

ANNUAL REPORT 2013-14



Karur Vysya Bank

Smart way to bank

BOARD OF DIRECTORS

CHAIRMAN



SHRI K.P. KUMAR

MD & CEO



SHRI K. VENKATARAMAN

DIRECTORS



SHRI M.G.S. RAMESH BABU



SHRI S. GANAPATHI SUBRAMANIAN



SHRI G. RAJASEKARAN



SHRI A.J. SURIYANARAYANA



SHRI K. RAMADURAI



SHRI K.K. BALU



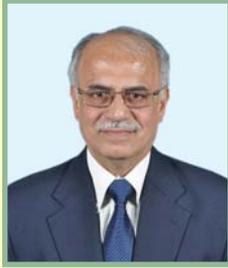
SHRI N.S. SRINATH



SHRI B. SWAMINATHAN



Dr. V.G. MOHAN PRASAD



KRISHNASWAMY. V
PRESIDENT & COO



VENKATESWARA RAO. K
CHIEF GENERAL MANAGER



NATARAJAN. J
GENERAL MANAGER



ANANTHA KUMAR. G.S
GENERAL MANAGER



SIVARAMAPRASAD. T
GENERAL MANAGER
& CFO



BALAJI. S
GENERAL MANAGER



SRINIVASAN. V
GENERAL MANAGER



BALACHANDRAN. M
GENERAL MANAGER



SRINIVASAN. T. S
HEAD - TREASURY

DEPUTY GENERAL MANAGER

SUBRAMANYAM V
SRINIVASAN V
BABUJI S
BALASUBRAMANIAN S
SWAMINATHAN K P
MOHAN K
SANKARA VADIVEL T K
SEKAR S
SATHYAMOORTHY K

SAIRAJ G R
RAMASUBRAMANIAN S
ASHOK KUMAR G P
SARAVANUN C
RAGHUNATHAN S
RAVI S
PRASAD S K V
SWAMINATHAN K
SAMPATH G

SUBBAIYAN M
NAGARAJAN K
KANNAN R
PITCHAI M
UNNIKRISHNAN K
RAJAGOPALAN R
JARARD THOMAS

ASSISTANT GENERAL MANAGER

ASHOK VENNELAKANTI
RAMALINGAM N
MURALI KUMAR M
GOPINATH A
PARTHASARATHI R
LAKSHMANAN L
VARADHARAJAN A
VENKATESAN R
HARIHARAN K
VENKATESH C
RAMSHANKAR R
RAMKUMAR B
RAGHAVENDRAN N
MOHAN KUMAR G

MURALI L
RAMESH E
VASUDEVAN S
LEKSHMINARAYANAN V
CHANDRASEKARAN R N
GANESAN R
ELANGO R
SANKARAN P S
MURALIDHARAN V
SEKAR K S
ANBURAJ V
GOWRI SHANKAR J
GOPALAN S
RADHESYAM T

RAMAKRISHNA C
PALPANDIAN M
SRINIVASAN G V
SIVAKUMAR S
RAVICHANDRAN K
SATYA SURYA PRAKASH K
RAMANI V B
GIRIDHARAN S
RAMASAMY G V
VIJAYAKUMAR P V
VENKATARAMAN G
MUTHU KUMAR K P



SRI GAYATHRI DEVI

COMPANY SECRETARY & DEPUTY GENERAL MANAGER

KANNAN R

LEGAL ADVISER

K N SHRINIVASAN

AUDITORS

R K KUMAR & CO., Chennai



Sunday Standard-“Best Banker Growth Mid Sized” Award 2013 by Shri Kamal Nath, Union Minister for Urban Development.

Best Bank award for Electronic Payment System among small Banks, IDRBT by Dr. D. Subbarao, Governor, RBI.



Managing Director and CEO's letter to the shareholders

Our bank has registered increase in total business by 14% to Rs. 77,984 Crore, with advances growing by 15% despite the financial year 2013-14 being a difficult year economically for our country. We have not been an exception to the difficult operating environment prevalent in the country and our profits have come down by 22% on Year-on-year basis. Dramatic rise in bench mark interest rates in the last year due to monetary policy measures have also contributed to increased cost and decrease in margins. Considering the escalating risks in the economy, we calibrated our growth strategies to carefully navigate through the different environment with focus on asset quality.

It is expected that the economic environment will improve and situation will get better in the current year. In order to improve the performance of our bank, various strategies have been formulated to tap the opportunities that the changed economic scenario will offer. However, until the turnaround in the economy is perceptible, we may continue our cautious approach.

We plan to open more branches this year as compared to the previous year. This would be crucial to improve both our CASA balances and our margins. We will be focusing on Retail and SME Advances during the year. We will also be concentrating on speedy resolution of stressed assets to prevent their quality from deteriorating further. There would be sustained efforts to improve recovery out of non-performing/delinquent asset portfolio. We plan to introduce new products and services to meet the demands of an increasingly informed customer. Efforts to broad base our growth in asset portfolio will be a key strategy. More focus will be given for improvement of our non-interest income during the year.

We have adequately increased the staff strength and with our emphasis on high quality customer service on a robust technology platform, our bank is in a good position to meet the challenges in clocking reasonable business growth this year. We would aim for improved profitability parameters along with growth.

As in the past, our bank has been honoured with various awards and recognitions during the year. I take this opportunity to place on record our sincere gratitude for your unwavering and valuable support for all our initiatives. We have set ambitious goals and would like to assure you that we are on track to achieve them.

K Venkataraman

May 28, 2014



▲
Best Small Bank Award given by Business World Magna Awards 2014 recognizing Banking excellence by Honorable Governor of Maharashtra Shri K Shankaranarayanan.

Address by Dr. J. Sadakkadulla, Regional Director, RBI, Chennai
Soiled Notes Exchange and Coins Distribution Mela.





94th ANNUAL GENERAL MEETING



FOUNDERS' DAY CELEBRATION – SALEM



Founders Day - Lighting of lamp by Honorable Justice of Supreme Court of India, Shri C Nagappan.



DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have great pleasure in presenting the 95th Annual Report together with audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2014.

Particulars	31.03.2014 (₹ in Cr)	31.03.2013 (₹ in Cr)
Gross Deposits	43757.68	38652.98
Gross Advances	34225.98	29705.89
Total Income	5680.41	4694.99
Total Expenditure	4842.62	3846.16
Operating Profit	837.79	848.83
Net Profit	429.60	550.32
Appropriations: Transfer to		
Statutory Reserve	128.00	165.00
Capital Reserve	1.75	16.52
General Reserve	157.00	123.00
Special Reserve	NIL	50.00
Investment Reserve	(21.00)	21.00
Proposed Dividend	139.99	150.05
Dividend Tax	23.79	25.50

Total Business

During the year ended 31.03.2014, Total Business of the Bank recorded an increase of 14.08% at ₹ 77983.66 Cr as compared to ₹ 68358.87 Cr as on 31.03.2013.

Deposits

Your Bank's total Deposits stood at ₹ 43757.68 Cr as on 31.03.2014, showing an absolute increase of ₹ 5104.70 Cr and a growth rate of 13.21% over the previous year. The share of CASA deposits (Current and Savings) in Total Deposits stood at 20.54%.

- Current Deposits stood at ₹ 3580.44 Cr as on 31.03.2014 as compared to ₹ 3053.35 Cr as at the end of 31.03.2013 recording a y-o-y growth of 17.26%.
- Savings Bank Deposits increased to ₹ 5408.45 Cr as on 31.03.2014, up from ₹ 4385.80 Cr as on 31.03.2013, growing at a rate of 23.32%.
- Term Deposits increased from ₹ 31213.83 Cr as on 31.03.2013 to ₹ 34768.79 Cr as on 31.03.2014, registering a growth rate of 11.39%.

Advances

The Bank has registered qualitative credit growth of 15.22% during the FY 2013-14. The Gross Advances of the Bank increased from ₹ 29705.89 Cr as on 31.03.2013 to ₹ 34225.98 Cr as on 31.03.2014.

Priority Sector Advances aggregated ₹ 12617.70 Cr at the end of March 2014, representing 42.13% of Bank's Adjusted Net Bank Credit (ANBC) of the previous fiscal. The Bank has achieved the prescribed target for Priority Sector Advances for the last three years consecutively.

KVB's agricultural advances stood at ₹ 5895.29 Cr, constituting 19.69% of ANBC as at the end of March 2014 against the regulatory prescription of 18%. Additionally, your Bank's finance to Weaker Sections were at 10.54% against the mandatory requirement of 10%.

Recovery

In spite of the difficult economic conditions that prevailed during the year under report, the Bank has taken necessary steps to contain NPAs and has used all available tools of recovery including negotiated settlements and legal means. Your Bank constituted special recovery teams and organized recovery camps at various centers. Bank has effectively used the provisions of SARFAESI Act to secure maximum recovery. Frequent Lok Adalats were conducted especially in respect of small value NPA accounts. The Bank has framed a policy for sale of assets to ARCs. Your Bank has revisited its Recovery Policy to facilitate quick settlement in existing NPA accounts. The Divisional Offices are empowered with more discretionary powers to settle existing NPAs. Focused attention was given to accounts which are under SMA categories to avoid slippages into NPAs.

In percentage term, gross NPA Ratio of the Bank stood at 0.82% as on 31.03.2014 as against 0.96% at the end of previous fiscal 12-13. In absolute term, Gross NPA stood at ₹ 279.18 Cr as on 31.03.2014. Net NPA Ratio of the Bank stood at 0.41% as on 31.03.2014 as against 0.37% as on 31.03.2013. In absolute term, Net NPAs stood at ₹ 139.91 Cr as at the end of the fiscal under report.

The Bank continues to maintain Provision Coverage Ratio of 75%.

DIRECTORS' REPORT

Share Capital

As at March 31, 2014, the Paid-up Equity Capital of the Bank stood at ₹ 107.18 Cr consisting of 10,71,81,106 shares of ₹ 10/- each.

The Net Owned funds of the Bank as at 31st March 2014 was ₹ 3326.34 Cr comprising paid up equity capital and reserves.

The Capital Adequacy Ratio stood at 12.77% as per BASEL II norms. The Capital Adequacy under BASEL III norms stood at 12.60%. The Bank has been consistently maintaining the ratio well above the minimum of 9% stipulated by the Reserve Bank of India.

The market capitalization of your shares at the end of March 31, 2014 was ₹ 4022.51 Cr.

Employee Stock Options Scheme

The information required to be furnished pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are annexed to this report and form part of this report.

Credit Rating

CRISIL has reaffirmed 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 ₹ 13/- per Equity Share i.e., 130% for the fiscal 2013-14. The dividend is subject to the approval of the shareholders at the Annual General Meeting. This is the tenth year in succession your Bank has been paying 100% or more dividend consecutively since 2004. The total dividend outgo including distribution tax will be ₹ 163.78 Cr which works out to 38.12% of the Net Profit for 2013-14.

Investments

The gross domestic investments of your Bank stood at ₹ 13445.46 Cr as at 31.03.2014 as against ₹ 13868.85 Cr as on 31.03.2013.

Income earned on investments during the fiscal 2013-14 was at ₹ 1197.38 Cr registering an increase of ₹ 247.03 Cr (i.e. 25.99%) as against ₹ 950.35 Cr recorded during the previous fiscal 2012-13. Profit on sale of investments was ₹ 103.73 Cr for the fiscal 2013-14 as against ₹ 88.35 Cr recorded in the previous fiscal 2012-13.

The average yield on investments decreased to 7.61% during the year under report over the previous fiscal of 7.67%. Liquidity position of the Bank was comfortable throughout the year.

Forex Transactions

The merchant turnover of the Bank grew by 54.39% to reach ₹ 15607 Cr as against ₹ 10109 Cr during the previous fiscal 2012-13. The year on year export credit grew at 11%. Your Bank has earned a total income of ₹ 79.07 Cr on forex business during the fiscal 2013-14, as against ₹ 54.51 Cr earned during the last fiscal 2012-13, registering an increase of 45.06%. Of this, Exchange Profit increased from ₹ 23.16 Cr to ₹ 35.59 Cr and other income (commission and others) increased from ₹ 31.35 Cr to ₹ 43.48 Cr with forex profit recording an increase of 53.67% and commission income an increase of 38.69%.

Branch Network

During the financial year 2013-14, Bank opened 21 Branches and added 345 ATMs. With this, as at the end of March 31, 2014 the Bank has a total network of 572 branches and 1617 ATMs with PAN India presence.

The aggregate customer outlets of the Bank (both Branch network and ATMs installed) rose to 2189. To facilitate remittance of cash on real time basis to customers' accounts, your Bank has introduced 153 Cash Deposit Machines or Bunch Note Acceptors (BNA).

Debit Cards

Your Bank has issued 8.48 lakh debit cards during the fiscal 2013-14 taking the total number of debit cards issued to 43.8 lakhs.

POS

During the year under report, your Bank installed 4552 POS terminals across various merchant locations, taking the total to 8434 numbers as at 31.03.2014. The gross value of transactions routed through such terminals stood at ₹ 964.76 Cr till 31.03.2014.

DIRECTORS' REPORT

Technology Initiatives

Your Bank is a front runner in technology initiatives having implemented 100% Core Banking Solution (CBS) in 2005. In order to leverage CBS platform and robust IT infrastructure implemented in the Bank, many new initiatives were undertaken during the fiscal under report. Internal efficiency, customer service, Business Process Re-engineering (BPR) as well as Information Security were the focus areas.

The following new initiatives were introduced to add value to the customer convenience during the FY 2013-14.

A special product known as 'Scholar Card', for students and staff of educational institutions, was launched. This card, based on RFID Technology, can be used for all kinds of payments and access system like attendance, library, laboratory etc.

Online Password reset/unlocking of user ID is implemented to strengthen the safety and security of our Net Banking System.

Your Bank has launched BNA – Remittance Card exclusively for depositing cash in Cash Deposit Machines.

Bank has also launched International EMV chip based debit cards.

Your Bank launched e-collect portal in our Bank's website for collection of fee for Educational Institutions.

The Bank also has launched IRCTC ticket booking through Direct Debit Facility.

Golden Vision Initiatives

As already informed in the previous report, M/s Boston Consulting Group are assisting the Bank in its pursuit of attaining next higher level of growth and development including achieving the targeted business growth of ₹ 125000 Cr by the centenary year of the Bank in 2016. Their recommendations are being implemented under "Golden Vision" initiatives.

During the year under report, the following initiatives were undertaken:

- (a) Introduced personalized service to HNI customers of the bank under KVB Pride. Under this, the services include door step banking, EMV certified chip embedded debit card, free banking privileges, reward points etc.

- (b) Branches having high potential of cash remittances are provided with Cash Deposit Machines (CDMs). The facility is available with instant cash credit to the customers accounts, 153 CDMs are deployed over 150 branches.
- (c) Lead Management Software has been launched across all branches for effective and efficient management of sales management team.
- (d) Introduced Career Development System for all officer cadre employees across the Bank.
- (e) Single Window system was rolled out to 75 branches this year taking the total of such branches to 212 across the country.

Financial Inclusion

Your Bank has covered all the 117 allocated villages for providing basic banking services under the Financial Inclusion Plan. These villages are covered under the Plan with Business Correspondent operated banking outlets. As at the end of March 31, 2014, 46,237 basic savings accounts (no frill accounts) with Bio-Metric smart cards were opened with BC agents in FI villages. Your Bank has also opened 28 Ultra Small Branches in the allotted villages to provide banking facility for the under privileged section of the society. Going forward the Bank is in the process of opening some more Ultra Small Branches/Brick & Mortar branches in the allotted villages wherever feasible.

Statutory Audit

M/s R K Kumar & Co., Chennai retire at the conclusion of the ensuing Annual General Meeting. They have been associated with the Bank as Statutory Auditors for the past four financial years and are not eligible for re-appointment in accordance with the RBI's policy of rotation and resting. The Board places on record its deep appreciation of the professional services rendered by M/s. R K Kumar & Co., Chennai during their association with the Bank.

M/s. Abarna & Ananthan, Chartered Accountants, Bangalore are proposed to be appointed as Statutory Auditors of the Bank from the conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting of the Bank in terms of Section 139 of the Companies Act, 2013 read with Sec 30 (1A) of the Banking Regulation Act, 1949.

DIRECTORS' REPORT

Reserve Bank of India vide letter DBS.ARS.No. 15260/08.12.005/2013-14 dated June 3, 2014 conveyed their approval for their appointment as the Statutory Auditors of the Bank for the year 2014-15 for their first year.

A certificate from M/s. Abarna & Ananthan has been received to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013.

Statutory Disclosures

Considering the nature of activities of the Bank, the provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Bank. However the Bank is making extensive use of technology in all its operations and is also constantly pursuing its goal of technological upgradation in a cost effective manner to provide quality customer service.

The Bank supports and encourages the country's export efforts through its export financing operations.

The Statement containing particulars of employees as required under the provisions of Sec 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report.

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

Board of Directors

Shri K P Kumar, was appointed as (Part-time) Non-Executive - Independent Chairman of the Bank, with the prior approval of the Reserve Bank of India, for an initial period three years from 24.09.2010. He is re-appointed as the (Part-time) Non-Executive - Independent Chairman for a further period of two years from 24.09.2013 vide RBI letter DBOD.6277/08.41.001/2013-14 dated 01.10.2013. Approval of members is sought for the re-appointment of Shri K P Kumar, as (Part-time) Non-Executive - Independent Chairman of the Bank at the ensuing Annual General Meeting as per details provided in the Notice.

Shri K Venkataraman was appointed, with the prior approval of Reserve Bank of India, as the Bank's Managing Director and CEO for three years from 01.06.2011. As his term of office was upto 31.05.2014, the Board of the Bank approved his re-appointment

for a further period of three years from 01.06.2014. RBI has vide its letter DBOD. No. 18973/08.41.001/2013-14 dated 23.05.2014 accorded its approval for the re-appointment as recommended by the Board of the Bank. Approval of members is sought for the re-appointment of Shri K Venkataraman as MD & CEO of the Bank at the ensuing Annual General Meeting as per details provided in the Notice.

In accordance with the provisions of Companies Act and the Articles of Association of the Bank, Non-Executive (Non-Independent) Director Shri A J Suriyanarayana, retires by rotation and is eligible for re-appointment.

Pursuant to Section 149 and 152 of the Companies Act, 2013 and Sec 10 A (2A) of the Banking Regulation Act, 1949, approval of the shareholders have been sought for the appointment of Shri K K Balu, as an Independent Director not liable to retire by rotation for a period up to two years, Shri N S Srinath, as an Independent Director not liable to retire by rotation for a period up to three years and B Swaminathan as an Independent Director not liable to retire by rotation for a period up to three years.

Shri CA K Ramadurai will hold office till the date of forthcoming Annual General Meeting consequent to the attainment of maximum age limit prescribed under extant guidelines of RBI. Board places on record its gratitude for the valuable contribution rendered by him during his tenure as Director on the Board.

The brief resume and details of directors who are to be appointed as Independent Directors are furnished in the Corporate Governance Report annexed.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 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 company at the end of the financial year and of the profit and loss of the company 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 this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis.

Awards and Accolades

Your Bank has received the following awards and recognition during the year 2013-14.

- (i) Best Small Bank Award given by Business World Magna Awards 2014 recognising Banking excellence.
- (ii) State Forum of Banker's Club, Kerala Excellence Awards 2014 selected KVB as the third Best bank among private sector banks at the national level and presented the award.
- (iii) The Sunday Standard Best Bankers' Awards 2013 awarded the Best Banker Growth Mid Sized award to your Bank.
- (iv) Institute of Public Enterprises (IPE)-BFSI awarded "Best Bank in Private Sector" in June 2013.
- (v) Kompella Portfolio Investment Advice Magazine, Hyderabad recognized KVB as the 'Top Bank in the Old Private Sector' and "Third best Bank of the quarter" among public sector, old private sector and new private sector banks for the quarter ended 30.06.2013.
- (vi) Best Bank award among small Banks by IDRBT for "Banking Technology (Electronic Payment Systems)" for the year 2012-13.
- (vii) In the NSDL Star Performer Awards 2013, KVB bagged "Top Performer in New Accounts opened (Bank Category)".

Your Bank is ranked as the 188th rank among India's Most valuable Top 500 Companies based on Market Capitalisation as per November 2013 issue of Business Today.

Fortune India December 2013 publication listed KVB as 227th Company under Top 500 Companies in India.

Place: Karur

Date : 15.06.2014

Corporate Social Responsibility

Your Bank, as a responsible corporate citizen, has been carrying out well over the years certain initiatives like participation in social, cultural, educational, medical and sports activities aimed at improving the quality of life of the people and society. Your Bank believes firmly that being an integral part of the society, it is the all round growth of the society which contributes ultimately the growth of the organization. Some of the CSR expenditure undertaken during the year 2013-14 are given below:

- Contributed a sum of ₹ 12.57 lakh towards educational cause.
- Donations amounting to ₹ 20.65 lakh to various organizations/hospitals for Health Care.
- Donations made to the tune of ₹ 15.20 lakh towards welfare of poor and downtrodden.
- Contribution made to the tune of ₹ 14.83 lakh for charitable purpose to various organizations/institutions.
- One lakh was sponsored to an athlete for participation in world championship in the World Biathle 2013 at Cyprus.

