ROAD  
KANGEYAM  
PALLADAM  
VELLAKOIL  
P.KOMARAPALAYAM  
PATTANAM  
AVINASHI  
MANNARAI  
MUDALIPALAYAM  
VELAMPALAYAM  
MUTHANAMPALAYAM  
TIRUPUR - S.R.NAGAR  
PONGALUR

### 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  
TRICHY -WEST BOULIWARD ROAD  
VENKATESAPURAM

### TUTICORIN

TUTICORIN  
KOVILPATTI  
SEYDUNGANALLUR  
VAZHAVALLAN  
IDAICHIVILAI

### VELLORE

VELLORE  
KANIYAMBADI  
VANIYAMBADI - NEW TOWN  
TIRUPATHUR  
ARAKONAM  
SALAI  
SHOLINGUR  
BRAHMAPURAM  
GUDIYATHAM  
RANIPET  
POOTUTHAKKU  
ARCOT  
VIRUPAKSHIPURAM  
PERUMUCHI  
NARIYANERI

### VILLUPURAM

VILLUPURAM  
KADUVANUR  
THOTTIYAM

### TINDIVANAM

GINJEE  
KALLAKURICHI  
ULUNDURPETTAI  
THIRUMANGALAM  
MURARBADU  
CHINNASALEM  
PRIDIVIMANGALAM  
TIRUKKOYILUR  
PANANKUPPAM

### VIRUDHUNAGAR

VIRUDHUNAGAR  
RAJAPALAYAM  
SIVAKASI  
ARUPPUKOTTAI  
SRIVILLIPUTHUR  
NAKKENERI  
S.N.PURAM

### SIVAGANGAI

KARAIKUDI  
SINGAMPUNERI  
SAKKOTTAI  
DEVAKOTTAI

## TELANGANA

### ADILABAD

ADILABAD

### HYDERABAD

SECUNDERABAD  
HYDERABAD MAIN  
HYDERABAD S R NAGAR  
HYDERABAD NALLAKUNTA  
HYDERABAD ABIDS  
HYDERABAD KALYANAGAR  
HYDERABAD JUBILLEE HILLS  
HYDERABAD HIMAYATNAGAR  
HYDERABAD MIYAPUR  
HYDERABAD VANASTHALIPURAM  
HYDERABAD AMEERPET  
HYDERABAD SANTOSH NAGAR  
HYDERABAD BANJARA HILLS

### KARIMNAGAR

KARIMNAGAR

### KHAMMAM

KHAMMAM

## NETWORK OF BRANCHES

### MAHABUBNAGAR

MAHBUBNAGAR  
JADCHERLA

### NALGONDA

MIRYALAGUDA  
NALGONDA

### NIZAMABAD

NIZAMABAD

### RANGA REDDY

HYDERABAD DILSUKH NAGAR  
HYDERABAD MANIKONDA  
HYDERABAD MEHADIPATNAM  
HYDERABAD MEERPET  
HYDERABAD HABSIGUDA  
HYDERABAD KONDAPUR  
HYDERABAD L.B. NAGAR  
HYDERABAD HAYATHNAGAR

### WARANGAL URBAN

WARANGAL - MAIN

### WARANGAL RURAL

WARANGAL - HANAMAKONDA  
WARANGAL - KHAZIPET  
JAMMIKUNTA

### MEDAK

MEDAK

### BHANDRADRI KOTHEGUEM

PALONCHA (PALWANCHA)  
KOTHAGUEM

### JAGTIAL

JAGTIAL

### KAMAREDDY

KAMAREDDY

### MANCHERIAL

MANCHERIAL

### MEDCHAL

HYDERABAD MALKAJ GIRI  
HYDERABAD A.S.RAO NAGAR  
HYDERABAD KUKATPALLY  
HYDERABAD PRAGATHI NAGAR  
HYDERABAD BODUPPAL  
HYDERABAD NIZAMPET  
HYDERABAD CHANDANAGAR  
HYDERABAD ALWAL