Acknowledgements

The Directors are grateful to the shareholders of the Bank for the trust and confidence reposed by them in the Bank.

The Directors are also grateful to the Reserve Bank of India, Government of India, State Governments, Securities and Exchange Board of India and the Stock Exchanges for the guidance and support extended by them to the Bank.

The Board thanks its valued customers and other stakeholders for their patronage and looks forward to the growing of this mutually supportive relationship in future.

The Board expresses its deep sense of appreciation to all employees for their contribution in your Bank's quest for sustained growth and profitability and look forward to their continued contribution in scaling new heights.

For and on behalf of the Board of Directors,

K P Kumar
Chairman

DIRECTORS' REPORT

Statement Pursuant to Section 217(2A) of the Companies Act, 1956 & The Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report

Name Shri	Qualification	Age	Remuneration Received	Amount ₹.	Experience No. of years	Date of Commencement of Employment	Last Employment
K Venkataraman MD&CEO	M.Sc (Agri) CAIIB	61	Pay	60,00,000	36 years	06.06.2011	SBI Global Factors Ltd MD&CEO
			Bank's Contribution to P.F	7,20,000			
			Perquisites	4,53,598			
			Total	71,73,598			

Annexure Forming Part of Directors' Report

Pursuant to the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, the details of stock options as on March 31, 2014 under "KVB Employees Stock Option Plan 2008 (ESOP 2008) and KVB Employees Stock Option Plan 2011 (ESOP 2011) are set out in the Annexure to this Directors' Report.

In terms of Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, details of options granted under ESOP 2008 and ESOP 2011 are given below:

Disclosure in the Directors' Report as per SEBI Guidelines

Sl.No.	Particulars	ESOS 2008	ESOS 2011
1	No. of Options Granted	21,546	14,71,656
2	No. of Options issued	21,546	14,71,656
3	Pricing Formula	₹ 275/- per share/option	
4	No. of options vested	21,546	13,70,469
5	No. of options exercised	NA	NA
6	No. of shares arising as a result of exercise of Options	NA	NA
7	Options Cancelled	NIL	1,01,187
8	Variation in terms of Options	NIL	NIL
9	Money realized by exercise of options	NA	NA
10	Total number of Options in force	21,546	13,70,469

DIRECTORS' REPORT

Annexure Forming Part of Directors' Report (Contd.)

SI.No.	Particulars	ESOS 2008	ESOS 2011
11	Employee wise details of Options granted to		
(i)	Senior Managerial Personnel	NIL	
	Sarvashri		
	K Venkataraman, M D & CEO		5000
	V Krishnaswamy, President & COO		2000
	K Venkateswara Rao, Chief General Manager		1100
	A Ananda Nadarajan, General Manager		550
	J Natarajan, General Manager		1100
	G S Anantha Kumar, General Manager		1100
	T Sivaramaprasad, General Manager		1100
	S Balaji, General Manager		1100
	V Srinivasan, General Manager		1100
	M Balachandran, General Manager		1100
(ii)	Any other employee who receives a grant in any one year of Options amounting to 5% or more of the options granted during the year	NIL	NIL
(iii)	Identified employees who were granted options, during any one year equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL	NIL

The Bank follows intrinsic method for valuing stock options. The difference between Employees Compensation Cost computed based on such intrinsic value and Employee Compensation Cost that shall be recognized if fair value of options (based on Black Scholes pricing model) had been used is not significant. For the year ended 31st March 2014, the net profit after tax would have been lower by ₹ 1.10 Cr; the basic and diluted EPS would be ₹ 39.98 and ₹ 39.68 respectively and hence the impact on the EPS, both Basic EPS and diluted EPS is insignificant.

(a) Weighted average details

SI.No.	Particulars	Amount (₹)
1	Exercise Price	275.00
2	Fair Value	200.55

(b) The Bank has used Black Scholes Model to calculate a theoretical call price (ignoring the dividend paid during the life of the options) using five determinants of an option price: Stock Price, Strike Price, Volatility, time to expiration and short term (risk free) interest rate. Significant assumptions made to estimate the fair value of options as under:

SI.No.	Particulars	
1	Risk free interest rate	7.28 %
2	Expected life	1.5 years
3	Expected volatility	12.28%
4	Expected dividend yield	2.99 %
5	Price of the underlying share at the time of grant of options	₹ 467.65

CORPORATE GOVERNANCE REPORT

1. Bank's philosophy of Corporate Governance

The Bank endeavors to maintain highest standard of Corporate Governance and remains committed to its responsibilities towards all stakeholders including its customers, shareholders, employees, society, the Government and the Regulators. The Bank has been adopting best practices in terms of disclosure, transparency, business ethics that is aimed at adding to the intrinsic value of the shareholders of the Bank.

KVB's policies and practices are consistent with statutory requirements besides encompassing to honor its commitments to take the organization to the next level.

We define Corporate Governance as a systemic process by which an organisation is directed and controlled to maintain a set of well defined ethical standards and at the same time enhance its wealth generating capacity. We recognize high standards of ethical values, financial discipline and integrity in achieving excellence in all our activities. KVB seeks to proclaim corporate excellence by

- ❖ Upholding shareholder values within the principles of legal framework.
- ❖ Extending best of facilities and services to the customers.
- ❖ Proclaiming congenial atmosphere for employees, customers and the society at large.
- ❖ Ensuring pro-active management, free of any bias.

The Board considers itself as a Trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Bank adopts this through nimble and transparent corporate strategies, business plans, effective policies, high ethical standards, adherence to legal responsibilities and overall professional approach in the management of its affairs.

The information provided in the Corporate Governance Report for the purpose of uniformity is as on March 31, 2014.

2. BOARD OF DIRECTORS

The Board, constituted in accordance with Sec 10 B of the Banking Regulation Act, 1949, is represented by persons with diversified professional experience. Board consists of 10 directors including the Managing Director and Chief Executive Officer. The number of Non-Executive Directors (NEDs) is more than fifty percent of the total number of directors with 7 independent directors including the (Part-time) Non-Executive - Independent Chairman. Thus the composition of the Board fully complies with the requirements of the provisions of the Companies Act, 2013 and the Corporate Governance requirements envisaged under Clause 49 of the Listing Agreement.

Board Meetings

During the financial year ended 31st March 2014, the Board met 25 times on the following occasions:

24.04.2013	05.06.2013	31.08.2013	13.11.2013	29.01.2014
25.04.2013	28.06.2013	13.09.2013	03.12.2013	28.02.2014
11.05.2013	19.07.2013	23.09.2013	03.01.2014	01.03.2014
24.05.2013	06.08.2013	19.10.2013	04.01.2014	15.03.2014
25.05.2013	30.08.2013	12.11.2013	28.01.2014	29.03.2014

CORPORATE GOVERNANCE REPORT

Details of attendance of Directors at the Board Meetings during the fiscal 2013-14, their directorships/committee positions held in other companies are given below:

Name	Sectoral Representation	Attendance at the last AGM held on 19.07.2013	No. of Board meetings attended
Shri K P Kumar (Part-Time) Non-Executive – Independent Chairman	Law	Yes	19
Shri K Venkataraman MD & CEO	Banking	Yes	25
Shri M G S Ramesh Babu Non-Executive (Independent)	SSI	Yes	21
Shri CA S Ganapathi Subramanian Non-Executive (Independent)	Accountancy (Spl. Knowledge) & Agriculture (Practical Knowledge)	Yes	25
Shri G Rajasekaran Non-Executive (Non-Independent)	Business & Finance	Yes	25
Shri A J Suriyanarayana Non-Executive (Non-independent)	Business & Finance	Yes	25
Shri CA K Ramadurai Non-Executive (Independent)	Accountancy	Yes	25
Shri K K Balu Non-Executive (Independent)	Legal & Credit Recovery	Yes	25
Shri N S Srinath Non-Executive (Independent)	Banking-Human Resources	Yes	22
Shri B Swaminathan Non-Executive (Independent)	Banking-Risk Management	Yes	17

Except Shri CAS Ganapathi Subramanian, who is on the Board of M/s New India Assurance Company Ltd as a Part-time Non-official Director, none of the other members of the Board is a director in any public limited company.

The necessary disclosures regarding Committee positions have been made by Shri CA S Ganapathi Subramanian. No relationship exists between the directors.

Board Procedure

The date and place of the meeting as well as the agenda papers are circulated to all Directors well in advance. The

agenda papers provide all relevant, material information as also explanatory notes to facilitate meaningful, informed and focused discussions at the meetings. Executives of the Bank are also invited to attend the Board meetings and Committee meetings to provide necessary clarifications.

Apart from the information as required under Annexure IA to Clause 49 information on all matters required to be placed before the Board as specified by RBI's extant guidelines are also being placed before the Board.

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

Shri K P Kumar, (Part-time) Non-Executive - Independent Chairman was paid honorarium of ₹ 9,00,000/- during the period under report. He was also paid sitting fees for attending the Board and Committee meetings.

Shri K Venkataraman, MD & CEO, was paid ₹ 71,73,598/- (Gross) for the year 2013-14.

The remuneration paid to the (Part-time) Non-Executive - Independent Chairman and the MD & CEO were in accordance with the terms and conditions approved by the Reserve Bank of India.

Reserve Bank of India has approved grant of 5,000 stock options under KVBSOS 2011 to Shri K Venkataraman, MD & CEO.

The Non-Executive Directors were paid only sitting fees.

The sitting fees payable to the Non-Executive Directors were ₹ 10,000/- for attending Board meetings and ₹ 5000/- for attending Committee meetings of the Board. The sitting fee paid to the Non-Executive Directors is within the limits prescribed under the Companies Act and the rules made there under. No stock option has been granted to any of the Non-Executive Directors of the Bank.

No pecuniary relationship exists between independent directors vis-à-vis the Bank, other than payment of sitting fees for the Board /Board Committee meetings.

Directors' Shareholding as on 31.03.2014

Name of the Director	No. of shares
Shri	
K P Kumar, Chairman	20,308
K Venkataraman, MD & CEO	1,500
M G S Ramesh Babu	1,00,030
S Ganapathi Subramanian	1,400
G Rajasekaran	2,38,362
A J Suriyanarayana	2,29,909
K Ramadurai	3,516
K K Balu	3,131
N S Srinath	533
B Swaminathan	500

Directors seeking appointment /re-appointment

Pursuant to the Listing Agreement pertaining to the Corporate Governance, a brief resume including their expertise in specific functional areas is furnished below:

Shri K P Kumar (DIN 00037551), is a graduate in Arts and holds Law degree. He is a designated Senior Advocate of the High Court of Karnataka. He served as a Director on the Board of our Bank from 29.12.2003 to 23.09.2010 and was appointed as the (Part-time) Non-Executive – Independent Chairman of the Bank effective from 24.09.2010 for a period of three years with the approval of RBI as also of the shareholders. He was again re-appointed as the (Part-time) Non-Executive – Independent Chairman from 24.09.2013 for a further period of two years with the approval of RBI. He represents Majority sector “Law” on the Board of the Bank.

In terms of Section 149 read with Schedule IV of the Companies Act 2013, the Board of Directors have reviewed the declaration made by Shri K P Kumar that he meets the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013 and the Board is of opinion that he fulfills the conditions specified in the Companies Act, 2013 and the rules made there under and is independent of the management.

Shri K Venkataraman (DIN 02443410), is a post graduate in Agriculture and a Certified Associate of the Indian Institute of Bankers. He has 36 years of experience in Banking. Having started his career as a Probationary Officer in State Bank of India during September 1978, he was elevated to various positions in SBI. He was a Chief General Manager of SBI, before deputed to its subsidiary M/s SBI Global Factors Limited. He joined KVB as MD & CEO on 06.06.2011.

Shri A J Suriyanarayana (DIN 02251823), is a graduate in Economics and a post graduate in Business Administration. He was on the Board of the Bank from 04.12.1997 till 29.08.2000. He is a dealer in Petroleum Products and has business interests in certain finance firms. He is a partner in a Construction firm. He belongs to the Promoter family. He represents minority sector “Business & Finance” on the Board.

In terms of the provisions of Sec 149 (10), Sec 152 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the following Non-Executive (Independent) Directors are

CORPORATE GOVERNANCE REPORT

seeking appointment for a term as detailed in the notice of the 95th Annual General Meeting.

Shri K K Balu (DIN 03640304), is a graduate in Arts and Law. His other qualifications are PGDTL and DCBP. He started his career as a practicing advocate in 1968. He left practice and joined Syndicate Bank in 1978 and worked there till March 1989. He then moved on to National Housing Bank (NHB), New Delhi as Assistant General Manager and got himself elevated to the position of General Manager of NHB. He relinquished the position of General Manager of NHB to join as a Member (Judicial) of the Company Law Board in September 1996. He was the Vice-Chairman of the CLB from July 2005 till September 2009. Thus he has more than four decades of rich experience in Legal, Banking and Judiciary. He is currently on the panel of Council for National and International Commercial Arbitration, London Court of International Arbitration, India, Indian Council of Arbitration, Multi Commodity Exchange of India and Indian Institute of Arbitration and Mediation and IMC Court of Arbitration. He is also a Panel Member on the Investor Grievance Resolution Panel of National Stock Exchange of India Ltd., MCX Stock Exchange Ltd., National Spot Exchange Ltd., National Securities Depository Ltd., Bombay Stock Exchange Ltd., Madras Stock Exchange Ltd., and NSEL have enlisted him in the panel of Arbitrators for resolving the disputes in accordance with their rules. He is a member on the Committee of Experts appointed by Federation of Andhra Pradesh Chamber of Commerce and Industry. He is a legal advisor to M/s Repco Bank. He is on the Board of M/s Craftsman Automation Pvt Ltd and Renaissance RTW Asia (P) Limited. He represents Majority Sector "Legal and Credit Recovery".

Shri N S Srinath (DIN 01493217), is a graduate in Science and Law and a Certified Associate of the Indian Institute of Bankers. He holds certificate in Industrial Finance. He started his career in Banking by joining Canara Bank in the year 1970 and worked in the Bank in various geographical regions viz., Bihar, Karnataka, Tamil Nadu and New Delhi. He was elevated to various cadres between 1970 to April 2006 and worked in the Bank as General Manager of IT Department and was in-charge of Delhi Circle and Personnel Wing at its Head Office at Bangalore from May 2006. In Canara Bank he has served in the areas of Information Technology, Projects, HRD besides banking

operations. He was instrumental in implementing ERP solutions in Canara Bank.

He was appointed as an Executive Director of the Bank of Baroda, a whole time Directorship as Government of India nominee from 07.12.2009, a post which he held up to his retirement on 31.05.2012.

While working as Executive Director in Board of Bank of Baroda, he was on the Board of Bank of Baroda (Trinidad and Tobago) Limited and Bank of Baroda Ghana Limited, a wholly owned subsidiary of Bank of Baroda till 31.05.2012. He was also on the Board of India Infrastructure Finance Company (UK) Limited from 01.12.2010 till 31.10.2011.

He was also on the Board of Central Registry of Securitization Asset Reconstruction and Security Interest in India (CERSAI), a Sec 25 Company registered under the Companies Act, 1956, since its inception till 31.05.2012. He is a trustee of Stressed Assets Stabilisation Fund appointed by Government of India. He represents Majority Sector "Banking-Human Resource Management".

Shri B Swaminathan (DIN 00245189), holds a Master degree in Science and is a graduate in Law. He is a Certified Associate of the Indian Institute of Bankers, Mumbai. He has vast experience in Banking. He started his carrier as an officer in Indian Overseas Bank in 1968 and elevated to various cadres up to the rank of General Manager. He was with IOB till 2004. He was appointed as an Executive Director of Canara Bank by the Government of India and was with Canara Bank from January 2005 till January 2006. He was also a Director on the Board of erstwhile Bharat Overseas Bank nominated by IOB. He was MD & CEO of erstwhile Lord Krishna Bank Ltd from February 2006 till August 2007. He represents majority sector "Risk Management" on the Board.

In terms of Section 149 read with Schedule IV of the Companies Act 2013, the Board of Directors have reviewed the declarations made by Independent Directors Sarvashri K K Balu, N S Srinath and B Swaminathan and that they meet the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013 and the Board is of opinion that they fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management.

CORPORATE GOVERNANCE REPORT

Independent Director Shri M G S Ramesh Babu (DIN 00725215), was re-appointed at the 94th Annual General Meeting held on 19.07.2013. His tenure would expire on 24.08.2014 as he would be completing his eight year tenure in terms of Sec 10A (2A) of the Banking Regulation Act, 1949.

Independent Director Shri CA S Ganapathi Subramanian (DIN 02738182) was re-appointed vide shareholders' resolution dated 19.07.2013 in terms of the provisions of the Companies Act, 1956 and his tenure will be upto the 96th Annual General Meeting in the year 2015.

Further in terms of Sec 149 read with Schedule IV of the Companies Act, 2013 the Board of Directors has reviewed the declarations made by them that they meet the criteria of independence as provided in Sec 149 (6) of the Companies Act, 2013 and the Board is of opinion that they fulfill the conditions specified in the Act and the Rules made thereunder and are independent of the management.

In terms of Sec 149 of the Companies Act, 2013 an Independent Director shall hold office for a term upto 5 consecutive years on the Board of a company, but shall be eligible for re-appointment on passing of a special resolution by the company for a further period of upto 5 years. Further more Independent Directors are not liable to retire by rotation. In view of the above provisions and considering the fact that the tenure of Directorship of Shri M G S Ramesh Babu and Shri CA S Ganapathi Subramanian would be till the period herein mentioned above, both the said Directors shall be treated as Independent Directors under the provisions of the Companies Act, 2013 and continue to hold office upto the term mentioned above as Independent Directors under the provisions of the Companies Act, 2013.

Independent Director Shri CA K Ramadurai (DIN 00033481) was co-opted on 26.08.2011 and appointed vide shareholders resolution dated 30.07.2012, would be continuing upto this Annual General Meeting in view of the attainment of maximum age criteria fixed by RBI guidelines.

Further in terms of Sec 149 read with Schedule IV of the Companies Act, 2013 the Board of Directors has reviewed the declaration made by Shri CA K Ramadurai and that he meets the criteria of independence as provided in Sec 149 (6) of the Companies Act, 2013 and the Board is of opinion that he

fulfills the conditions specified in the Act and the Rules made there under and is independent of the management. He would continue to hold office as an Independent Director as per the Companies Act, 2013 till this Annual General Meeting.

The shareholding of the above mentioned directors are mentioned under "Directors' shareholding" head in this report.

3. Committees

In line with the requirements of the provisions of Company Law, Clause 49 of the Listing Agreement as also the extant guidelines of RBI, Board has constituted various Sub-Committees as detailed below. Their constitution is for a more specific and focused approach towards some of the important functional areas of the Bank's operations, for providing proper direction, effective monitoring and controlling the affairs of the Bank.

1. Audit Committee
2. Advances Committee
3. Customer Service & Shareholders and Investor Grievance Committee
4. Compensation and Remuneration Committee
5. Fraud Monitoring Committee
6. IT Strategy Committee
7. Nomination Committee
8. NPA Management Committee
9. Risk Management and Asset Liability Management Committee
10. Staff and Development Committee
11. Corporate Social Responsibility Committee

3.1 Audit Committee of the Board

Audit Committee of the Board (ACB) has been constituted as per the guidelines of the Reserve Bank of India. The composition of the Committee meets with the requirements of Sec 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

CORPORATE GOVERNANCE REPORT

The main functions of Audit Committee, inter-alia, include assessing and reviewing the financial reporting system of the Bank to ensure that the financial statements are correct, sufficient and credible. It reviews and recommends to the management the quarterly, Annual Financial Statements before their submission to Board.

The Audit Committee provides directions and oversees the operations of total audit functions of the Bank including the organization, operation and quality control of internal audit, internal control weaknesses and inspection within the Bank and follow-up of the suggestions of Statutory Audit of the Bank and RBI Inspections.

The Committee also reviews the adequacy of internal control systems, structure of Internal Audit Department (IAD), its staffing pattern and holds discussions with the IAD on any significant finding and follow-up action thereon. It further reviews the financial and risk management policies of the Bank.

As for Statutory Audit, the ACB, interacts with the Statutory Central Auditors before finalization of quarterly /annual financial results and reports. It also maintains follow-up on various issues raised in the Long Form Audit Report (LFAR).

Apart from the above, the terms of reference also include the following:

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement /removal of the Statutory Auditor and the fixation of the Audit fees.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with Listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report, if any.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Reviewing the functioning of the whistle blower mechanism.

During the financial year ended 31st March 2014, Audit Committee met 9 times on the following occasions:

24.04.2013	06.08.2013	16.12.2013
23.05.2013	13.09.2013	28.01.2014
30.07.2013	11.11.2013	14.03.2014

The Composition of the Audit Committee is as follows:

Name of the Director Shri	No of meetings attended
S Ganapathi Subramanian (Chairman of the Audit Committee)	9
M G S Ramesh Babu	9
K Ramadurai	9
K K Balu	9
N S Srinath	7
B Swaminathan (from 13.11.2013)	3

3.2 Advances Committee

Advances Committee exercises all the powers vested with the Committee in respect of sanctioning of credit proposals, review, renewal or modification of various types of funded and non-funded credit facilities to customers within such authority as is delegated to the Committee by the Board from time to time. It also reviews the sanctions made by the Central Office Credit Committee of Executives (COCC).

The Committee met 19 times during the year 2013-14. The members of the Committee and their attendance at the meetings are given below:

CORPORATE GOVERNANCE REPORT

Name of the Director	No. of meetings attended
Shri	
K Venkataraman, MD & CEO (Chairman of the Committee)	19
M G S Ramesh Babu	18
S Ganapathi Subramanian	18
G Rajasekaran	19
A J Suriyanarayana	19
K Ramadurai (up to 12.11.2013)	10
N S Srinath (from 13.11.2013)	7

3.3 Customer Service & Shareholders and Investors' Grievance Committee

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). The basic idea behind setting up of such a Committee is to obtain an independent feedback on the quality of customer service rendered by the Bank. The role under Customer Service area is to address the formulation of a comprehensive deposit policy, product approval process, annual survey of depositor satisfaction, tri-annual audit of such services and to review the performance of the Adhoc Committee periodically. The Committee also examines any other issues having a bearing on the quality of such service. The Committee also invites a few customers to the meetings to get their feedback about the customer service of the Bank.

The terms of reference of this Committee also include monitoring the redressal of the shareholders/investors grievances like transfer and transmission of shares, non-receipt of share certificates, refund order/dividend warrant /Annual Report etc.

All the complaints received from the shareholders during the year have been redressed till date. Investors grievances are attended within the time lines prescribed by SEBI.

The Committee met twice during the year on 23.09.2013 and 28.02.2014. Members of the Committee and their attendance position at the meetings are given below.

Name of the Director	No. of meetings attended
Shri	
K P Kumar, Chairman	2
K Venkataraman, MD &CEO	1
G Rajasekaran	2
K Ramadurai	2
K K Balu	2
N S Srinath (from 13.11.2013)	1

3.4 Compensation and Remuneration Committee (CRC)

The terms of reference to the CRC include the following:

- It administers and monitors Employees Stock Option Scheme of the Bank including granting of Stock options.
- To oversee the framing, implementation and review of the Compensation Policy on behalf of the Board. It reviews the compensation package for the MD & CEO/WTD, President and COO and others to ensure effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement in compensation.

The Committee met twice during the year on 04.01.2014 and 29.03.2014. Members of the Committee and their attendance position at the meetings are given below.

Name of the Director	No of meetings attended
Shri	
K P Kumar, Chairman	1
M G S Ramesh Babu	2
S Ganapathi Subramanian	2
K K Balu	2
B Swaminathan	2

3.5 Fraud Monitoring Committee

As per the directions of the Reserve Bank of India, this Committee has to exclusively monitor and follow up cases of fraud involving amounts of ₹ 1 Cr and above. The terms of reference to the Committee are as under:

CORPORATE GOVERNANCE REPORT

- (a) Identifying the systems lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same.
- (b) Reviewing the efficacy of the remedial action taken to prevent recurrence of frauds and strengthening of internal controls.
- (c) Ensuring that staff accountability is examined at all levels in all cases of frauds and staff side action, if required, is completed quickly without loss of time.
- (d) Identifying the reasons, if any, for delay in detection and reporting to top management of the Bank and RBI.
- (e) Monitoring the progress of police investigation and recovery position
- (f) Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

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

The Committee is functioning under the Chairmanship of Shri K P Kumar. The other members of the Committee are: Messrs. K Venkataraman, MD & CEO, Shri CA S Ganapathi Subramanian, K K Balu and B Swaminathan.

The Committee met once during the year under report on 13.11.2013. All the members were present at the meeting.

3.6 IT Strategy Committee

In tune with the guidelines issued by the RBI vide circular DBS.CO.ITC.BC.No.6/31.08.008 /2010-11 dated 29.04.2011 advising the Commercial Banks to implement the recommendations of Goplakrishna Committee which studied the issues arising out of the increased dependency on Information Technology in Banks, the IT Strategy Committee has been formed. The recommendation of the Gopalakrishna Committee covers nine major areas of IT such as IT Governance, Information Security, Information System Audit, IT Operations, IT Services Outsourcing, Cyber Fraud, Business Continuity Planning, Customer Awareness Programmes and Legal Issues.

The implementation of recommendations need to be Risk based commensurate with the nature and scope of activities engaged by banks, the technology environment prevalent in the bank and support rendered by technology to the business processes.

Banks with extensive leverage of technology to support business processes would be expected to implement all the stipulations outlined in the guidelines.

The terms of reference of the Committee include:

- (a) Approving IT strategy and Policy documents.
- (b) Ensuring that the management has put an effective strategic planning process in place.
- (c) Ratifying that the business strategy is indeed aligned with IT strategy.
- (d) Ensuring that the IT organizational structure complements the business model and its direction.
- (e) Ascertaining that the management has implemented processes and practices that ensure that the IT delivers value to the business.
- (f) Ensuring IT investments represent balance of risks and benefits and that budgets are acceptable.
- (g) 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.
- (h) Ensuring proper balance of IT investments for sustaining bank's growth.
- (i) Becoming aware about exposure towards IT risks and controls. Evaluating effectiveness of management's monitoring of IT risks.
- (j) Assessing senior management's performance in implementing IT strategies.
- (k) Issuing high level policy guidance (e.g., Related to risk, funding or sourcing tasks).
- (l) Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
- (m) Overseeing the aggregate funding of IT at the bank level and ascertaining if the management has resources to ensure the proper management of IT risks.

The Committee met six times during the fiscal 2013-14 as below:

12.04.2013	08.07.2013	20.09.2013
03.05.2013	29.07.2013	06.12.2013

CORPORATE GOVERNANCE REPORT

The Composition of the Committee and attendance by its members are given below.

Name of the Director	No. of meetings attended
Shri	
M G S Ramesh Babu (Chairman of the Committee)	6
K Venkataraman, MD & CEO	6
A J Suriyanarayana	6
G Rajasekaran (from 13.11.2013)	1

3.7 Nomination Committee

Reserve Bank of India has laid down 'Fit and Proper' criteria to be fulfilled by persons to be appointed/reappointed as Directors on the Board of the Banks. In terms of the said guidelines 'Nomination Committee' has been constituted by the Board. The terms of reference of the Committee include: To conduct due diligence of the Declaration and Undertaking furnished by Directors/persons for the appointment or re-appointment as Director of the bank based on qualification, expertise, track record, integrity and other fit and proper criteria.

The composition of the Committee as on 31.03.2014 is as under:

Headed by Shri K P Kumar, Chairman, the Committee has four other members viz: Shri K Venkataraman, MD & CEO, Shri CA S Ganapathi Subramanian, Shri A J Suriyanarayana and Shri K K Balu. The Committee met once during the fiscal 2013-14 on 23.05.2013 and all the members of the Committee were present at the meeting.

3.8 NPA Management Committee

The terms of reference of the Committee include monitoring stressed assets especially reviewing major NPA accounts periodically including quick mortality assets.

The Committee met four times during the year under report as below :

05.06.2013	02.01.2014
24.09.2013	27.01.2014

Members of the Committee and their attendance position at the meetings are given below:

Name of the Director	No. of meetings attended
Shri	
K Venkataraman, MD & CEO (Chairman of the Committee)	4
K P Kumar, Chairman (up to 12.11.2013)	Nil
M G S Ramesh Babu (from 13.11.2013)	2
G Rajasekaran (up to 12.11.2013)	2
A J Suriyanarayana (from 13.11.2013)	2
K Ramadurai (up to 12.11.2013)	2
K K Balu	4
N S Srinath (from 13.11.2013)	2
B Swaminathan (from 13.11.2013)	2

3.9 Risk Management and Asset Liability Management Committee

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

The terms of reference under Asset Liability Management include providing a 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 four times during the year under report as below:

27.06.2013	03.01.2014
24.09.2013	29.03.2014

CORPORATE GOVERNANCE REPORT

Members of the Committee and their attendance at the meetings of the Committee are given below:

Name of the Director Shri	No. of meetings attended
K Venkataraman, MD & CEO (Chairman of the Committee)	4
M G S Ramesh Babu (up to 12.11.2013)	2
S Ganapathi Subramanian (up to 12.11.2013)	2
G Rajasekaran (from 13.11.2013)	2
A J Suriyanarayana	4
K Ramadurai	4
K K Balu (upto 12.11.2013)	2
N S Srinath (from 13.11.2013)	2
B Swaminathan (from 13.11.2013)	2

3.10 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 29 times during the year. Attendance details are given below:

Name of the Director Shri	No. of meetings attended
K P Kumar, Chairman	10
K Venkataraman, MD & CEO	3
M G S Ramesh Babu	20
G Rajasekaran	27
A J Suriyanarayana	22
K Ramadurai	10
K K Balu (up to 12.11.2013)	9

3.11 Corporate Social Responsibility Committee

Corporate Social Responsibility (CSR) Committee is constituted in accordance with Section 135 of the Companies Act, 2013. Board constituted the Committee on 13.11.2013. Headed by Shri K P Kumar, Chairman, the other members of the Committee are: Shri K Venkataraman MD & CEO, Shri CA S Ganapathi Subramanian, Shri G Rajasekaran and Shri CA K Ramadurai.

The terms of reference of the CSR Committee are:

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

No meeting of the Committee was conducted during the last fiscal as the CSR is mandatory from the fiscal 2014-15 onwards.

4. General Body Meetings

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

Financial Year	Details of Location	Day, Date and Time
2012-13	Registered and Central Office,	Friday, 19th July 2013 @ 10.15 a.m.
2011-12	Erode Road, Karur-639 002	Monday, 30th July 2012 @ 10.15 a.m.
2010 -11		Wednesday, 27th July 2011 @ 10.30 a.m.

CORPORATE GOVERNANCE REPORT

(b)	Whether any special resolutions passed in the previous three Annual General Meetings	Yes, at the AGM held on 27.07.2011, special resolution for the issue of Employees Stock Option to the tune of 40,00,000 options to the employees of the Bank was passed unanimously. No special resolutions were passed at the Annual General Meetings held on 30.07.2012 and 19.07.2013.
(c)	Whether any special resolution passed last year through postal ballot- details of voting pattern	Yes. Postal ballots were conducted in respect of the following special resolutions vide postal ballot notice dated 06.08.2013. (i) Issue of Equity Shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs). (ii) Increasing the FII holding limit in the Bank upto 40% of the Paid-up Capital. Both the resolutions were approved with requisite majority on 07.10.2013.
		Resolution (i): No. of valid votes polled: 3,48,56,029 (100%) No. of votes – in favour: 2,94,69,684 (84.55%) No. of votes – against: 53,86,345 (15.45%) Resolution (ii): No. of valid votes polled: 3,48,44,295 (100%) No. of votes – in favour: 3,42,33,205 (98.25%) No. of votes – against: 6,11,090 (1.75%) No. of invalid ballots: 127
(d)	Person who conducted the postal ballot exercise	Shri S Solaiyappan, Practicing Company Secretary, Salem.
(e)	Whether any special resolution is proposed to be conducted through postal ballot	In terms of Sec 108 of the Companies Act 2013 read with clause 35 B of the Listing Agreement, e-voting facility/physical postal ballot facility is being provided to the members to exercise their votes at the ensuing 95th AGM of the Bank.
(f)	Procedure for the postal ballot	Detailed procedure for e-voting and physical postal ballot voting annexed.

5. DISCLOSURES

During the Financial year ended March 31, 2014:

- There were no materially significant related party transactions with the Directors that have a potential conflict with the interests of the Bank.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- During the last three years, there were no penalties or strictures imposed on the Bank by the Stock Exchange and /or SEBI or any other statutory authorities on matters relating to capital market.
- 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

CORPORATE GOVERNANCE REPORT

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.

- The Bank has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A certificate to this effect from the bank's Statutory Auditors

M/s R K Kumar & Co., Chartered Accountants, Chennai is annexed.

- The Bank hereby confirms that it has paid the listing fee for the financial year under report as also to the current fiscal to NSE where the shares of the Bank are listed. It has also paid the fees payable to both the Depositories.

Disclosure of details of Unclaimed Shares Suspense Account (Under Clause 5A (1) of the Listing Agreement)

Sl. No.	Particulars	No. of shareholders	No of shares
01	Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense account as on 01.04.2013	889	94,588
02	No. of shareholders who approached the Bank for transfer of shares from Unclaimed Shares Suspense account during the fiscal 2013-14	4	2,843
03	No. of shareholders to whom shares were transferred from the Unclaimed Shares Suspense account during the fiscal 2013-14	4	2,843
04	Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense account as on 31.03.2014	885	91,745

The Voting rights on the above mentioned 91,745 shares shall remain frozen till the rightful owner of such shares claims the shares.

Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2002:

In pursuance of the Regulations, the Bank has formulated Code of Conduct for Prevention of Insider Trading for Designated Employees and Directors for dealing in Shares of the Bank. The Bank has received periodic information from those who

are covered under the Code as required under the Regulations. Company Secretary has been designated as the Compliance Officer for this purpose.

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

Dates of closure of Trading Window	Purpose of closure
01.08.2013 to 07.08.2013	Declaration of Quarterly Financial Results for the quarter ended 30.06.2013.
08.11.2013 to 14.11.2013	Declaration of Quarterly Financial Results for the quarter ended 30.09.2013.
24.01.2014 to 30.01.2014	Declaration of Quarterly Financial Results for the quarter ended 31.12.2013.
22.05.2014 to 29.05.2014	Declaration of Quarterly Financial Results for the quarter ended 31.03.2014 and Annual Financial Results for the FY 2013-14.

CORPORATE GOVERNANCE REPORT

Compliance of Non-Mandatory Requirements of Clause 49 of the Listing Agreement

S. No	Non-mandatory requirement	Status of implementation
01	Non-Executive Chairman may be entitled to maintain a Chairman's office	The (Part-time) Non-Executive - Independent Chairman is having a Chairman's office at the Central Office.
02	Whistleblower Policy	The Bank has a whistleblower policy, under which a mechanism was established as to how an employee can report to the management about the unethical behavior if any, actual or suspected fraud or violation of the bank's code of conduct or ethics policy. This mechanism also provides adequate safeguards against victimisation of employee who avail of this mechanism. It is hereby confirmed that no person has been denied access to the Audit Committee.
03	Tenure of Independent Directors	The Non-Executive Directors of the Bank including Independent directors have a tenure of 8 consecutive years only in terms of Sec 10 A (2A) of The Banking Regulation Act, 1949.
04	Training of Board members	Your Bank has been nominating Non-Executive Directors to the programmes organized by CAFRAL, Mumbai. Also a complete overview of the Business Model along with the RBI guidelines regarding the role and responsibilities of Directors and Code of Conduct, latest regulatory guidelines on topics relating to Bank are also being informed by Board notes/power point presentations to update the members of the Board with the regulatory changes.
05	Mechanism for evaluating Non-Executive Board members:	The Non-Executive Directors of the Bank are appointed/re-appointed after making due diligence process by the Nomination Committee to ascertain their suitability under 'fit and proper' criteria which include age, educational qualification, experience, integrity etc.
06	Remuneration Committee	The Board has constituted a sub-committee viz: Compensation and Remuneration Committee in terms of the guidelines issued by RBI. The terms of reference to the Committee is furnished elsewhere in the report.
07	Audit Qualifications	Statutory Auditors have not issued any audit qualifications in their report for the year ended 31.03.2014

6. MEANS OF COMMUNICATION

The quarterly/annual results of the Bank as per statutory requirement under Clause 41 of the Listing Agreement with the Stock Exchanges are generally published in Business Line and Dinamalar (Tamil Daily).

Quarterly and Annual Financial Statements along with segment report and quarterly shareholding pattern are posted on the website of the Bank www.kvb.co.in and in NSE website (www.nseindia.com), BSE website (www.bseindia.com).

Quarterly presentations made to the institutional investors and analysts were posted on the Bank's website.

The Bank also published its Balance Sheet and Profit and Loss Account together with the Auditors' Report in newspaper(s) as required in terms of Sec 31 of the Banking Regulation Act, 1949 and Rule 15 of the Banking Regulation (Company's) Rule, 1949.

In line with the Green Initiative advised by the Ministry of Corporate Affairs (MCA) your Bank has advised the members to furnish e-mail address for sending notices/documents through e-mail. Members are requested to register their e-mail address and changes therein from time to time with the Bank or to its Registrars and Share Transfer Agents.

Members will be sent the documents, notices etc., including Annual Report through mail if they opt for the same.

CORPORATE GOVERNANCE REPORT

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

- a. Date : 23.07.2014
- b. Time and Venue : 10.00 a.m.
The Registered Office of the Bank,
Erode Road,
Karur – 639 002
- c. Financial year : 01.04.2013 to 31.03.2014
- d. Date of the Book Closure : 07.07.2014 to 23.07.2014
(Both days inclusive)
- e. Listing on Stock Exchanges : The Equity shares of the bank are listed on National Stock Exchange of India Limited. The shares are being traded as a permitted security in Bombay Stock Exchange.
- f. Market Price Data : High and Low prices of equity shares of the bank during each month during the financial year are furnished hereunder.

Month	High	Low
April 2013	470.40	435.00
May 2013	495.50	452.00
June 2013	466.00	412.00
July 2013	451.65	365.00
August 2013	391.70	300.00
September 2013	354.00	297.65
October 2013	364.00	308.15
November 2013	376.95	319.00
December 2013	359.40	328.00
January 2014	355.00	323.00
February 2014	328.90	310.00
March 2014	377.40	310.75

Financial Calendar: 1st April to 31st March

Quarter ending	Date of adoption /approval
30.06.2013	06.08.2013
30.09.2013	11.11.2013
31.12.2013	28.01.2014
31.03.2014	28.05.2014

Dividend and Dividend payment date

The Board of Directors has recommended a dividend @ 130% i.e., ₹ 13/- per equity share of ₹ 10/- each on the paid up capital of the Bank for the year ended March 31, 2014 and the same will be paid to the shareholders/beneficial owners holding shares as per the Register of Members as at the Book closure date / Beneficial owners list downloaded by the Depositories for the purpose as on Record Date. Dividend will be paid between 24.07.2014 to 31.07.2014.

As per the provisions of Sec 205A of the Companies Act, 1956, the unclaimed dividend of ₹ 9,75,828/- for the financial year 2005-06 has been transferred to the Investor Education and Protection Fund established by the Central Government on 26.08.2013. The following table gives the unclaimed dividend from the year 2006-07 with the position as on 31.03.2014 and the last date for claiming the dividend before transfer to the said Fund.

Financial Year	Unclaimed dividend (₹)	Date of Declaration	Last date for claiming dividend (₹)
2006-07	17,80,608	20.07.2007	19.08.2014
2007-08	28,23,354	24.07.2008	23.08.2015
2008-09	32,36,617	27.07.2009	26.08.2016
2009-10	29,45,308	21.07.2010	20.08.2017
2010-11	66,05,871	27.07.2011	26.08.2018
2011-12	1,39,42,292	30.07.2012	29.08.2019
2012-13	1,56,41,542	19.07.2013	18.08.2020

The Bank has hosted on its website the details of the unclaimed dividends for the financial year from 2006-07 till 2012-13 as per the Notification No. G.S.R.352(E) dated 10.05.2012 of Ministry of Corporate Affairs.