### SANGAREDDY

SANGAREDDY

### SIDDIPET

SIDDIPET

### SURYAPET

KODAD

### YADADRI BHUVANAGIRI

YADAGIRIGUTTA

## UTTARPRADESH

### GHAZIABAD

GHAZIABAD

### GOWTAMBUDDA

NOIDA

### KANPUR

KANPUR

### LUCKNOW

LUCKNOW

### MEERUT

MEERUT

### VARANASI

VARANASI

## WEST-BENGAL

### BURDWAN

DURGAPUR

### HOWRAH

JAGACHA  
BAGNAN  
GHOSHPARA

### KOLKATA

KOLKATA-MAIN  
SHAKESHERE 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

### HOOGHLY

UTTARPARA

## PRINCIPAL CORRESPONDENT BANKS

### OUR SWIFT CODE KVBLINBBIND CHIPS UID: 154137

#### Name of the Bank and address

USD	EURO	JPY	GBP
<p>Wells Fargo Bank NA NY 4080 375 Park Avenue New York NY—10152 Ac.No. 2000193005826 SWIFT : PNBUS3NNYC FEDWIRE ROUTING NUMBER 026005092 Chips ABA No. 0509</p>	<p>Commerz Bank AG Theodor-Heuss-Allee 50 60489 Frankfurt AM Main Germany Ac. No. 400875119000EUR SWIFT : COBADEFF</p>	<p>Standard Chartered Bank 30-16, Ogikubo 4-chome, Suginami-ku Tokyo 167-8530, Japan Ac.No. 0219600 - 1110 SWIFT:SCBLJPJT</p>	<p>Standard Chartered Bank 1 Alderman bury Square London EC2V 7SB United Kingdom Ac.No. GBP 01 265520901 SWIFT : SCBLGB2L I-BAN NO GB94SCBL60910412655209</p>
<p>USD</p> <p>Standard Chartered Bank One Madison Avenue New York, NY 10010-3603 USA Ac.No.3582069922001 SWIFT : SCBLUS33 FEDWIRE ROUTING NUMBER 026002561</p>	<p>EURO</p> <p>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</p>	<p>AUD</p> <p>Australia &amp; Newzealand Banking Corporation 55 Collins Street Melbourne, Victoria AUSTRALIA Ac.No. 237776-00001 SWIFT : ANZBAU3M BSB Number: 013024</p>	<p>CHF</p> <p>ZUERCHER KANTONAL BANK Zurich, Switzerland Ac.No.0700-01283278 SWIFT :ZKBKCHZZ80A I-BAN NO CH5200700070001283278</p>
<p>USD</p> <p>Citi Bank, N A 111,Wall Street New York City , NY 10018, USA Ac.No.36844037 SWIFT : CITIUS33 FEDWIRE ROUTING NUMBER 021000089</p>	<p>SGD</p> <p>Standard Chartered Bank Battery Road Branch, 6, Battery Road, SINGAPORE 049909 Ac.No. 0106342533 SWIFT:SCBLSGSG</p>	<p>CAD</p> <p>ICICI Bank Canada Don Valley Business Park, 150 Ferrand Drive, Suit No 700 North York, Ontario CANADA M3C3E5 Ac.No.101928815 SWIFT:ICICATT</p>	<p>SEK</p> <p>Skandinaviska Enskilda Banken S-106, 40 Stockholm SWEDEN Ac.No.5201-85-335-84 SWIFT:ESSESESS</p>
<p>AED</p> <p>Commercial Bank of Dubai Po Box 2668, Al Ittihad street Dubai,UAE A/c.No.1001361656 Swift: CBDUAEADXXX I-BAN NO AE590230000001001361656</p>	<p>SGD</p> <p>Indian Overseas Bank 64, Cecil Street, IOB Building, Singapore 049711 A/c. No. 4916210132 SWIFT: IOBASGSG</p>	<p><b>NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT</b></p>	
<p>GBP</p> <p>Wells Fargo Bank London A/c.No.07515036 Swift: PNBPG2L Sort Code 16-56-71 IBAN GB34PNBP16567 107 515036</p>	<p>EUR</p> <p>Wells Fargo Bank London A/c.No.07515168 Swift : PNBPG2L  IBAN GB59PNBP16567 107 515168</p>	<p>USD</p> <p>Wells Fargo Bank New York A/c.No.2000191007059 Swift: PNBUS3NNYC  FEDWIRE ROUTING NUMBER 026005092 Chips ABA No. 0509</p>	





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**Notes:**

A series of horizontal dotted lines provided for writing notes.

**TIRUPATI DIVISIONAL OFFICE,  
TIRUPATI DISTRICT**

– Inaugurated by

Dr. D. Sambasiva Rao, I.A.S., Executive  
Officer, Tirumala Tirupati Devasthanams



**JABALPUR**

– Inaugurated by

Dr. Rajesh B. Dhirwani, MD, Jabalpur  
Hospital & Research Centre

**VILLUPURAM DIVISIONAL OFFICE**

- Inaugurated by

Shri K.J. Ramesh, M/s. Maghalakshmi  
Plaazaa, Villupuram





**DOMBIVALI (EAST), MAHARASTRA**

– Inaugurated by  
Shri E. Ravendiran, I.A.S.,  
Commissioner, Kalyan Dombivali  
Municipal Corporation



**ERNAKULAM-PALARIVATTOM**

– Inaugurated by  
Rev. Fr. Paul Manayampilly,  
Vicar, St. Martin Deporres Church, Palarivattom



**MADURAI BIBIKULAM**

– Inaugurated by  
Shri Sandeep Nanduri, I.A.S.,  
Commissioner, Madurai  
Municipal Corporation

**TIRUPATI – M.R. PALLI**  
– Inaugurated by  
Our MD & CEO Shri K. Venkataraman



**VIJAYAWADA BENZ CIRCLE**  
– Lighting of Gayathri Lamp by  
Smt. N. Latha Rani, Managing Partner,  
M/s. Suman Agencies

**BANGALORE – YESHWANTHAPUR**  
– Inaugurated by  
Shri P. Purushotham Shetty,  
Managing Partner,  
M/s. Ujwal Constructions  
and Developers