Registrars and Share Transfer Agents

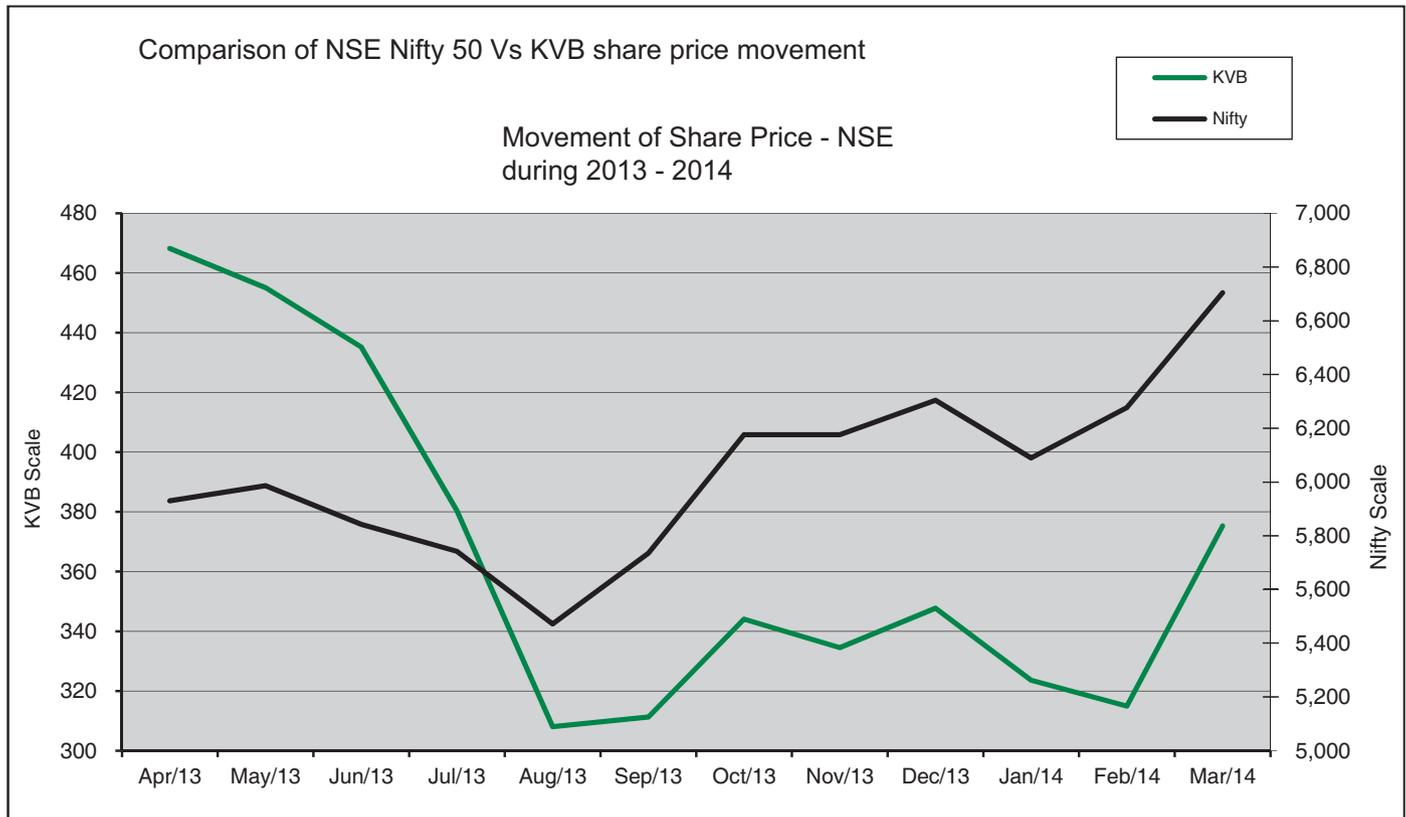
M/s SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore 641006 Phone:0422-6549995, 2539835, 2539836 are the Registrars and the Share Transfer Agents for both the Physical and the Demat Segment of equity shares of the Bank.

The shareholders are requested to correspond only with the Registrars on any matters relating to Physical segment of shares. Bank hereby confirms that all the share transfer requests which are received till 31.03.2014 have been completed within the

CORPORATE GOVERNANCE REPORT

prescribed time limit as stipulated under the Listing Agreement. A certificate to this effect has been duly certified by the Practicing Company Secretary and has been submitted to the NSE in line with clause 47(c) of the Listing Agreement.

Equity performance in comparison to NSE nifty during 01.04.2013 to 31.03.2014



Distribution of shareholding as on 31.03.2014.

No. of Shares (Category)	No. of Shares				No. of Shareholders			
	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	545,822	2,937,543	3,483,365	3.25	7,665	45,451	53,116	71.16
251 - 500	561,099	2,126,256	2,687,355	2.51	1,605	5,767	7,372	9.88
501 - 1000	961,198	3,709,324	4,670,522	4.36	1,343	5,004	6,347	8.50
1001 - 2000	838,729	4,154,013	4,992,742	4.66	579	2,831	3,410	4.57
2001 - 3000	566,516	2,823,890	3,390,406	3.15	227	1,130	1,357	1.82
3001 - 4000	396,258	2,175,154	2,571,412	2.40	112	620	732	0.98
4001 - 5000	216,151	1,634,595	1,850,746	1.73	48	361	409	0.55
5001 - 10000	863,189	6,142,915	7,006,104	6.54	127	873	1,000	1.34
10001 & above	2,013,742	74,514,712	76,528,454	71.40	59	839	898	1.20
Total	6,962,704	100,218,402	107,181,106	100.00	11,765	62,876	74,641	100.00
% to Total	6.50	93.50	100.00		15.76	84.24	100.00	

CORPORATE GOVERNANCE REPORT

Shareholding Pattern as on 31.03.2014

Category	No. of shares	% to Equity
Promoter and Promoter Group	3226837	3.01
Directors and their relatives	407991	0.38
Mutual Funds, Financial Institutions, Banks & Insurance Companies	13316841	12.43
Foreign Institutional Investors/ Foreign Financial Institutions & Foreign Banks	26929275	25.12
NRIs	888818	0.83
Bodies Corporate	7685689	7.17
Individuals	53129716	49.56
Clearing Members	369793	0.35
HUF& Trusts	1226146	1.15
TOTAL	107181106	100.00

DEMATERIALIZATION OF BANK'S SHARES

As per the directives of SEBI the equity shares of the bank are compulsorily traded in dematerialized form by all categories of investors effective from 26.03.2001. The bank has entered into tripartite agreements with the Depositories and M/s SKDC Consultants Limited, Coimbatore for dematerialization of shares. As on 31.03.2014, 93.50 % of our paid up share capital has been dematerialized. Of the total dematerialised shares, NSDL accounts for 86.26 % and CDSL accounts for 7.24%.

STOCK CODE	KARURVYSYA
ISIN NO.	INE036D01010

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.

Pursuant to Clause 47 (f) of Listing Agreement, 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.

LOCATION OF THE REGISTERED OFFICE

The Registered and Central Office of the bank is located at Karur, in the State of Tamil Nadu.

Address for Communication:

The Karur Vysya Bank Limited,
 Regd. and Central Office,
 Post Box No.21, Erode Road,
 Karur 639 002
 Tamil Nadu
 Phone : 04324-269440-44, 227133
 Fax : 04324-225700
 e-mail : kvbshares@kvbmail.com
 Website : www.kvb.co.in
 CIN NO : L65110TN1916PLC001295

Declaration as required under Clause 49 (1D) of the Listing Agreement

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, 2014.

Place: Karur

Date: 28.05.2014

K Venkataraman

Managing Director & Chief Executive Officer

CORPORATE GOVERNANCE REPORT

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of The Karur Vysya Bank Limited

We have examined the compliance of conditions of Corporate Governance by the Karur Vysya Bank Limited for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Bank with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. 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, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

Karur
28.05.2014

For R K Kumar & Co
Chartered Accountants
(Firm Reg No 001595S)
C R Sundararajan
Partner
(Membership No. 025400)

MANAGEMENT DISCUSSION AND ANALYSIS

World Economic Overview

During 2013, the global economic situation remained subdued in almost all major economies of the world. The subdued performance was due to many factors. First, continuing growth disappointments in major emerging market economies, reflecting, to varying degrees, infrastructure bottlenecks and other capacity constraints, slower external demand for growth, lower commodity prices, financial stability concerns and in some cases weaker policy support. Secondly, a continued recession in euro area in view of low demand, depressed confidence and weak balance sheets. Third, the United States economy expanded at a weaker pace, as stronger fiscal contraction weighed on improving market demand.

On the current reckoning the global growth is likely to witness 3.5% in 2014, 0.5% higher than in 2013.

Overview of the Indian Economy

India's economy grew marginally to 4.7% in 2013-14, a shade below the original estimate of 4.9% but slightly above the 4.5% growth witnessed in 2012-13. This is the second straight year when the Indian Economy has registered a below 5% growth. The slower growth registered at 4.7% is on account of sharp decline in manufacturing, mining, construction and logistics.

The manufacturing, biggest constituent of Indian Industry, continued to remain under stress, declining 0.7% year on year in FY 14 compared with 1.1% growth in FY13. The mining sector's output shrank 1.4% compared with 2.2% dip in production in 2012-13.

It was mainly the farm sector which by growing at 4.7% in 2013-14 was able to pull the GDP growth. Farming contributes 18% to the GDP now.

Construction grew slightly faster at 1.6% in FY14 against 1.1% a year ago as interest rates remained high.

The services sector, including financing, insurance and real estate grew 12.9% during the fiscal under report compared with 10.9% in the previous fiscal FY 13.

Electricity, gas and water supply grew 5.9% over double the rate of 2.3% in FY13. Trade, hotels, transport and communication grew 3% in FY 14 against 5.1% in FY 13.

The growth in per capita income is estimated at 2.7% in 2013-14 against 2.1% in 2012-13. Per capita income at current prices in 2013-14 is estimated to have reached ₹ 74380 from ₹ 67839 in 2012-13, a rise of 9.6%. Also the Gross Fixed Capital Formation (GFCF) which is a barometer of investment at current prices is estimated at ₹ 32.11 lakh crore in 2013-14 as against ₹ 30.72 lakh crore in 2012-13.

The fiscal deficit in 2012-13 stood at 4.5% of GDP lower than 4.6% projected in the revised estimate, mainly on account of curbs on government expenditure. The fiscal deficit, the gap between government's expenditure and revenue, in actual terms was ₹ 5.08 lakh crore as against ₹ 5.24 lakh crore projected in the revised estimate.

During the fiscal 2013-14, India's exports stood at US \$ 312.36 bn and registered a growth of 3.98%. Imports were at US \$ 450.95 bn, recorded a negative growth of 8.11%.

Total forex reserves as at March 28, 2014 were at US \$ 303.67 bn, and thus recorded an increase of US \$ 11.63 bn as against a decline of US \$ 1.75 bn in the previous fiscal 2012-13.

The inflation which was the central concern during the year and in combination with the current account as well as fiscal deficits, this has prompted RBI to raise its policy repo rate by 75 basis points. Further, RBI capped Banks borrowings under LAF window which made banks access MSF window which was another 100 Basis points higher. These changes have pushed up the floor for rates and despite the liquidity infusion by the Reserve Bank, short term interest rates have remained higher.

Overview of the Indian Banking Sector

Economic slowdown and high inflation resulted in contraction in financial savings of households, with a preference for investments being shifted to gold and real estate. Deposit accretion in banks was affected.

Against the backdrop of a slowdown in the Indian economy coupled with tepid global recovery, the growth of Indian banking remained under pressure in FY14. The deposit and credit growth was marginally better than that in FY13. The growth in deposits of Scheduled Commercial Banks (SCBs) was at 14.6% in FY14. This is marginally up from the 14.2% growth recorded in FY13. The growth is due to the RBI's liberal policy towards NRI Indian

MANAGEMENT DISCUSSION AND ANALYSIS

deposits. The credit growth at 14.3% in FY14 is also marginally better than that at 14.1% recorded in FY13.

The credit deposit ratio of the banking system marginally declined to 77.69% as on 21.03.2014 from 77.95% as on 22.03.2013.

The operating environment for the banking industry continued to be challenging in the fiscal under report with persistent rising inflation, muted growth, slow off-take in credit, high non-performing assets and high incidence of restructured assets.

Opportunities and Threats

The scope in the economic revival is visible and the recovery would be on all fronts. There are expectations of higher import demand from US, euro zone and Japan. This would be seen as opportunities to the emerging markets. Our exports are poised for growth and a push from the Government will revive the investment climate.

The huge middle class population with increasing incomes and banking needs coupled with the huge unbanked population offers opportunity for retail loans.

With the increase in use of computers and mobiles by increasing number of population brings in enormous opportunity for technology products and leveraging the technology to profitably deliver the banking products to them has to be explored constantly to increase the reach and broad base the clientele.

The growth pick up in the economy is expected to be slower and as such the recovery of business and other activities will be to a limited extent, which may slow the growth of the business of banks. The initiative of RBI to award additional licenses may result in higher competition in the industry not only in the medium but also in the long run impacting both the business and exodus of human capital from the existing players. Adoption of Basel III norms could also result in lower profitability for the banking system as a whole in general thereby may have an impact on your Bank.

The Bank is revamping the existing sales force to bring in new customers, cross sell the products to retail customers during the current fiscal. But the Bank would continue to focus on high quality assets.

Efforts are also on to open more branches to increase our business volumes during the current fiscal.

Also the bank would be leveraging technology and open scalable systems to deliver a number of products and services to its customers and reduce operational costs.

Segmentwise and Productwise performance of your Bank

The segment wise and product wise performance both under Advances and Deposits is furnished below:

Deposits	Amount (₹ in cr)	Advance	Amount (₹ in cr)
Demand	3580.44	Cash Credits, Overdrafts and Demand Loans	27695.10
Savings	5408.45	Bills Purchased & Discounted	2111.55
Term	34768.79	Term Loans	4419.33

The Gross Deposits of the Bank grew from ₹ 38652.98 Cr during the fiscal 2012-13 to ₹ 43757.68 Cr in 2013-14 recording an annual growth rate of 13.21%. CASA Deposit accounted for 20.54% in aggregate deposits.

The average deposits stood at ₹ 42101.31 Cr during the fiscal 2013-14 compared to ₹ 33975.47 Cr in 2012-13, registering a growth rate of 23.92%. Cost of deposits declined to 8.24% in fiscal 2013-14 from 8.30% in fiscal 2012-13.

During the year under report, Gross advances increased from ₹ 29705.89 Cr to ₹ 34225.98 Cr recording a growth of 15.22%. The average advances was higher by ₹ 5893.47 Cr to reach ₹ 31538.25 Cr as at the end of fiscal 2013-14 from ₹ 25644.78 Cr at the end of the previous fiscal 2012-13. The average advances growth was at 22.98% in FY 14. The average yield on advances was 12.28% for the fiscal 2013-14 against 12.77% during the earlier fiscal. Spread decreased from 2.41% to 2.09% during the fiscal 2013-14.

The Bank has three business segments viz: Treasury, Corporate/ Wholesale banking, Retail banking and other banking operations. The results of the banking segments are furnished elsewhere in the report.

Risk Management

The Bank has put in place a robust and integrated Risk Management system to ensure that the risks assumed by it are

MANAGEMENT DISCUSSION AND ANALYSIS

within the defined risk appetites and are adequately 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 implementation of Integrated Risk Management System in the Bank is monitored by Central Office Risk Management Department (RMD) headed by Deputy General Manager.

Risk is managed through following Apex committees viz.

1. Risk Management & Asset Liability Management Committee (RMC) - a board level subcommittee
2. Credit Risk Management Committee (CRMC)
3. Asset and Liabilities Management Committee (ALCO)
4. Operational Risk Management Committee (ORMC) and
5. Market Risk Management Committee.

These committees work within the overall guidelines and policies approved by the Risk Management & Asset Liability Management Committee (RMC) / Board.

Policy Framework

The Bank has Board approved policies and procedures in place to measure, manage and control various risks that the Bank is exposed to. Integrated Risk Management Policy has been formulated with the objective of analyzing the overall risk profile of the bank and to integrate all the risks of the Bank. The other important risk policies comprise of Asset-Liability Management (ALM) Policy, Investment Policy, Credit Policy, Country Risk Management Policy, Operational Risk Management Policy, Business Continuity Planning (BCP) & Disaster Recovery Management (DRM) Policy, Stress Testing Policy, Collateral Management Policy, Internal Rating Policy, ICAAP Policy. The policies are reviewed annually by the RMC / Board.

Bank's Compliance with BASEL-II

In terms of extant guidelines of Reserve Bank of India, the Bank has adopted the New Capital Adequacy Framework effective from 31.03.2009. Based on Basel II norms, the Bank has adopted Standardised Approach for Credit Risk, Modified Duration approach for Market Risk and Basic Indicator approach for Operational Risk for computing the capital charge. The CRAR position of the Bank is reviewed by the Board on half yearly basis. Bank has geared up to maintain time schedule for moving

towards advanced approaches under BASEL II as suggested by RBI. Bank is in the process of appointing a consultant for moving to Advanced approaches of Basel II and implementation of Basel III Guidelines.

ICAAP Policy

In compliance with the Reserve Bank of India guidelines on Basel II – Pillar 2 - Supervisory Review and Evaluation Process (SREP), the Internal Capital Adequacy Assessment Process (ICAAP) Policy has been formulated to assess the capital requirement commensurate with the size, level of complexity, risk profile and scope of operations of the Bank. Various residual risks are assessed and additional capital is provided for wherever required. The capital adequacy of the Bank is assessed based on the analysis of current and projected financial/capital position as well as the headroom available.

Stress Testing exercises are also undertaken to assess the likely impact of various stress situations in relation to capacity of Bank's profitability to absorb the shock and consequent impact on Bank's capital.

Disclosure

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

Credit Risk

Credit risk management processes involve identification, measurement, monitoring and control of credit exposures. Credit risk and its policy formulation is managed by Risk Management Department. Bank regularly monitors prudential caps in different loan segments including industry, corporate, retail and individual/group borrowers.

Comprehensive credit rating framework comprising of Credit Risk Rating Models for Corporate and Retail Loans, pricing of loans linked to risk assessment and credit rating, study & analysis of industries/portfolio, migration of credit ratings is undertaken.

At the operating level an awareness of Basel II norms is created and continuously enhanced to achieve the aim of conservation and optimum use of capital.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Risk

The Bank's portfolio is exposed to market risk on account of changes due to interest rates and currency rates.

Asset and Liabilities Management Committee (ALCO) of Executives is overseeing the functions relating to market risk. The Bank has put in place a variety of market risk measurement systems and tools. Strict adherence to various limits and proper escalation of breaches, if any, are followed.

The Liquidity Management Framework is well established, which safeguards the ability of the Bank to meet all payment obligations when they become due. It is designed to identify measure and manage the liquidity risk position of the Bank.

The Bank is computing the market risk capital charge as per the Modified Duration approach, by using Modified duration method, as per the regulator's guidelines. The Bank also calculates Value at Risk (VaR) on its foreign exchange and Investments portfolio.

The Bank periodically undertakes stress test exercise to highlight the potential risks, on account of liquidity & interest rate risk that may arise due to events that are rare but plausible. The impacts of shock on account of different risk factors that may generate worst case scenario are studied and to counter the impact, possible solutions are derived.

Operational Risk

The Operational Risk Management Committee (ORMC) oversees matters relating to risks associated with operations and ensures the continuity / restoration of business in the event of contingency / exigencies. Presently, capital charge on operational risk is calculated as per Basic Indicator Approach. The Bank has started the process of collecting Loss Data for migration to advanced approaches of Operational Risk.

Internal Control and Systems Adequacy

Your Bank has put in place well articulated internal control measures commensurate with the size of the Bank and complexity of operations. Bank has a separate Compliance Department. The Department is adequately equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to compliance requirements and internal circular guidelines. Comprehensive processes have

been established for the internal auditors to ensure that all facets of the Banking operations are subjected to scrutiny.

A sound internal audit mechanism plays an important role in contributing to the effectiveness of the internal control mechanism. Internal Audit Department undertakes a comprehensive risk based internal audit of all its business units. Risk based Internal Audit lays focus on Risk identification, Risk measurement, adequacy of Control Systems and Procedures as well as optimum use of resources. It aims at giving an assurance to the Management on the level of regulatory and systemic compliance apart from assisting in accomplishment of corporate governance objectives.

An Audit Plan is drawn up on the basis of risk profiling of branches/offices. As per the plan, the Bank undertakes internal audit of its business units at a periodicity depending upon risk perceptions.

As per RBI guidelines, concurrent audit is carried out at the branches/offices identified based on risk perception. This audit is a complement to the Internal Audit Function and is being carried out by the Bank by engaging the services of external firm of Chartered Accountants.

The branches and administrative offices of the Bank are subjected to IS Audit also. Bank is also conducting Rural Audit and Revenue Audit of certain branches. IAD is also conducting surprise inspections and carrying out re-appraisal process in case of jewel loans.

In order to ensure independence of the Audit function and in line with the good corporate governance practices, Internal Audit function has a reporting to the Audit Committee of the Board, which oversees the performance and reviews the effectiveness of controls laid down by the Bank and compliance with the regulatory guidelines, besides rendering effective guidance to ensure conformity with best practices in the internal audit domain.

During the year under report all branches of the Bank were carried out Risk Based Internal Audit by the internal inspectors of the Bank. Also the Bank has covered 75% of its aggregate business under Concurrent Audit during 2013-14.

Your Bank has put in place KYC and Anti Money Laundering measures which are in line with the regulatory guidelines. As a part of the control, the transactions are being viewed at Central Office of the Bank on an ongoing basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial performance with respect to operational performance

Interest income of the Bank during 2013-14 recorded a growth of ₹ 873.53 Cr (20.59%) from ₹ 4242.43 Cr in the year 2012-13 to ₹ 5115.96 Cr. Non-Interest income increased by ₹ 111.89 Cr (24.72%) from ₹ 452.56 Cr in FY 2012-13 to ₹ 564.45 Cr.

Interest expended increased to ₹ 3832.26 Cr with a y-o-y increase of 24.26%. The total expenditure stood at ₹ 4842.62 Cr compared to ₹ 3846.16 Cr in the previous fiscal 2012-13.

The Net Interest Income grew at 10.81% from ₹ 1158.47 Cr to ₹ 1283.70 Cr.

Your Bank posted an operating profit of ₹ 837.79 Cr for the financial year 2013-14, against ₹ 848.83 Cr attained during the corresponding period last year. For the year ended 2013-14, net profit showed a decline of 21.94% to ₹ 429.60 Cr from ₹ 550.32 Cr in FY 13.

Net Interest Margin of the Bank was 2.64% as at the end of 31.03.2014. The Return on Assets was at 0.86% as at the end of fiscal under report.

Human Resource Management

The Banking sector has been experiencing far reaching changes on account of economic reforms, competition, customer expectations and technological advancements. Human resource development is a critical element of the Bank's overall strategy for ensuring profitable and qualitative growth. The present day banker needs to be customer oriented duly possessing the

requisite skills, pragmatic in approach besides a good and quick decision maker.

The rapidly changing environment and the challenges it poses on the organization makes it imperative to improve the skill sets of the employees. Accordingly your Bank accords top priority to training and human resources development initiatives.

The Bank conducts various training programmes through its dedicated training college. Further the Bank's quest to enhance the competencies of the workforce continued through focused and need based trainings at various external training programmes organised at various institutes of repute like NIBM, IDRBT, Institute of Public Administration, Indian Bank Management Academy for Growth & Excellence etc. The Bank has also appointed IFBI for conducting induction training courses to new recruits at their various centers. The Bank is also conducting knowledge updation test to its clerks and officers at periodic intervals. Bank has also introduced e-learning process in its intra-net website for its employees.

During the year under report there were 3626 nominations for 251 programmes (both internal and external) in the category of clerks, officers and executives. Your Bank has also revisited HR Policies to suit the changing banking scenario.

KVB's talent base as on 31.03.2014 stands at 7340 with the induction of 1632 new entrants in various positions during the year. The average age of the employees of your Bank is now 32 years.

Your Bank maintains cordial industrial relations in an atmosphere of peace and harmony in the organisation.

AUDITORS' REPORT TO SHAREHOLDERS

To

The Shareholders of The Karur Vysya Bank Limited

Report on the Financial Statements:

1. We have audited the accompanying financial statements of the The Karur Vysya Bank Limited, which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 7 branches/offices audited by us, 631 branches/offices audited by branch auditors.

Management's responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949 and Accounting Standards notified under the Companies Act, 1956 ("this Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the accounting policies and notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2014;
- (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to:

- (a) Note No. 5.13 of the financial statements, regarding deferment of pension and gratuity liability of the bank to the extent of ₹ 16.90 crore to be amortized in the next year pursuant to the exemption granted by the Reserve Bank of India from the application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide circular No. DBOD. BP. BC /80/21.04.018/2010-11 dated Feb.9th 2011; and
- (b) Note No. 6.2 of the financial statements, which describes the accounting treatment of the expenditure on creation of Deferred Tax Liability of ₹ 49.29 crore on Special Reserve under section 36(1)(viii) of the Income

AUDITORS' REPORT TO SHAREHOLDERS

Tax Act, 1961 as at 31st March 2013, pursuant to RBI's Circular No. DBOD No.BP.BC.77/ 21.04.018 / 2013-14 dated 20th December 2013.

Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

Report on other legal and Regulatory requirements:

8. 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 211 of the Companies Act, 1956.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above, 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.
10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the

11. We further report that:

- (i) the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns;
- (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
- (iii) the reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.
- (iv) as per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956,
- (v) on the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Karur
May 28, 2014

For R K Kumar & Co.
Chartered Accountants
Firm Registration No.001595S
(C.R. Sundararajan)
Partner
Membership No. 025400

BALANCE SHEET AS AT 31ST MARCH 2014

(000's omitted)

	SCHEDULE	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
CAPITAL & LIABILITIES			
Capital	1	107,18,11	107,18,11
Reserves & Surplus	2	3219,16,34	2978,01,30
Deposits	3	43757,68,42	38652,97,91
Borrowings	4	3293,30,87	3999,34,24
Other Liabilities and Provisions	5	1165,81,53	995,82,39
	TOTAL	51543,15,27	46733,33,95
ASSETS			
Cash and Bank Balances with			
Reserve Bank of India	6	2546,19,78	1628,63,57
Balances with Banks and Money at call and short notice	7	132,03,49	167,38,41
Investments	8	13247,00,42	13837,25,81
Advances	9	33992,13,37	29480,12,60
Fixed Assets	10	384,69,56	322,10,98
Other Assets	11	1241,08,65	1297,82,58
	TOTAL	51543,15,27	46733,33,95
Contingent Liabilities	12	11306,42,51	9784,70,95
Bills for collection		2106,19,49	1604,52,17
Significant Accounting Policies	17		
Notes on Accounts	18		

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

K.P. KUMAR
Chairman

K. VENKATARAMAN
MD & CEO

M.G.S. RAMESH BABU
Director

S. GANAPATHI SUBRAMANIAN
Director

G. RAJASEKARAN
Director

A.J. SURIYANARAYANA
Director

K. RAMADURAI
Director

K.K. BALU
Director

N.S. SRINATH
Director

B. SWAMINATHAN
Director

As per our report of even date
For R.K. KUMAR & CO.,
Chartered Accountants
Firm Regn No. 001595S
(C.R. SUNDARARAJAN)
PARTNER (M.NO.025400)

V. KRISHNASWAMY
PRESIDENT & COO

T. SIVARAMAPRASAD
GENERAL MANAGER & CFO

R. KANNAN
COMPANY SECRETARY

Karur
28th May 2014

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

(000's omitted)

	SCHEDULE	Year Ended 31.03.2014 ₹.	Year Ended 31.03.2013 ₹.
I INCOME			
Interest Earned	13	5115,96,34	4242,42,90
Other Income	14	564,45,01	452,56,16
TOTAL		<u>5680,41,35</u>	<u>4694,99,06</u>
II EXPENDITURE			
Interest Expended	15	3832,25,68	3083,96,21
Operating Expenses	16	1010,36,16	762,19,70
Provisions and Contingencies		408,19,56	298,50,86
TOTAL		<u>5250,81,40</u>	<u>4144,66,77</u>
III PROFIT			
Net Profit for the year		429,59,95	550,32,29
Profit brought forward		1,02,54	1,77,27
TOTAL		<u>430,62,49</u>	<u>552,09,56</u>
IV APPROPRIATIONS			
Transfers to			
Statutory Reserve		128,00,00	165,00,00
Capital Reserve		1,74,60	16,51,50
Special Reserve u/s 36(1)(viii) of IT Act		0	50,00,00
Revenue & Other Reserves		157,00,00	123,00,00
Investment Reserve		(-21,00,00)	21,00,00
Proposed Dividend		139,98,55	150,05,36
Dividend Tax		23,79,05	25,50,16
		<u>429,52,20</u>	<u>551,07,02</u>
BALANCE OF PROFIT		1,10,29	1,02,54
TOTAL		<u>430,62,49</u>	<u>552,09,56</u>
Basic Earnings Per Share	in ₹	40.08	51.35
Diluted Earnings Per Share	in ₹	39.78	50.94
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of Profit & Loss Account

K.P. KUMAR
Chairman

M.G.S. RAMESH BABU
Director

A.J. SURIYANARAYANA
Director

N.S. SRINATH
Director

V. KRISHNASWAMY
PRESIDENT & COO

Karur
28th May 2014

S. GANAPATHI SUBRAMANIAN
Director

K. RAMADURAI
Director

B. SWAMINATHAN
Director

T. SIVARAMAPRASAD
GENERAL MANAGER & CFO

R. KANNAN
COMPANY SECRETARY

K. VENKATARAMAN
MD & CEO

G. RAJASEKARAN
Director

K.K. BALU
Director

As per our report of even date
For R.K. KUMAR & CO.,
Chartered Accountants
Firm Regn No. 001595S
(C.R. SUNDARARAJAN)
PARTNER (M.NO.025400)

SCHEDULES

(000's omitted)

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
SCHEDULE 1 - CAPITAL		
Authorised Capital		
20,00,00,000 Equity Shares of ₹ 10/- each	200,00,00	200,00,00
Issued Capital:		
10,72,68,622 Equity Shares of ₹ 10/- each	107,26,86	107,26,86
Subscribed & Paid up Capital:		
10,71,80,406 Equity shares of ₹10/- each		107,18,04
Add: Issue of 700 Equity shares of ₹10/- each kept in abeyance earlier	NIL	7
10,71,81,106 Equity shares of ₹10/- each	107,18,11	
TOTAL	107,18,11	107,18,11
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserve		
Opening Balance	1023,53,31	858,53,31
Addition during the year	128,00,00	165,00,00
	1151,53,31	1023,53,31
II Capital Reserve		
Opening Balance	76,37,39	59,85,89
Addition during the year	1,74,60	16,51,50
	78,11,99	76,37,39
III Share Premium		
Opening Balance	553,14,42	553,14,22
Addition during the year (Rights Issue)	0	23
	553,14,42	553,14,45
Less : Amount appropriated towards allotment of Bonus shares kept in abeyance earlier	0	3
	553,14,42	553,14,42
IV Revenue and Other Reserve		
a) General Reserve		
Opening Balance	1155,73,16	1032,73,16
Addition during the year	136,00,00	123,00,00
Add: Transferred from Investment Reserve	21,00,00	0
Less: DTL on Special Reserve	49,28,55	0
	1263,44,61	1155,73,16

SCHEDULES

(000's omitted)

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
SCHEDULE 2 - RESERVES AND SURPLUS (contd.)		
b) Investment Reserve		
Opening Balance	21,00,00	0
Addition during the year	0	21,00,00
Deduction during the year	21,00,00	0
	<u>0</u>	<u>21,00,00</u>
c) Employee Stock Option outstanding		
Opening Balance	2,20,48	0
Addition during the year	24,61,24	2,20,48
	<u>26,81,72</u>	<u>2,20,48</u>
d) Special Reserve u/s 36(1) (viii) of I.T. Act		
Opening Balance	145,00,00	95,00,00
Addition during the year	0	50,00,00
	<u>145,00,00</u>	<u>145,00,00</u>
V Balance of Profit :	1,10,29	1,02,54
TOTAL	<u>3219,16,34</u>	<u>2978,01,30</u>

SCHEDULE 3 - DEPOSITS

A I. Demand Deposits :		
i) From Banks	2,73,99	1,52,78
ii) From Others	3577,70,28	3051,82,15
	<u>3580,44,27</u>	<u>3053,34,93</u>
II. Savings Bank Deposits	5408,45,51	4385,79,65
III. Term Deposits		
i) From Banks	520,28,84	62,98,44
ii) From Others	34248,49,80	31150,84,89
	<u>34768,78,64</u>	<u>31213,83,33</u>
TOTAL OF I, II & III	<u>43757,68,42</u>	<u>38652,97,91</u>
B Deposits from Branches :		
i) In India	43757,68,42	38652,97,91
ii) Outside India	NIL	NIL
TOTAL	<u>43757,68,42</u>	<u>38652,97,91</u>

SCHEDULES

(000's omitted)

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	315,00,00	NIL
ii) Other Banks	600,02,19	1,03,21
iii) Other Institutions and Agencies	1081,75,23	2627,86,93
iv) Subordinated debt for Tier II Capital	150,00,00	150,00,00
	<u>2146,77,42</u>	<u>2778,90,14</u>
II Borrowings outside India	1146,53,45	1220,44,10
TOTAL	<u>3293,30,87</u>	<u>3999,34,24</u>
Secured Borrowings included in I and II above	1081,75,23	2624,28,18

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I Bills Payable	205,27,62	230,35,02
II Inter Office Adjustments (Net)	NIL	NIL
III Interest Accrued	212,71,72	182,39,86
IV Deferred Tax	19,67,55	4,50,50
V Others (including provisions)	728,14,64	578,57,01
TOTAL	<u>1165,81,53</u>	<u>995,82,39</u>

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

I Cash in Hand (Including Foreign Currency Notes)	419,46,54	370,97,28
II Balances with Reserve Bank of India In Current Account	2126,73,24	1257,66,29
TOTAL	<u>2546,19,78</u>	<u>1628,63,57</u>

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

I In India		
i) Balances with Banks :		
a) In Current Accounts	33,75,84	72,02,93
b) In Other Deposit Accounts	43,73	67,43,73
ii) Money at Call and Short Notice with Banks	NIL	NIL
	<u>34,19,57</u>	<u>139,46,66</u>
II Outside India		
In Current Accounts	67,78,92	27,91,75
In Other Deposit Accounts	30,05,00	NIL
TOTAL	<u>132,03,49</u>	<u>167,38,41</u>

SCHEDULES

(000's omitted)

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
SCHEDULE 8 - INVESTMENTS		
I Gross Investments in India	13445,45,65	13868,84,74
Less : Provision for Investment Depreciation	198,45,23	31,58,93
Net Investments in India	13247,00,42	13837,25,81
Break-up		
i) Government Securities	12193,12,04	12629,01,02
ii) Other Approved Securities	NIL	NIL
iii) Shares	143,62,65	145,34,08
iv) Debentures and Bonds	329,30,09	164,69,75
v) Mutual Fund Units & Others	580,95,64	898,20,96
TOTAL	13247,00,42	13837,25,81
II Investments outside India	NIL	NIL
TOTAL	13247,00,42	13837,25,81
SCHEDULE 9 - ADVANCES		
A i) Bills purchased and discounted	2111,45,08	1557,65,96
ii) Cash Credits, Overdrafts and Loans repayable on Demand	27653,43,92	22989,76,14
iii) Term Loans	4227,24,37	4932,70,50
TOTAL	33992,13,37	29480,12,60
B i) Secured by tangible assets (incl. Book Debts)	32141,42,10	27747,24,33
ii) Covered by Bank / Government guarantees	972,53,22	615,50,15
iii) Unsecured	878,18,05	1117,38,12
TOTAL	33992,13,37	29480,12,60
C I Advances in India		
i) Priority Sector	12584,97,71	10149,90,63
ii) Public Sector	175,98,53	699,50,92
iii) Banks	NIL	NIL
iv) Others	21231,17,13	18630,71,05
TOTAL	33992,13,37	29480,12,60
II Advances Outside India	NIL	NIL
TOTAL	33992,13,37	29480,12,60

SCHEDULES

(000's omitted)

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
SCHEDULE 10 - FIXED ASSETS		
I Premises :		
At cost as on 31st March of the preceding year	138,50,55	134,21,22
Addition during the year	14,16,25	4,50,03
	152,66,80	138,71,25
Deduction during the year	Nil	20,70
	152,66,80	138,50,55
Depreciation to date	34,57,55	31,08,84
	118,09,25	107,41,71
II Building under construction	8,75,83	1,70,10
III Other Fixed Assets :		
(Including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	492,53,66	364,41,33
Addition during the year	116,74,31	128,46,98
	609,27,97	492,88,31
Deduction during the year	72,98	34,65
	608,54,99	492,53,66
Depreciation to date	350,70,51	279,54,49
	257,84,48	212,99,17
TOTAL	384,69,56	322,10,98

SCHEDULE 11 - OTHER ASSETS

I Inter Office Adjustments (Net)	29,27,40	36,60,20
II Interest Accrued	322,50,72	266,13,94
III Tax paid in advance / Tax deducted at source (Net)	235,64,58	170,97,75
IV Stationery and Stamps	7,93,53	7,95,44
V Deferred Tax	NIL	NIL
VI Non Banking Assets acquired in satisfaction of claims	NIL	NIL
VII Others	645,72,42	816,15,25
TOTAL	1241,08,65	1297,82,58

SCHEDULES

(000's omitted)

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	4,77,46	6,61,44
II Liability on account of outstanding		
a) Forward Exchange Contracts	7287,77,65	6311,87,83
b) Derivatives	NIL	NIL
III Guarantees given on behalf of Constituents in India	2359,21,26	2002,91,14
IV Acceptances, Endorsements and other Obligations	1654,66,14	1463,30,54
V Other items for which the Bank is contingently liable	NIL	NIL
TOTAL	11306,42,51	9784,70,95
	Year ended 31.03.2014 ₹.	Year ended 31.03.2013 ₹.

SCHEDULE 13 - INTEREST EARNED

I Interest / discount on advances/bills	3872,00,46	3274,35,87
II Income on Investments	1197,38,23	950,35,46
III Interest on balances with Reserve Bank of India and other inter-bank funds	10,91,80	16,19,68
IV Others	35,65,85	1,51,89
TOTAL	5115,96,34	4242,42,90

SCHEDULE 14 - OTHER INCOME

I Commission, Exchange and Brokerage	335,60,06	278,48,75
II Profit/Loss on sale of investments-Net	103,73,05	88,34,98
III Profit on sale of land, buildings and other assets	(-),5,65	65,68
IV Profit on exchange transactions - Net	36,54,25	21,02,90
V Miscellaneous Income	88,63,30	64,03,85
TOTAL	564,45,01	452,56,16

SCHEDULES

(000's omitted)

	Year ended 31.03.2014 ₹.	Year ended 31.03.2013 ₹.
--	--------------------------------	--------------------------------

SCHEDULE 15 - INTEREST EXPENDED

I Interest on Deposits	3468,36,64	2819,70,57
II Interest on Reserve Bank of India/Inter-bank borrowings	114,70,29	104,04,08
III Others	249,18,75	160,21,56
TOTAL	<u>3832,25,68</u>	<u>3083,96,21</u>

SCHEDULE 16 - OPERATING EXPENSES

I Payments to and Provisions for employees	527,91,58	343,61,69
II Rent, Taxes and Lighting	101,29,96	73,30,28
III Printing and Stationery	11,23,82	13,86,99
IV Advertisement and Publicity	23,02,14	28,42,38
V Depreciation on Bank's Property	74,68,58	56,37,97
VI Directors' fees, allowances and expenses	66,06	71,33
VII Auditors' fees and expenses (includes for branch auditors)	1,71,34	1,22,39
VIII Law Charges	1,23,68	87,38
IX Postages, Telegrams, Telephones, etc.	17,16,39	16,61,39
X Repairs and Maintenance	19,73,34	20,88,21
XI Insurance	35,37,99	32,15,51
XII Other Expenditure	196,31,28	174,14,18
TOTAL	<u>1010,36,16</u>	<u>762,19,70</u>

SCHEDULES

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

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

B. BASIS OF PREPARATION

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

Use of Estimates:

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

C. PRINCIPAL ACCOUNTING POLICIES

1. Foreign Exchange Transactions

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

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

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

2. Investments

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

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

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

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

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

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

SCHEDULES

3. Derivatives

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

4. Advances

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

5. Fixed Assets

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

6. Depreciation

Fixed Assets except Computers are depreciated under Written Down Value Method at the rates specified in the schedule XIV of the Companies Act, 1956. Depreciation on Computers, including software, is charged at 33.33% on Straight Line Method as per the guidelines of RBI. Depreciation on assets purchased and sold during the year is provided on pro rata basis.

7. Revenue / Expense Recognition

Income and Expenditure are generally accounted on accrual basis.

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

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

Interest Income on Tax Refund is accounted on Receipt basis.

8. Employee Benefits

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

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

9. Segment Reporting

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

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

10. Earnings per Share

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

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

SCHEDULES

11. Income-tax

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

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

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

12. Impairment of Assets

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

13. Provisions and Contingent Liabilities

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

sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

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

14. Net Profit

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

Provision for Taxes,

Provision for Standard Assets and Non Performing Assets,

Provision for Depreciation on investments, and

Other usual and necessary provisions.

SCHEDULE 18 - NOTES ON ACCOUNTS

1. INTER-BRANCH TRANSACTIONS:

Inter Branch/Office accounts reconciliation has been completed upto 31.03.2014 and all the Inter branch entries have been reconciled upto 31.03.2014.

2. BALANCING OF BOOKS:

The books of accounts have been balanced and tallied in all branches of the Bank up to 31.03.2014.

SCHEDULES

3. DISCLOSURES AS PER RESERVE BANK OF INDIA REQUIREMENTS:

3.1 Capital:

Sl. No.	Particulars	2013-14		2012-13
		Basel III	Basel II	Basel II
i)	Common Equity Tier 1 capital ratio (%)	11.62	Nil	Nil
ii)	Tier 1 capital ratio (%)	11.62	11.62	13.10
iii)	Tier 2 capital ratio (%)	0.97	1.15	1.31
iv)	Total Capital ratio (CRAR) (%)	12.60	12.77	14.41
v)	Amount of equity capital raised	Nil	Nil	Nil
vi)	Amount of additional Tier 1 capital raised, of which	Nil	Nil	Nil
	- PNCPS	Nil	Nil	Nil
	- PDI	Nil	Nil	Nil
vii)	Amount of Tier 2 capital raised, of which	Nil	Nil	Nil
	- Debt capital instruments	Nil	Nil	Nil
	- Preference share capital instruments	Nil	Nil	Nil
	- Perpetual cumulative preference shares (PCPS)	Nil	Nil	Nil
	- Redeemable non cumulative preference shares (RNCPS)	Nil	Nil	Nil
	- Redeemable cumulative preference shares (RCPS)	Nil	Nil	Nil

3.2 Investments:

(₹. in Crore)

Particulars	2013-14	2012-13
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	13445.46	13868.85
(b) Outside India	NIL	NIL
(ii) Provisions for Depreciation / NPI		
(a) In India	198.45	31.59
(b) Outside India	NIL	NIL
(iii) Net Value of Investments		
(a) In India	13247.01	13837.26
(b) Outside India	NIL	NIL
(2) Movement of provisions held towards depreciation on investments and Non Performing Investments		
(i) Opening balance	31.59	75.18
(ii) Add: Provisions made during the year	195.64	NIL
(iii) Less: Write-off/write-back of excess provisions during the year	28.78	43.59
(iv) Closing balance	198.45	31.59

SCHEDULES

3.2.1 Repo Transactions: (in face value terms)

(₹. in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2014
Securities sold under repos				
i. Government Securities	158.00	3173.00	997.00	2438.00
ii. Corporate Debt Securities	NIL	NIL	NIL	NIL
Securities purchased under reverse repos				
i. Government Securities	30.00	600.00	5.48	NIL
ii. Corporate Debt Securities	NIL	NIL	NIL	NIL

3.2.2 Non-SLR Investment Portfolio:

i) Issuer composition of Non SLR investments:

(₹. in Crore)

No.	Issuer	Amount	Extent of Private placement	Extent of Below Investment Grade Securities	Extent of unrated securities	Extent of unlisted securities
1	2	3	4	5	6	7
1	PSUs	239.73	231.79	NIL	25.09	177.09
2	FIs	0.00	0.00	NIL	0.00	0.00
3	Banks	117.06	55.00	NIL	0.00	0.00
4	Private Corporates	130.05	90.03	NIL	13.01	18.01
5	Subsidiaries / Joint Ventures	NIL	NIL	NIL	NIL	NIL
6	Others	583.52	137.16	NIL	137.16	137.16
7	Less: Provision held towards depreciation and non performing investments	16.48	NIL	NIL	NIL	NIL
	Total	1053.88				

* Amounts reported under columns 4 to 7 above are not mutually exclusive.