**VIJAYAWADA SATYANARAYANAPURAM**

– Inaugurated by

Shri Veerla Venkata Praveen Kumar,  
Prop. Kumar Machinery

**KADIRI – ANANTAPUR DISTRICT**

– Inaugurated by

Shri P. Jayarami Reddy, Correspondent,  
Sree Valmeeki High School, Kadiri



**MADURAI THIRUMANGALAM**

– Inaugurated by

Shri D. Sakthivel, B.A.,  
Proprietor, M/s. Sakthi Medicals, Madurai



**ANGAMALY, ERNAKULAM DISTRICT**

– Inaugurated by  
Rev. Fr. Kuriakose Mundadan, Vicar,  
St. George Basilica Church, Angamaly



**JADCHERLA, MAHABOOB NAGAR DISTRICT**

– Inaugurated by  
Dr. C. Laxma Reddy, Hon'ble Minister  
Health and Family Welfare,  
Government of Telangana

**PERUMUCHI, VELLORE DISTRICT**

– Inaugurated by  
Shri S. Sundar, Chief Trustee,  
Bharathi Dhasanar Educational and  
Charitable Trust, Arakkonam





**AGARAM, KRISHNAGIRI DISTRICT**

– Inaugurated by

R. Sridhar, M.A., M.Ed.,  
Head Master (Retd), Agaram

**VENKATAPALEM, GUNTUR DISTRICT  
(Near Amaravathi, Capital of AP)**

– Inaugurated by

Shri Prathipaati Naga Malleswara Rao,  
MPTC, Venkatapalem



**ARYAVATAM, EAST GODAVARI DISTRICT**

– Inaugurated by

Shri T. Macha Reddy, Prop. M/s. Vijaya  
Lakshmi Enterprises





**CHINAAMIRAM, WEST GODAVARI DISTRICT**

– Inaugurated by

Shri Kotikalapudi Govindarao, Chairperson,  
Bhimavaram Municipal Council



**PONGALUR, TIRUPUR DISTRICT**

– Inaugurated by

Shri K. M. Thangaraj, Chairman,  
Jay Shriram Group of Institutions, Avinashipalayam

**SHIFTING OF COIMBATORE DIVISIONAL OFFICE -  
“KVB TOWERS”**

- Inaugurated by

Dr. S.V. Balasubramaniam,  
Chairman, M/s. Sri Bannari  
Amman Sugars Limited





**KAKINADA-BHANUGUDI JUNCTION,  
EAST GODAVARI DISTRICT**

- Inaugurated by

Dr. R. Mahalakshmi, M.S (Gen), Principal/  
Addl. Director, Professor of Surgery  
Rangaraya Medical College, Kakinada

**BANGALORE – CHANDRA LAYOUT**

– Lighting of Gayathri Lamp by  
Smt. Sandhya K Upadhya, AGM,  
BSNL, Chandra Layout



**MARUDANDAPALLI, KRISHNAGIRI DISTRICT**

– Inaugurated by

Shri P. Kumar, Secretary, PMD  
Tech- Polytechnic & Engineering College,  
Shoolagiri (TK), Hosur





## A DECADE OF PROGRESS

(₹ in Crore)

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Paid up Capital</b>	53.94	53.95	54.44	94.49	107.18	107.18	107.18	121.63	121.86	121.86
<b>Reserves</b>	1136.06	1296.21	1565.54	2020.05	2601.04	2978.01	3219.16	4124.40	4451.09	4723.16
<b>Owned funds</b>	1190	1350.16	1619.98	2114.54	2708.22	3085.19	3326.34	4246.03	4572.95	4845.02
<b>CRAR - Basel II</b>	-	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	12.54
<b>Deposits</b>	12550	15101	19272	24722	32112	38653	43758	44690	50079	53700
<b>Advances</b>	9569	10563	13675	18052	24205	29706	34226	36691	39476	41435
<b>Total Income</b>	1289	1711	2005	2482	3621	4695	5680	5977	6150	6405
<b>Operating Profit</b>	308	418	463	600	726	849	838	943	1303	1571
<b>Net Profit</b>	208	236	336	416	502	550	430	464	568	606
<b>Dividend (%)</b>	120	120	120	120	140	140	130	130	140	130 (@)
<b>Branches (No.)</b>	288	312	335	369	451	551	572	629	667	711
<b>EPS (Rs.)</b>	38.62	43.71	62.23	44.9	46.81	51.35	40.08	39.86	46.59	9.95 (*)
<b>Return on Assets</b>	1.63%	1.49%	1.76%	1.71%	1.56%	1.35%	0.86%	0.88%	1.03%	1.00%
<b>Book Value(Rs.)</b>	220.61	250.25	297.6	193.04	252.68	287.85	308.91	348.42	375.25	79.51 (*)
<b>No of Employees</b>	3580	3941	4175	4574	5673	6730	7339	7197	7211	7400

(\*) During the Financial Year 2016-17, one Equity Share face value of ₹ 10/- each was subdivided into five Equity Shares of face value of ₹ 2/- each (@) Proposed



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