(ii) Non performing Non-SLR investments:

(₹. in Crore)

Particulars	2013-14	2012-13
Opening balance	4.07	4.07
Additions during the year since 1st April	NIL	NIL
Reductions during the above period	1.26	NIL
Closing balance	2.81	4.07
Total provisions held	2.81	4.07

SCHEDULES

3.2.3 Sale and transfers to / from HTM Category

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

3.2.4 During the year ended March 31, 2014 there was one instance of SGL bouncing for which RBI has not imposed any penalty.

3.2.5 The percentage of SLR investments under "Held to Maturity" category as on 31.03.2014 was 22.94% of Demand and Time Liability of the Bank (Previous year 20.93%), which is within the permissible limit as per RBI guidelines.

3.3 Derivatives

3.3.1. Forward Rate Agreement/ Interest Rate Swap:

(₹. in Crore)

Particulars	2013-14	2012-13
1. The notional principal of swap agreements	NIL	NIL
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
3. Collateral required by the bank upon entering into swaps	NIL	NIL
4. Concentration of credit risk arising from the swaps	NIL	NIL
5. The fair value of the swap book	NIL	NIL

3.3.2 Exchange Traded Interest Rate Derivatives:

(₹. in Crore)

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

3.3.3 Disclosures on risk exposure in derivatives:

Qualitative Disclosure:

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

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

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

Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly basis. The MTM values are informed to the clients every month and margin topped up where required.

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

Accounting:

Accounting Policies as per RBI guidelines have been adopted. The hedge swaps are accounted for like a hedge of the asset or liability. The income / expense on hedge swaps are accounted on accrual basis except where swaps transactions whose underlying is subjected to mark to market. Such hedge swaps are marked to market on a monthly basis and the gain / losses are recorded as

SCHEDULES

an adjustment to the designated asset / liability. The Non hedge swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

Collateral Security:

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

Credit Risk Mitigation:

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

Dealing in derivatives is centralized in the treasury of the Bank. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into

by the front office and ensures compliance with various internal and regulatory guidelines. Back Office undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting.

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

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

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

Quantitative Disclosures:

(₹. in Crore)

Sl. No.	Particulars	Currency Derivatives	Interest rate Derivatives
(i)	Derivatives (Notional Principal Amount)	NIL	NIL
	a) For hedging		
	b) For trading		
(ii)	Marked to Market Positions (1)	NIL	NIL
	a) Asset (+)		
	b) Liability (-)		
(iii)	Credit Exposure (2)	NIL	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	NIL	NIL
	a) on hedging derivatives		
	b) on trading derivatives		
(v)	Maximum and Minimum of 100*PV01 observed during the year	NIL	NIL
	a) on hedging		
	b) on trading		

SCHEDULES

3.4 Asset Quality

3.4.1 Non-Performing Asset:

(₹. in Crore)

Particulars	2013-14	2012-13
(i) Net NPAs to Net Advances (%)	0.41%	0.37%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	285.86	320.99
(b) Additions during the year	147.83	200.54
(c) Reductions during the year	154.51	235.67
(d) Closing balance	279.18	285.86
(iii) Movement of Net NPAs		
(a) Opening balance	108.74	78.78
(b) Additions during the year	114.81	107.75
(c) Reductions during the year	83.64	77.79
(d) Closing balance	139.91	108.74
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)		
(a) Opening balance	151.50	201.51
(b) Provisions made during the year	189.47	104.67
(c) Write off/Write back of excess provisions	226.49	154.68
(d) Closing balance	114.48	151.50

SCHEDULES

(₹. 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	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures ¹)	No. of borrowers	9	0	0	1	10	23	2	1	2	28	86	2	1	6	95	118	4	2	9	133
		Amount outstanding	178.70	0.00	0.00	3.25	181.95	12.04	0.14	0.11	0.07	12.36	897.29	7.08	70.20	32.11	1006.68	1088.03	7.22	70.31	35.43	1200.99
2	Fresh Restructuring during the year ¹	Provision thereon	13.25	0.00	0.00	13.25	0.20	0.01	0.00	0.00	0.21	23.22	23.22	0.00	0.90	0.00	24.12	36.67	0.01	0.90	0.00	37.58
		No. of borrowers	10	0	0	0	10	19	0	0	0	19	95	0	0	0	95	124	0	0	0	124
3	Upgradations to restructured standard category during the FY	Amount outstanding	402.28	0.00	0.00	402.28	25.90	0.00	0.00	0.00	25.90	454.42	454.42	0.00	0.25	0.00	454.67	882.60	0.00	0.25	0.00	882.85
		Provision thereon	15.59	0.00	0.00	15.59	0.05	0.00	0.00	0.00	0.05	6.51	6.51	0.00	0.00	0.00	6.51	22.15	0.00	0.00	0.00	22.15
4	Restructured standard advances which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-1	0	0	-1	-14	0	0	0	-14	-25	-25	0	0	0	-25	-40	0	0	-40	
		Amount outstanding	-38.31	0.00	0.00	0.00	-38.31	-4.65	0.00	0.00	0.00	-4.65	-110.14	-110.14	0.00	0.00	0.00	-110.14	-153.10	0.00	0.00	-153.10
		Provision thereon	0.00	0.00	0.00	0.00	-0.13	0.00	0.00	0.00	-0.13	-0.13	-0.13	0.00	0.00	0.00	-0.13	-0.26	0.00	0.00	-0.26	

SCHEDULES

3.4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction: (₹. in Crore)

Particulars	2013-14	2012-13
(i) No. of accounts	28	30
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	86.98	143.48
(iii) Aggregate consideration	112.00	149.76
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v) Aggregate gain / (loss) over net book value	25.02	6.28

3.4.4 Details of Non-performing financial assets purchased / sold

The Bank has not purchased / sold any Non Performing Assets to banks during the financial year 2013-14 (Previous Year – NIL)

3.4.5 Provisions on Standard Asset: (₹. in Crore)

Particulars	As on 31st March 2014	As on 31st March 2013
Provisions towards Standard Assets	172.17	132.09

3.5 Business Ratios:

Particulars	2013-14	2012-13
1. Interest Income as a percentage to Working Funds	10.22%	10.41%
2. Non-interest income as a percentage to Working Funds	1.13%	1.11%
3. Operating Profit as a percentage to Working Funds	1.67%	2.08%
4. Return on Assets	0.86%	1.35%
5. Business (Deposits plus advances) per employee (₹. in Crore)	10.55	10.14
6. Profit per employee (₹. in Lakh)	5.85	8.18

3.6 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹. in Crore)

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	64.57	2729.86	2115.96	315.10	1748.05	1818.92
2 to 7 days	1012.34	311.51	247.12	1081.75	46.29	154.74
8 to 14 days	819.66	256.77	233.02	0.00	0.00	0.00
15 to 28 days	1435.78	574.01	368.55	385.84	359.86	56.94
29 days to 3 months	5434.46	2940.33	1423.86	1062.65	483.57	197.95
3 months to 6 months	4453.09	2847.90	1153.68	297.97	283.16	60.31
6 months to 1 year	8162.78	6157.61	1877.85	0.00	9.24	3.68
1 year to 3 years	6577.96	12480.16	1998.36	0.00	15.64	0.00
3 years to 5 years	4570.35	2805.40	1393.96	0.00	58.24	0.00
Over 5 years	11226.69	3122.43	2633.53	150.00	0.44	0.00
Total	43757.68	34225.98	13445.89	3293.31	3004.49	2292.54

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.

SCHEDULES

3.7 Exposures

3.7.1 Exposure to Real Estate Sector:

(₹. in Crore)

Category	2013-14	2012-13
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 of which individual housing loans eligible for priority sector advances	1559.53	1083.77
(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	1531.09	1062.52
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	203.38	271.29
Total Exposure to Real Estate Sector	3294.00	2417.58

3.7.2 Exposure to Capital Market:

(₹. in Crore)

Particulars	2013-14	2012-13
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	118.65	129.3
(ii) Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	1.81	1.21
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	NIL	NIL
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	NIL	NIL
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	145.62	213.73
(vi) Loans sanctioned to corporates against the security of shares / bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	6.85	114.09

SCHEDULES

Particulars	2013-14	2012-13
(vii) Bridge loans to companies against expected equity flows/issues	NIL	NIL
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	NIL	NIL
(ix) Financing to stockbrokers for margin trading	NIL	NIL
(x) All exposures to Venture Capital Funds (both registered and unregistered)	25.00	25.00
Total Exposure to Capital Market	297.93	483.06

3.7.3 Risk Category wise Country Exposure:

(₹. in Crore)

Risk Category	Exposure (net) as at 31.03.2014	Provision held as at 31.03.2014	Exposure (net) as at 31.03.2013	Provision held as at 31.03.2013
Insignificant	965.88	NIL	188.29	NIL
Low	586.93	NIL	174.02	NIL
Moderate	66.63	NIL	63.18	NIL
High	13.37	NIL	13.17	NIL
Very High	4.58	NIL	0.98	NIL
Restricted	0.13	NIL	0.02	NIL
Off-credit	NIL	NIL	0.06	NIL
Total	1637.52	NIL	439.72	NIL

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

3.7.4. Details of Single Borrower Limit (SGL), 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.

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:

No penalty was imposed by the RBI during the year. (Previous year - Nil)

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.

SCHEDULES

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 Leave encashment, provision 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	9.50%	9.50%	9.50%
Salary escalation rate	5.00%	5.00%	5.00%
Attrition rate	1.22%	2.23%	1.24%
Expected rate of return on Plan Assets	8.53%	9.51%	--

Expenses recognized in Profit and Loss Account

(₹. in Crore)

Particulars	Gratuity	Pension	Privilege Leave
Current Service Cost	5.51	5.81	2.71
Interest cost on benefit obligation	5.07	13.85	3.13
Expected return on plan assets	(5.92)	(18.55)	-
Net actuarial gain / (loss) recognised in the year	11.54	53.21	8.19
Expenses recognised in the Profit and Loss Account	16.20	54.32	14.03

Changes in the present value of the defined benefit obligation

(₹. in Crore)

Particulars	Gratuity	Pension	Privilege Leave
Present value of obligation as at 1.4.2013	64.32	187.28	39.33
Interest cost	5.07	13.85	3.13
Current Service Cost	5.51	5.81	2.71
Benefits paid	(6.34)	(39.60)	(3.07)
Net actuarial gain / (loss) on obligation	11.59	47.73	8.19
Present value of the defined benefit obligation as at 31.3.2014	80.15	215.07	50.29

Change in the fair value of plan assets

(₹. in Crore)

Particulars	Gratuity	Pension	Privilege Leave
Fair value of plan assets as at 1.4.2013	64.53	187.60	-
Expected Return on plan assets	5.92	18.55	-
Contribution by employer	16.05	54.44	3.07
Benefit Paid	(6.34)	(39.60)	(3.07)
Actuarial gain / (loss)	0.06	(5.48)	-
Fair value of plan assets as at 31.3.2014	80.22	215.51	-

SCHEDULES

4.4 Segment Reporting: (AS-17)

Part A: Business segments

(₹. in Crore)

Sl. No.	Particulars	2013-14 (Audited)	2012-13 (Audited)
(a)	Segment Revenue		
	1. Treasury Operations	1349.95	1076.19
	2. Corporate/Wholesale Banking Operations	1494.63	1248.94
	3. Retail Banking Operations	2822.66	2351.10
	4. Other Banking Operations	13.17	18.76
	Total	5680.41	4694.99
(b)	Segment Results		
	1. Treasury Operations	238.86	220.81
	2. Corporate/Wholesale Banking Operations	293.03	257.50
	3. Retail Banking Operations	613.15	633.01
	4. Other Banking Operations	12.39	18.15
	Total	1157.43	1129.47
(c)	Unallocated Expenses	319.64	280.65
(d)	Operating Profit	837.79	848.83
(e)	Income Taxes	-34.12	175.12
(f)	Other Provisions	442.31	123.39
(g)	Net Profit	429.60	550.32
(h)	Other Information	NIL	NIL
(i)	Segment Assets		
	1. Treasury Operations	13277.49	13904.70
	2. Corporate/Wholesale Banking Operations	12727.30	11180.73
	3. Retail Banking Operations	21264.83	18299.40
	4. Other Banking Operations	NIL	NIL
	5. Unallocated Assets	4273.53	3348.51
	Total	51543.15	46733.34
(j)	Segment Liabilities		
	1. Treasury Operations	13610.01	14873.13
	2. Corporate/Wholesale Banking Operations	11509.19	9797.84
	3. Retail Banking Operations	19233.25	16040.28
	4. Other Banking Operations	NIL	NIL
	5. Unallocated Liabilities	3864.36	2936.90
	Capital Employed	3326.34	3085.19
	Total	51543.15	46733.34

SCHEDULES

Part B: Geographic segments

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

4.5 Related Party Transactions (AS-18):

Disclosure about transactions with Key Management Personnel

Key Management Personnel	Designation	Item	Amount (₹)
Shri K.P. Kumar	Chairman	Honorarium	9,00,000/-
Shri K. Venkataraman	MD & CEO	Remuneration	71,73,598.43

Items \ Related Party	Parent	Subsidiaries	Associates / Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Advances	Nil	Nil	Nil	Nil	Nil	Nil
Leasing / HP arrangements availed	Nil	Nil	Nil	Nil	Nil	Nil
Leasing / HP arrangements provided	Nil	Nil	Nil	Nil	Nil	Nil
Interest Paid	Nil	Nil	Nil	Nil	Nil	Nil
Interest received	Nil	Nil	Nil	Nil	Nil	Nil

4.6 Earnings per Share (AS-20):

S.No.	Particulars	2013-14	2012-13
1	Basic EPS (₹.)	40.08	51.35
2	Diluted EPS (₹.)	39.78	50.94

Computation of Basic EPS

S. No.	Particulars	2013-14	2012-13
A	Net Profit (₹. in Crore)	429.60	550.32
B	Weighted number of shares	107181106	107181106
C	Basic EPS (A/B) (₹.)	40.08	51.35
D	Nominal Value per share (₹.)	10.00	10.00

Computation of Diluted EPS

S. No.	Particulars	2013-14	2012-13
A	Net Profit (₹. in Crore)	429.60	550.32
B	Weighted number of shares (including Potential Equity Shares)	107999676	108027104
C	Diluted EPS (A/B) (₹.)	39.78	50.94
D	Nominal Value per share (₹.)	10.00	10.00

SCHEDULES

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

The Bank has recognized Deferred Tax Asset / Liability (DTA/DTL) and has accounted for the Net Deferred Tax as on 31.03.2014. Major components of Deferred Tax Assets and Deferred Tax Liabilities are as under:

Deferred Tax Liabilities

(₹. in Crore)

	Particulars	As on 31.03.2014	As on 31.03.2013
1	Depreciation on Fixed Asset	10.79	9.60
2	Interest accrued but not due	42.29	8.34
3	Special Reserve u/s 36(1)(viii)	49.29	Nil
4	Others	5.74	Nil
	Total	108.11	17.94

Deferred Tax Assets

(₹. in Crore)

	Particulars	As on 31.03.2014	As on 31.03.2013
1	Provision for leave encashment	17.59	13.44
2	Provision for Bad and doubtful debts	25.17	Nil
3	Others	45.67	Nil
	Total	88.43	13.44

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 31.03.2014 requiring recognition in terms of Accounting Standard 28.

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	2013-14	2012-13
Provision for Depreciation on Investments	213.24	(41.29)
Provision for Bad & Doubtful Debts	189.47	40.07
Provision for Standard Assets	40.07	36.64
Provision towards sacrifice of Interest on Restructured Advances	5.93	23.32
Provision for Frauds and Other provision	(6.40)	0.05
Provision for Income Tax	Nil	175.32
Provision for Deferred Tax	(34.11)	(0.20)
Total	408.20	298.51

SCHEDULES

5.2.1 Movement of Floating Provision:

(₹. in Crore)

Particulars	2013-14	2012-13
Floating Provision at the beginning of the year	NIL	NIL
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	NIL	NIL

5.2.2 Movement of Counter Cyclical Buffer:

(₹. in Crore)

Particulars	2013-14	2012-13
Counter Cyclical Buffer at the beginning of the year	18.69	18.69
Counter Cyclical Buffer made during the year	NIL	NIL
Amount of draw down made during the year	NIL	NIL
Counter Cyclical Buffer at the end of the year	18.69	18.69

5.3 Draw Down from Reserves:

A. Revenue Reserve

During the year, the Bank, pursuant to RBI's circular No.DBOD. No. BP BC. 77/21.04.018/2013-14 dated 20th December 2013, has created DTL of ₹. 49.29 crore on Special Reserve for the period up to March 31, 2013 and has adjusted the same directly from the Revenue Reserve.

B. Investment Reserve

In line with the RBI Guidelines, the bank has transferred a sum of ₹. 21.00 crore from the Investment Reserve account to General Reserve.

5.4 Disclosure of Complaints:

(A) Customer Complaints:

(a)	No. of complaints pending at the beginning of the year	10
(b)	No. of complaints received during the year	244
(c)	No. of complaints redressed	254
(d)	No. of complaints pending at the end of the year	0

(B) Customer Complaints on ATM Transactions:

(a)	No. of complaints pending at the beginning of the year	0
(b)	No. of complaints received during the year	24
(c)	No. of complaints redressed	24
(d)	No. of complaints pending at the end of the year	0

(C) Awards passed by Banking Ombudsman:

(a)	No. of unimplemented awards at the beginning of the year	NIL
(b)	No. of awards passed by banking ombudsman during the year	1
(c)	No. of awards implemented during the year	1
(d)	No. of unimplemented awards at the end of the year	NIL

SCHEDULES

5.5 Disclosure of Letters of Comfort (LOCs):

The amount of Letters of Comfort issued during the year 2013-14 was ₹.1648.81 Crore (Previous year ₹.1075.21 Crore) and outstanding as on 31.03.2014 was ₹.773.12 Crore (Previous year ₹.406.91 Crore).

5.6 Provision Coverage Ratio (PCR):

The Provision Coverage Ratio as on 31.03.2014 was 75.01%

5.7 Bancassurance Business:

The Bank has received an amount of ₹. 8.37 Crore (life insurance - ₹.6.13 Crore, Non-life insurance - ₹.2.24 Crore) towards Fee/ Remuneration in respect of the bancassurance business undertaken during 01.04.2013 to 31.03.2014.

5.8.1 Concentration of Deposits:

(₹. in Crore)

	As on 31.03.2014	As on 31.03.2013
Total Deposits of Twenty Largest depositors	5241.34	4900.00
Percentage of Deposits of Twenty Largest depositors to Total Deposits of the bank	11.98%	12.68%

5.8.2 Concentration of Advances:

(₹. in Crore)

	As on 31.03.2014	As on 31.03.2013
Total Advances to Twenty Largest Borrowers	5291.96	4734.01
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the Bank.	11.57%	11.92%

5.8.3 Concentration of Exposures:

(₹. in Crore)

	As on 31.03.2014	As on 31.03.2013
Total Exposures to Twenty Largest Borrowers / Customers	5420.11	4735.98
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	11.82%	11.88%

5.8.4 Concentration of NPAs:

(₹. in Crore)

	As on 31.03.2014	As on 31.03.2013
Total Exposure to top four NPA Accounts	157.51	127.07

5.9 Sector-wise NPAs:

Sl.No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As on 31.03.2014	As on 31.03.2013
1.	Agriculture & allied activities	0.14%	0.11%
2.	Industry (Micro, small, medium and large)	1.56%	1.79%
3.	Services	0.38%	0.19%
4.	Personal Loans	0.69%	0.44%

SCHEDULES

5.10 (i) Movement of NPAs:

(₹. in Crore)

Particulars	2013-14	2012-13
Gross NPAs as on the beginning of the year	285.86	320.99
Additions (Fresh NPA) during the year	147.83	200.54
Sub-total (A)	433.69	521.53
Less : -		
(i) Upgradations	2.97	5.75
(ii) Recoveries (excluding recoveries made from upgraded accounts)	82.38	93.05
(iii) Write-offs	69.16	136.87
Sub-total (B)	154.51	235.67
Gross NPAs as at the end of the year	279.18	285.86

(ii) Movements in Technical write off:

(₹. in Crore)

Particulars	2013-14	2012-13
Opening balance of Technical/prudential write-off accounts as at April 1	152.60	0.00
Add: Technical/prudential write-offs during the year	179.92	152.60
Sub-total (A)	332.52	152.60
Less: Recoveries / Sale made from previously technical/prudential written-off accounts during the year (B)	51.88	0.00
Closing balance as at March 31 (A-B)	280.64	152.60

5.11 Overseas Assets, NPAs and Revenue: NIL

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

5.13 Unamortised Pension and Gratuity Liabilities:

In accordance with the guidelines issued by Reserve Bank of India vide their Circular No.DBOD.BP.BC.80/21.04.018/2010-11 dated 09.02.2011, the Bank has debited Profit & Loss Account a sum of ₹.14.44 Crore during the year ended 31.03.2014 on proportionate basis towards unamortized liability of ₹. 28.87 Crore (being amortized over 5 years beginning from 31.03.2011) on account of reopening of pension option during 2010-11 for existing employees who had not opted for pension earlier. The balance amount of ₹. 14.44 Crore will be dealt with as per guidelines of RBI.

The Bank has debited Profit & Loss Account a sum of ₹.2.46 Crore during the year ended 31.03.2014 on proportionate basis towards unamortized liability of ₹.4.93 Crore (being amortized over 5 years beginning from 31.03.2011) on account of gratuity liability arising out of wage settlement limit. The balance amount of ₹.2.46 Crore will be dealt with as per guidelines of RBI.

5.14 Disclosures on Remuneration:

Qualitative Disclosure:

(a) Information relating to the composition and mandate of the Compensation & Remuneration Committee:

The Composition & Remuneration Committee (CRC) of the Board consists of five Independent Directors inclusive of a member of Risk Management and Asset Liability Management Committee of the Board.

SCHEDULES

The Mandate of the Remuneration committee includes:

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

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

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

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

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

The Compensation Policy approved by the Board, is in alignment with the RBI guidelines contained in its circular DBOD No.BC.72/29.67.001/2011-12 dated 13.01.2012.

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

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

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

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

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

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

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

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

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

SCHEDULES

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

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

- (e) **A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

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

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

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

The Bank has not paid any variable remuneration to MD & CEO for the year 2012-13. For the year under report the CRC is yet to decide the variable remuneration.

MD & CEO has been granted 5000 options under KVBSOS 2011 at a price of ₹.275/- per option. Vesting period is completed as on 31.03.2014. The options are exercisable from 01.04.2014 to 31.03.2015.

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

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

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

Quantitative Disclosures:

- (g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

During the fiscal 2013-14, two meetings were held on 04.01.2014 and 29.03.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹. 5000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹. 45000/-.

- (h) Number of employees having received a variable remuneration award during the financial year 2013-14: **NIL**.

Number and total amount of sign-on awards made during the financial year: **NIL**

Details of guaranteed bonus, if any, paid as joining / sign on bonus: **NIL**

Details of severance pay, in addition to accrued benefits, if any: **NIL**

- (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: **NIL**

Total amount of deferred remuneration paid out in the financial year: **NIL**

- (j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred: **NIL**

- (k) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments : **NIL**

Total amount of reductions during the financial year due to ex-post explicit adjustments: **NIL**

Total amount of reductions during the financial year due to ex-post implicit adjustments : **NIL**

SCHEDULES

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.

6.1 Employee Stock Option

The Bank has granted 13,92,015 Stock Options in aggregate to its employees and a sum of ₹ 24.61 Crore has been provided as Employee Compensation Cost being the proportionate accounting value in respect of stock option.

6.2 During the year, the Bank, pursuant to RBI's circular No. DBOD. No.BP.BC. 77/21.04.018/2013-14 dated 20th December 2013, has created DTL of Rs. 49.29 crore on Special Reserve for the period up to March 31, 2013 and has adjusted the same directly from the Revenue Reserve.

6.3 The Bank has recognized the Income Tax Liability of Rs.95.99 crore on its Book Profits in terms of section 115JB of the Income Tax Act and the entire sum, being MAT credit entitlement under section 115 JAA of the Income Tax act, 1961 has been recognized and treated as an asset.

6.4 In terms of RBI circular DBOD. No. BPBC.88/21.06.201/2012-13 dated 28.03.2013 banks have been advised to disclose the capital Adequacy Ratio computed under Basel III regulations from the quarter ended June 2013. Accordingly, corresponding details for the previous year are not furnished.

6.5 In accordance with the RBI circular DBOD. No. BPBC.2/21.06.201/2013-14 dated 01.07.2013, banks are required to make half yearly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013. The disclosures have been made available on the banks web site at the following link http://www.kvb.co.in/footer/pillarIII_disclosures.html

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

K.P. KUMAR

Chairman

M.G.S. RAMESH BABU

Director

A.J. SURIYANARAYANA

Director

N.S. SRINATH

Director

V.KRISHNASWAMY

PRESIDENT & COO

S. GANAPATHI SUBRAMANIAN

Director

K. RAMADURAI

Director

B. SWAMINATHAN

Director

T. SIVARAMAPRASAD

GENERAL MANAGER & CFO

R. KANNAN

COMPANY SECRETARY

K. VENKATARAMAN

MD & CEO

G. RAJASEKARAN

Director

K.K. BALU

Director

As per our report of even date
For R.K. KUMAR & CO.,
Chartered Accountants
Firm Regn No. 001595S
(C.R. SUNDARARAJAN)
PARTNER (M.NO.025400)

Karur
28th May 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(000's omitted)

	AS at 31.03.2014 ₹.	AS at 31.03.2013 ₹.
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT AS PER PROFIT AND LOSS ACCOUNT	4295995	5503229
ADJUSTMENTS FOR		
DEPRECIATION	746858	563797
INTEREST PAID ON TIER II BOND ISSUED	147908	147588
PROVISIONS AND CONTINGENCIES	4081956	2985086
PROVISION FOR LEAVE ENCASHMENT	108149	59143
AMORTIZATION OF HTM SECURITIES	251512	174439
PROVISION FOR ESOP	246124	22048
PROFIT/LOSS ON SALE OF INVESTMENTS	(-1037305)	(-)883498
PROFIT / LOSS ON SALE OF ASSETS	565	(-)6568
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8841762	8565265
INCREASE/(DECREASE) IN OPERATING ASSETS		
PURCHASE AND SALE OF INVESTMENTS	5007132	(-)32143669
FUNDS ADVANCED TO CUSTOMERS	(-47182002)	(-)56583487
OTHER OPERATING ASSETS	1140795	(-)3115376
	(-32192313)	(-)83277267
INCREASE/(DECREASE) IN OPERATING LIABILITIES		
DEPOSITS FROM CUSTOMERS	51047051	65413864
BORROWINGS FROM BANKS	(-7060337)	20267810
OTHER OPERATING LIABILITIES	1149086	1185791
CASH GENERATED FROM OPERATIONS	12943487	3590199
DIRECT TAXES PAID	(-1100000)	(-)2771911
NET CASH GENERATED FROM OPERATIONS	11843487	818288

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	AS ON 31.03.2014 ₹.	AS ON 31.03.2013 ₹.
(000's omitted)		
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(-)1379628	(-)1341955
SALE OF FIXED ASSETS/OTHER ASSETS	249494	12103
NET CASH GENERATED FROM INVESTING ACTIVITIES	(-)1130134	(-)1329851
CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE CAPITAL	0	7
PROCEEDS FROM SHARE PREMIUM	0	20
PROCEEDS FROM TIER II BOND ISSUANCE	0	0
INTEREST PAID ON TIER II BOND ISSUED	(-)147908	(-)147588
DIVIDEND PAID (incl Dividend distribution Tax)	(-)1743314	(-)1735161
NET CASH FLOW FROM FINANCING ACTIVITIES	(-)1891222	(-)1882722
CASH FLOW FROM OPERATING ACTIVITIES	11843485	818288
CASH FLOW FROM INVESTING ACTIVITIES	(-)1130134	(-)1329851
CASH FLOW FROM FINANCING ACTIVITIES	(-)1891222	(-)1882722
INCREASE IN CASH & CASH EQUIVALENT	8822129	(-)2394285
CASH AND CASH EQUIVALENTS AT THE BEGINNING	17960198	20354483
CASH AND CASH EQUIVALENTS AT THE END	26782327	17960198

Karur
28th May 2014

K. Venkataraman
MD & CEO

AUDITORS' CERTIFICATE

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.03.2014. 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 28th May 2014 to the shareholders of the Bank.

For **R. K. KUMAR & CO.**,
Chartered Accountants,
Regn No. 001595S

Karur
28th May 2014

(C.R.Sundararajan)
Partner (M NO.025400)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I Registration Details

Registration Number	1295	State Code	18
Balance Sheet Date	31/03/2014		

II Capital Raised During the year (Amount in ₹ '000)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
ESOS	NIL		

III Position of Mobilisation and Deployment of Funds (Amount in ₹ '000)

Total Liabilities	515431527	Total Assets	515431527
-------------------	-----------	--------------	-----------

Sources of Funds

Paid-up Capital	1071811	Reserves & Surplus	32191634
Calls Received in Advance	NIL		
Deposits	437576841	Borrowings	32933087
Other liab. & Provisions	11658153		

Application of Funds

Net fixed Assets	3846956	Investments	132470042
Advances	339921337	Other Assets	39193192
Misc. Expenditure	NIL		

IV Performance of the Company (Amount in ₹ '000)

Total Income	56804135	Total Expenditure	48426184
Profit Before Tax	3954845	Profit After Tax	4295995
Earnings per share in ₹	40.08		

V Generic Names of Principal Services of the Company (as per monetary terms)

Item Code No. (ITC code)	NA
Product Description	BANKING COMPANY

BASEL III – PILLAR 3 DISCLOSURES

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

1. SCOPE OF APPLICATION (DF 1)

Karur Vysya Bank Limited is a scheduled commercial bank which was incorporated on June 22, 1916 at Karur. The Bank has no subsidiaries. As on March 31, 2014, 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 and countercyclical Capital buffer etc.).

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 will consist of Common Equity Tier I and 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 Fin Year 2015.

Tier-I capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other

disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier I based on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

Equity Capital

The Bank has authorized share capital of Rs 200 crore comprising 20,00,00,000 equity shares of ₹. 10/- each. As on March 31, 2014 the Bank has issued subscribed and paid-up capital of ₹.107.18 crore constituting 10,71,81,106 shares of ₹. 10/- each. The provisions of the Companies Act, 1956 and other applicable laws and regulations govern the rights and obligations of the equity share holders of the Bank.

Tier-II Capital:

The Bank's Tier II capital include 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 their premium, if any, and Revaluation Reserves.

Tier II Subordinated Debt (Lower II bonds)

As on March 31, 2014, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible subordinated lower Tier II Bonds) aggregating Rs.150 crore, the details of which are stated below:

(₹. in Crore)

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in Months)	Equivalent Amount as on March 2014
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 March 31, 2014

(₹. in crore)

1.	Tier I capital	
1.1	Paid-up share capital	107.18
1.2	Reserves	3219.16
1.3	Gross Tier I capital (1.1 + 1.2)	3326.34
1.4	Deductions	96.33
1.5	Total Tier I capital (1.3 - 1.4)	3230.01
2	Tier II capital	
2.1	Subordinated Debt (Lower Tier II bonds)	150.00
2.2	General Provisions/IRA and Revaluation Reserves	172.16
2.3	Investment Reserve	0.00
2.4	Gross Tier II capital (2.1 + 2.2+2.3)	322.16
2.5	Deductions	52.00
2.6	Total Tier II capital (2.4 - 2.5)	270.16
3.	Debt capital instruments eligible for inclusion in Upper Tier II capital	-
3.1	Total amount outstanding	-
3.2	Of which amount raised during the current year	-
3.3	Amount eligible to be reckoned as capital funds	-
4.	Subordinated debt eligible for inclusion in Lower Tier II capital	-
4.1	Total amount outstanding	-
4.2	Of which amount raised during the current year -	-
4.3	Amount eligible to be reckoned as capital funds	-
5.	Other deductions from capital	-
5.1	Other deductions from capital	-
6.	Total eligible capital	3500.17
6.1	Total eligible capital (1.5 + 2.6)	3500.17

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

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, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee

BASEL III – PILLAR 3 DISCLOSURES

(RMC) of the Board for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013. The Bank has continued parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR). In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on March 31, 2014.

Besides this, the Bank continues to apply the Standardized Duration Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 9% with regard to credit risk, market risk and operational risk.

2.2 CAPITAL ADEQUACY AS ON March 31, 2014

The total Capital to Risk weighted Assets Ratio (CRAR) as per Basel III guide lines works to 12.60% as on March 31, 2014 (as against minimum regulatory requirement of 9%). The Tier I CRAR stands at 11.62%. The Bank has followed the RBI guidelines in force, to arrive at the eligible capital, risk weighted assets and CRAR.

Capital requirements for Credit Risk, Market Risk and Operational Risk:

Particulars as on March 31, 2014

(₹. in crore)	
1. Capital requirement for Credit Risk	2146.69
- Portfolio subject to Standardized Approach	2146.69
- Securitization exposures	0.00

2. Capital requirement for Market Risk	161.09
Standardised Duration Approach	
Interest Rate Risk	112.52
Foreign Exchange Risk (Including gold)	3.15
Equity Risk	45.42

3. Capital requirement for Operational Risk	193.09
Basic Indicator Approach	

Total capital requirements at 9% (1 + 2 + 3)	2500.87
Total capital	3500.17
CRAR %	12.60%
Tier-I CRAR %	11.62%

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

BASEL III – PILLAR 3 DISCLOSURES

systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon risk management issues. The RMC 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) 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).

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 Assets Liability Management, Monitoring and 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 and Control	Chief Operating Officer
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring and Control	Chief Operating Officer

4. CREDIT RISK (DF 3)

4 (a) Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

4. a.(i) 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 Risk Management 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 covenant,

BASEL III – PILLAR 3 DISCLOSURES

rating standards and benchmarks. The committee also oversees compliance with Pillar II requirements under Basel II such as ICAAP and Stress Test.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls

The Bank has implemented the Standardized approach for regulatory capital measurement for credit risk.

4.a.(ii) 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 to risk concentration, maturity profile and liquidity management.

4.a.(iii) 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 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.

BASEL III – PILLAR 3 DISCLOSURES

The Bank's selection of personnel and systems of rewarding performance is aligned to meet the 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.

4 (b) Total gross credit risk exposure as on March 31, 2014:

Category Domestic	(₹. in Crore)
Fund based	49728.92
Non fund based	13570.02
Total	63298.94

4 (c) Geographical Distribution of Credit:

STATE	₹. in crore
ANDHRA PRADESH	7431.32
CHANDIGARH	35.57
CHHATTISGARH	12.98
DELHI	2149.80
GOA	26.12
GUJARAT	1360.88
HARYANA	159.68
JHARKHAND	18.48
KARNATAKA	1371.61
KERALA	269.99
MADHYA PRADESH	95.17
MAHARASHTRA	3496.30
ORISSA	154.25
PONDICHERRY	165.11
PUNJAB	307.49
RAJASTHAN	128.61
TAMIL NADU	15572.81
UTTAR PRADESH	158.30
WEST BENGAL	1300.98
TOTAL FROM BRANCHES	34215.43
OFFICE	10.55
TOTAL ADVANCE	34225.98

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.

BASEL III – PILLAR 3 DISCLOSURES

4 (d) Industry wise distributions of exposures as on March 31 2014 :

(₹. in crore)

Industry	Exposures	
	Fund based	Non fund based
MINING & QUARRYING	212.82	26.58
FOOD PROCESSING	1134.33	143.88
BEVERAGES & TOBACCO	90.76	0.13
TEXTILES	2595.53	56.79
LEATHER AND LEATHER PRODUCTS	4.07	0.73
WOOD AND WOOD PRODUCTS	198.03	215.63
PAPER AND PAPER PRODUCTS	97.13	3.77
PETROLEUM	26.43	0.05
CHEMICALS AND CHEMICAL PRODUCTS	698.43	80.27
RUBBER, PLASTIC AND THEIR PRODUCTS	250.26	7.28
GLASS & GLASSWARE	4.53	0.46
CEMENT & CEMENT PRODUCTS	90.70	8.58
BASIC METAL AND METAL PRODUCTS	1584.07	160.62
ALL ENGINEERING	424.36	353.25
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	313.23	118.59
GEMS AND JEWELLERY	356.38	172.50
CONSTRUCTION	276.05	481.72
INFRASTRUCTURE	3135.65	508.89
OTHER INDUSTRIES	436.81	260.70
OTHERS	22296.41	1413.11
Total Exposure	34225.98	4013.53

Note : Others includes Housing loans of ₹. 1449 crore and Gold loans of ₹. 8071 crore, Retail Business loans, Loan against term deposits, Vehicle loans, Personal & Consumer loans and Staff loans.

BASEL III – PILLAR 3 DISCLOSURES

4 (e) Residual contractual maturity breakdowns of assets* as on March 31, 2014:

(₹. in crore)

Assets	Day 1	Day 2 To Day 7	Day 8 To Day 14	Day 15 To Day 28	Over 28 days To 3 Months	Over 3 Months To 6 Months	Over 6 Months To 1 Year	Over 1 To 3 Years	Over 3 Years To 5 Years	Over 5 Years	Total
Cash	419.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	419.47
Balance with RBI	341.67	34.80	40.48	64.09	247.41	195.42	323.97	263.11	177.48	438.31	2126.73
Balance with other banks	30.38	0.00	0.00	0.00	0.00	0.00	0.00	3.38	0.00	0.00	33.76
Investments	2115.96	247.12	233.02	368.55	1423.86	1153.68	1877.85	1998.36	1393.96	2630.71	13443.08
Advances -Performing	2729.86	311.51	256.77	574.01	2940.33	2847.90	6157.61	12480.16	2672.83	2975.83	33946.81
NPA (Gross) Including NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	132.57	149.42	281.99
Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	384.70	384.70
Other Assets	543.35	27.61	27.61	0.00	0.00	0.00	0.00	0.00	0.00	740.37	1338.93
Total	6180.68	621.04	557.88	1006.65	4611.60	4196.99	8359.44	14745.01	4376.84	7319.33	51975.45

* As per ALM guidelines

Advances and Provisions:

(f) Gross NPA

Particulars as on 31.03.2014	In crore
i. Substandard	132.57
ii. Doubtful 1	22.30
iii. Doubtful 2	75.83
iv. Doubtful 3	9.49
v. Loss	38.99
Total	279.18

g) Net NPAs	139.91
-------------	--------

(h) NPA Ratios	
i. Gross NPAs to gross advances (%)	0.82%
ii. NPAs to Net Advances (%)	0.41%

BASEL III – PILLAR 3 DISCLOSURES

(i) Movement of NPAs (Gross)	
i. Opening balance	285.86
ii. Additions during the year	413.58
iii. Reductions during the year	420.26
iv. Closing balance	279.18

(j) Movement of provisions for NPAs (excluding provision on Standard Assets)	
i. Opening balance	151.50
ii. Provision made during the year (+)	194.39
iii. Write-off / write-back of excess provisions (-)	231.41
iv. Closing balance	114.48

(k) Amount of Non-Performing Investments	2.81
(l) Amount of provisions held for non-performing investments	2.81

(m) Movement of depreciation on investments	
i. Opening balance	27.52
ii. Add: Provision made during the year (+)	195.64
Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities) (-)	27.52
iv. Closing balance	195.64

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 up to 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 issuer has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same issuer whether long or short is assigned the same 150% RW unless mitigated by recognized Credit Risk Mitigation (CRM) techniques.

Bank has used only solicited rating from the recognized CRAs. In case the issuer has multiple ratings from CRAs, the Bank has a policy of choosing (if there are two ratings) lower rating.

BASEL III – PILLAR 3 DISCLOSURES

Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.

If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or junior to the rated exposure has been assigned the same RW as the rated exposure.

No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on March 31, 2014 are as follows:

(₹. in crore)

Particulars	Fund Based	Non Fund Based
Below 100% risk weight	29142.30	6548.47
100% risk weight	7860.35	5823.95
More than 100% risk weight	3687.69	37.07
Total	40690.34	12409.49

6. CREDIT RISK MITIGATION: Disclosures for Standardized Approach (DF 5)

6 (a) 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 case of Bank's own deposits, LIC Policies, National Saving Certificate and gold, wherever the collateral is identifiable, marketable and enforceable and complies with RBI

requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

The general principles applicable for use of credit risk mitigation techniques are as under:

- No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used
- The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes are made available on claims for which an issue-specific rating is used that already reflects that CRM.
- Principal-only ratings will not be allowed within the CRM framework. The rating should cover Principal and interest.

The Bank has, therefore, put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit, valuation, policies and procedures systems, control of Roll-off risks, and management of concentration risk arising from the use of CRM techniques and its Interaction with the Bank's overall credit risk profile.

6 (b) 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.

BASEL III – PILLAR 3 DISCLOSURES

(vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either:

- (a) Attracting 100 per cent or lesser risk weight i.e. rated at least BBB (-), when issued by public sector entities and other entities (including banks and Primary Dealers); or
- (b) Attracting 100 per cent or lesser risk weight i.e. rated at least PR3/ P3/F3/A3 for short- term debt instruments.

(vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:

- a) Issued by a bank
- b) Listed on a recognized exchange
- c) Classified as senior debt
- d) all rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/CRISILA3/India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 by a chosen Credit Rating Agency; and
- e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 (as applicable) and;
- f) Banks should be sufficiently confident about the market liquidity of the security

(viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's Operation mutual funds where:

- a) Price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and

b) Mutual fund is limited to investing in the instruments listed in this paragraph.

6(c) Total exposure covered by guarantees/credit derivatives - Nil

7. SECURITIZATION EXPOSURES (DF 6)

As per RBI guidelines on Securitization exposure, investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

As on March 31, 2014 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

BASEL III – PILLAR 3 DISCLOSURES

- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organization of the market risk management function:

The ALCO is the focal point for placing various notes/ reports with regard to liquidity risks.

Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

The scope and nature of risk reporting and measurement systems:

Reporting - The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

Measurement - The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.

Particulars As on March 31, 2014	(₹. in crore)
Capital requirements for market risk	
Interest Rate Risk	112.52
Foreign Exchange Risk (Including gold)	3.15
Equity Risk	45.42
Capital requirement for Market Risk	161.09

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 is also conducting risk and control self assessment excises (RCSA).

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 understands the criticality of business continuity in the event of any undesirable/ unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for Assessment of Operational Risk Capital. The Bank is taking quantitative and qualitative steps in view of moving towards advanced approaches as prescribed by RBI.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on March 31, 2014 is ₹. 193.09 crores.

BASEL III – PILLAR 3 DISCLOSURES

10. INTEREST RATE RISK IN BANKING BOOK (DF 9)

Interest Rate Risk in the Banking Book (IRRBB):

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

Risk management framework and monitoring:

The Board of the Bank, through Asset liability Management Committee, has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Chief Operating Officer and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board. The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Risk Management Department is responsible for monitoring the limits laid down in the ALM Policy through various reports.

Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing, etc. detailed as follows:

Interest rate sensitivity gap:

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets & liabilities over

the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the Earnings at Risk on NII for 2% change in interest rates on the open periodic gaps.

Stress testing:

The Bank measures the impact on NIM/ EAR after taking into account various possible movement in Interest rates across tenor and impact on the earnings is calculated for each of these scenarios.

Duration gap analysis:

Movement in the interest rates also have a long-term 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.

BASEL III – PILLAR 3 DISCLOSURES

i) Impact on NII:

Changes in interest rates (in bps) (₹. in crore)

Currency	100	200
INR	70.06	140.12

ii) Impact on economic value of equity:

Changes in interest rates (in bps) (₹. in crore)

Currency	100	200
INR	115.21	230.42

* No major exposure in foreign currencies

factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

Credit limits:

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as NPA ratios, liquidity ratios, etc are taken into consideration while assigning the limit. Credit exposure is monitored to ensure it does not exceed the approved credit limit.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for its own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

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

Credit exposure as on March 31, 2014

(₹. in crore)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	7287.78	6463.65	129.27	6592.92

12. Composition of Capital (DF 11)

(₹. in crore)

Common Equity Tier 1 capital: instruments and reserves			RefNo
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	660.32	
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves)	2666.02	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies 1)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	3326.34	

BASEL III – PILLAR 3 DISCLOSURES

Common Equity Tier 1 capital: instruments and reserves		RefNo
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	45.67
11	Cash-flow hedge reserve	
12	Shortfall of provisions to expected losses	
13	Securitisation gain on sale	24.28
14	Gains and losses due to changes in own credit risk on fair valued liabilities	
15	Defined-benefit pension fund net assets	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	
17	Reciprocal cross-holdings in common equity	9.48
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	
20	Mortgage servicing rights (amount above 10% threshold)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	
22	Amount exceeding the 15% threshold	
23	of which: significant investments in the common stock of financial entities	
24	of which: mortgage servicing rights	
25	of which: deferred tax assets arising from temporary differences	
26	National specific regulatory adjustments (26a+26b+26c+26d)	16.90
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	
26d	of which: Unamortised pension funds expenditures	16.90
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	Total regulatory adjustments to Common equity Tier 1	96.33
29	Common Equity Tier 1 capital (CET1)	3230.01
Additional Tier 1 capital: instruments		
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)	

BASEL III – PILLAR 3 DISCLOSURES

Common Equity Tier 1 capital: instruments and reserves			RefNo
33	Directly issued capital instruments subject to phase out from Additional Tier1		
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	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments		
Additional Tier 1 capital: regulatory adjustments			
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	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	of which: 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	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)		
44a	Additional Tier 1 capital reckoned for capital adequacy		
45	Tier 1 capital (T1=CET1+Admissible AT1)(29+44a)	3230.01	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	150.00	
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	172.16	
51	Tier 2 capital before regulatory adjustments	322.16	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	10.00	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	42.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		

BASEL III – PILLAR 3 DISCLOSURES

Common Equity Tier 1 capital: instruments and reserves			RefNo
56	National specific regulatory adjustments (56a+56b)		
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	Total regulatory adjustments to Tier 2 capital	52.00	
58	Tier 2 capital (T2)	270.16	
58a	Tier 2 capital reckoned for capital adequacy	270.16	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital		
58c	Total Tier 2 capital admissible for capital adequacy (58a+58b)	270.16	
59	Total capital (TC=T1+Admissible T2)(45+58c)	3500.17	
60	Total risk weighted assets (60a+60b+60c)	27787.51	
60a	of which: total credit risk weighted assets	23852.13	
60b	of which: total market risk weighted assets	1789.91	
60c	of which: total operational risk weighted assets	2145.47	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.62%	
62	Tier 1 (as a percentage of risk weighted assets)	11.62%	
63	Total capital (as a percentage of risk weighted assets)	12.60%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	5.5%	
65	of which: capital conservation buffer requirement		
66	of which: bank specific counter cyclical buffer requirement		
67	of which: G-SIB buffer requirement		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	6.12%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.5%	
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)	9%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	172.16	
77	Cap on inclusion of provisions in Tier 2 under standardised 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 CET 1 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 AT 1 instruments subject to phase out arrangements		

BASEL III – PILLAR 3 DISCLOSURES

Common Equity Tier 1 capital: instruments and reserves			RefNo
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

13. Main features of Regulatory Capital Instruments

S.No		
1	Issuer	KARUR VYSYA BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE036D09013
3	Governing law(s) of the instrument	Indian Law Regulatory Treatment
4	Transitional Basel III rules Subordinated	Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date.	1500
9	Par value of instrument ₹	10 LACS
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
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

BASEL III – PILLAR 3 DISCLOSURES

S.No		
29	If convertible, specify instrument type convertible into	NA
30	If convertible, specify issuer of instrument it converts into	NA
31	Write-down feature	No
32	If write-down, write-down trigger(s)	NA
33	If write-down, full or partial	NA
34	If write-down, permanent or temporary	NA
35	If temporary write-down, description of write-up mechanism	NA
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
37	Non-compliant transitioned features	YES
38	If yes, specify non-compliant features	Tenor less than 10 years; does not have point of Non Viability Trigger

14. Full terms and conditions of Regulatory Capital Instruments

Instrument	Terms & Conditions	
	Unsecured Redeemable Non- Convertible Subordinated Lower Tier- II Bonds - INE036D09013	Issue size
Face Value		10 lakhs per bond
Date of Allotment		25 th September 2009
Maturity		25 th 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 Compensation & Remuneration Committee:

The Compensation & Remuneration Committee (CRC) of the Board consists of five Independent Directors inclusive of a member from Risk Management and Asset Liability Management Committee of the Board.

The Mandate of the Remuneration committee includes:

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

and other emoluments as per IBA package under Bipartite settlements.

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

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

Complying with the applicable laws regarding compensation / remuneration payable to the persons

BASEL III – PILLAR 3 DISCLOSURES

covered under the compensation policy as also the Regulations governing ESOS in terms of SEBI Regulations and other applicable laws in connection therewith.

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

The Compensation Policy, approved by the Board, is in alignment with the RBI guidelines contained in its circular DBOD No.BC.72/29.67.001/2011-12 dated 13.01.2012.

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

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

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

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

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

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

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

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

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

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

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

(e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting

BASEL III – PILLAR 3 DISCLOSURES

deferred remuneration before vesting and after vesting.

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

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

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

The Bank has not paid any variable remuneration to MD & CEO for the year 2012-13. For the year under report the CRC is yet to decide the variable remuneration.

MD & CEO has been granted, 5000 options under KVBESOS 2011 at a price of ₹.275/- per option. Vesting period is completed as on 31.03.2014. The options are exercisable from 01.04.2014 to 31.03.2015.

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

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

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

Quantitative Disclosures:

(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

During the fiscal 2013-14, two meetings were held on 04.01.2014 and 29.03.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹.5000/- per member/ per sitting. Aggregate amount paid for the fiscal was at ₹.45000/-.

(h) Number of employees having received a variable remuneration award during the financial year 2013-14: **NIL.**

Number and total amount of sign-on awards made during the financial year: **NIL**

Details of guaranteed bonus, if any, paid as joining / sign on bonus: **NIL**

Details of severance pay, in addition to accrued benefits, if any: **NIL**

(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: **NIL**

Total amount of deferred remuneration paid out in the financial year: **NIL**

(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred: **NIL**

(k) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments: **NIL**

Total amount of reductions during the financial year due to ex-post explicit adjustments: **NIL**

Total amount of reductions during the financial year due to ex-post implicit adjustments: **NIL**

NETWORK OF BRANCHES

REGISTERED AND CENTRAL OFFICE

Erode Road, Karur - 639002
 [CIN No: L65110TN1916PLC001295]
 Tel No : 04324-266520, 225521-25
 Fax No : 04324-225700
 Website: www.kvb.co.in

INTERNATIONAL BANKING GROUP

No. 37, Whites Road, 2nd Floor, Chennai - 600014
 Ph. : 044 28412090-92

DIVISIONAL OFFICES

AHMEDABAD	First Floor Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE	230/2, 1st Floor, 15th cross Sampige Road, Malleswaram, Bangalore-560003
CHENNAI	KVB Towers, 1st Floor 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	577 Oppanakara Street, 2nd Floor, Coimbatore-641001
DELHI	59/31 1st Floor, Poonam Plaza New Rohtak Road, Near Liberty Cinema Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, IInd Floor, Opp. North Police Station, Chittoor Road, Kacheripady, Ernakulam - 682018
HYDERABAD	5-8-363 to 365 (Second Floor), Chirag Ali Lane, Abids, Hyderabad-500 001
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, 122, Prabhadevi, Mumbai-400025
SALEM	1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004
TAMBARAM	SBA Complex, 7/73 I Floor, Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	D-54 Ground Floor, L.I.C. Building, Bharathiar Salai, Cantonment, Trichy-620001
VIJAYAWADA	Gayathri Nilayam, 1st Floor 38-8-46, Labbipet, M.G.Road, Vijayawada-520010
VISAKHAPATNAM	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016

OTHER OFFICES

DISASTER RECOVERY SITE INTERNATIONAL BANKING GROUP	V Floor, Unit - 3, Block-I, Cyber Pearl Hi-Tech City, Madhapur, Hyderabad - 500 081 2nd floor, 37 Whites Road, Chennai-600014
ATM CELL	338, Uffizi Complex - Basement, Avinashi Road, Peelamedu, Coimbatore-641004
DATA CENTRE DEMAT CELL	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113 South Wing First Floor, #37 Whites Road, Chennai-600014
REGIONAL PROCESSING CENTRE (RPC)	338, Uffizi Complex - 1st Floor, Avinashi Road, Peelamedu, Coimbatore-641004
CHENNAI CPC	South Wing First Floor, #37 Whites Road, Chennai-600014
HYDERABAD CPC	5-8-363 to 365 (First Floor), Chirag Ali Lane, Abids, Hyderabad-500 001
CHENNAI CFPC	2nd Floor, 37 Whites Road, Chennai-600014
CHENNAI TAX CELL	29, II Floor, Rangan Street, T. Nagar, Chennai - 600 017
MUMBAI CPC	Plot No 1414, Kamanwala Chambers, SIR P.M. Road, Fort, Mumbai-400001
NEW DELHI CPC	65/7, 1st Floor New Rohtak Road, New Delhi-110005
COIMBATORE CLPC	577, Oppanakara Street, 1st Floor, Coimbatore-641001

NETWORK OF BRANCHES

BANGALORE CLPC	No 12, Shravanthi Blue Chip, Near Axa Buildingbtm First Stage, 100 Ft Ring Road, Bangalore-560068
CHENNAI RLPC	South Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014
HYDERABAD RLPC	Door No:5-8-363 To 365/A B, First 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, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
KARUR - CLPC	D.No.68, First Floor, Erode Road, LNS Post, Karur - 639002
VIJAYAWADA - CLPC	Gayathri Niliyam, 1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
VIJAYAWADA - RLPC	Gayathri Niliyam, 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	59/31 1st Floor, Poonam Plaza New Rohtak Road, Near Liberty Cinema Karolbagh, New Delhi-110005
AHMEDABAD - RLPC	First Floor Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE - RLPC	230/2, 1st Floor, 15th cross Sampige Road, Malleswaram, Bangalore-560003
MUMBAI - RLPC	No.276/286, Kilachand Mansion, Opp. Adarsh Hotel, First Floor, Kalbadevi, Mumabai - 400002
TAMBARAM - CLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TAMBARAM - RLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
COIMBATORE - RLPC	577 Oppanakara Street, 2nd Floor, Coimbatore-641001
KARUR - RLPC	P.B No. 91 NO.633/637, First Floor, Jawahar Bazar, Karur-639001

CENTRAL CLEARING OFFICES

BANGALORE	COIMBATORE	MUMBAI	VIJAYAWADA	ERODE
CHENNAI	HYDERABAD	SALEM	KARUR	DELHI
TRICHY	TIRUPUR	MADURAI	PONDICHERRY	

CURRENCY CHEST

CHENNAI	KARUR	MADURAI	VIJAYAWADA
---------	-------	---------	------------

NETWORK OF BRANCHES

ANDHRA PRADESH

ADILABAD

ADILABAD
MANCHERIAL

ANANTAPUR

ANANTAPUR
DHARMAVARAM
HINDUPUR

CHITTOOR

CHITTOOR
NAGARI
TIRUPATHI - MAIN
RALLABUDUGURU
TIRUPATHI - KHADI COLONY
KUPPAM
MADANAPALLE
MURAKAMBATTU

CUDDAPAH

CUDDAPAH
PRODDATUR
RAJAMPET

EAST GODAVARI

RAJAHMUNDRY
KAKINADA
PEDDAPURAM
MANDAPETA
RAVULAPALEM
KADIAM
AMALAPURAM
TUNI
SAMALKOT
RAJAHMUDRY - TILAK ROAD

GUNTUR

GUNTUR
TENALI
GUNTUR - LAKSHMIPURAM
NARASARAOPET
BAPATLA
CHINTALAPUDI
CHILAKALURIPET

HYDERABAD

HYDERBAD - MAIN
S R NAGAR
NALLAKUNTA
ABIDS
KALYAN NAGAR
JUBILLEE HILLS
HIMAYATNAGAR
MIYAPUR
VANASTHALIPURAM
AMEERPET

SANTOSH NAGAR
SECUNDERABAD
HYD-BANJARA HILLS

KARIMNAGAR

KARIMNAGAR
JAGTIAL
JAMMIKUNTA

KHAMMAM

KHAMMAM
PALONCHA (PALWANCHA)
KOTHAGUDEM

KRISHNA

VIJAYAWADA-GOVERNORPET
VIJAYAWADA - NO.1 TOWN
GUDIVADA
VIJAYAWADA -BUNDER ROAD
PORANKI
KANKIPADU
MACHILIPATNAM
VUYYURU
VIJAYAWADA -BHAVANIPURAM
NUZVID

KURNOOL

KURNOOL
NANDAYAL
ADONI
VENKATARAMANA COLONY

MAHBUBNAGAR

MAHBUBNAGAR

NALGONDA

KODAD
MIRYALAGUDA
NALGONDA

NELLORE

NELLORE
KAVALI

NIZAMABAD

NIZAMABAD*
KAMAREDDY

PRAKASAM

CHIRALA
ONGOLE
MARKAPUR
VALLURU

RANGA REDDY

HYD - DILSUKH NAGAR
HYD - MANIKONDA
HYD - MALKAJ GIRI
HYD - A.S.RAO NAGAR
HYD - KUKATPALLY

HYD - PRAGATHI NAGAR
HYD - BODUPPAL
HYD - NIZAMPET
HYD - MEHADIPATNAM
HYD - MEERPET
HYD - CHANDANAGAR
HYD - HABSIGUDA
HYD - KONDAPUR
HYD - L.B. NAGAR
HAYATHNAGAR

SRIKAKULAM

SRIKAKULAM
RAJAM
PALASA
ICHCHAPURAM
NARASANNAPETA

VISAKHAPATNAM

VIZAG - PEDAWALTAIR
ANAKAPALLE
VIZAG - MAIN
GAJUWAKA
PENDURTHI
VIZAG - DWARKANAGAR
YELAMANCHILI
VIZAG - GOPALAPATNAM

VIZIANAGARAM

VIZIANAGARAM
SALUR
PARVATHIPURAM
GAJAPATHINAGARAM
BOBBILI

WARANGAL

WARANGAL - MAIN
WARANGAL - HANAMAKONDA
WARANGAL - KHAZIPET

WEST GODAVARI

PALAKOL
TADEPALLIGUDEM
NIDADAVOLU
JANGAREDDYGUDEM
BHIMAVARAM
ELURU
TANUKU
NARASAPUR

CHANDIGARH - UT

CHANDIGARH

CHANDIGARH

CHATTISGARH

RAIPUR

RAIPUR

NETWORK OF BRANCHES

DELHI

RAMESH NAGAR
 CHANDINI CHOWK
 CONNAUGHT CIRCUS
 PITAMPURA
 DELHI - JANAKPURI
 DELHI - KAMLANAGAR
 DELHI - LAXMINAGAR

NEW DELHI

KAROL BAGH
 LAWRENCE ROAD
 KASHMERE GATE
 ROHINI
 EAST OF KAILASH

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

BANGALORE
 BANGALORE - MAIN
 MALLESWARAM
 HALASURU
 J.C. ROAD
 RAJAJINAGAR
 ISRO NAGAR
 JAYANAGAR
 KORAMANGALA
 BASAVANAGUDI
 BTM LAYOUT
 INDIRA NAGAR
 HEBBAGODI
 HSR LAYOUT
 ATTIBELE
 CHANDAPUR
 BANGALORE - R T NAGAR
 BANGALORE - WHITEFIELD

BANGALORE RURAL
 DODDABALLAPUR
 HOSAKOTTE
 RAMANAGARAM
 CHIKKABANAVARA
 NELAMANGALA

BELGAUM
 BELGAUM

BELLARY
 BELLARY
 HOSPET

CHITRADURGA
 CHITRADURGA
 HIRIYUR

DAKSHIN KANNAD
 MANGALORE

DAVANGERE
 DAVANGERE

DHARWAD
 HUBLI

GULBARGA
 GULBARGA

HASSAN
 HASSAN

KOLAR
 KOLAR GOLD FIELDS

KOPPAL
 GANGAVATHI

MYSORE
 MYSORE

RAICHUR
 RAICHUR

SHIMOGA
 SHIMOGA

TUMKUR
 TUMKUR

KERALA

ALAPPUZHA
 CHENGANNUR

ERNAKULAM
 ERNAKULAM
 TRIPUNITHURA
 EDAPPALLY

KANNUR
 KANNUR
 THALASSERY

KOLLAM
 KOLLAM

KOTTAYAM
 KOTTAYAM

KOZHIKODE
 KOZHIKODE

PALAKKAD
 PALAKKAD

PATHANAMTHITTA
 TIRUVALLA
 PATHANAMTHITTA

THRISSUR
 THRISSUR

THIRUVANANTHAPURAM
 THIRUVANANTHAPURAM

MADHYA PRADESH

BHOPAL
 BHOPAL

NETWORK OF BRANCHES

GWALIOR
GWALIOR

INDORE
INDORE

MAHARASHTRA

AHMEDNAGAR
AHMEDNAGAR

AMARAVATI
AMARAVATI

AURANGABAD
AURANGABAD

KOLHAPUR
ICHALKARANJI
KOLHAPUR

MUMBAI
FORT
PRABHADEVI
BORIVALI
CHEMBUR
MULUND
ANDHERI
KALBADEVI
BANDRA
GHATKOPAR
MUMBAI - MATUNGA

NANDED
NANDED

NAGPUR
NAGPUR

NASIK
NASIK

PUNE
PUNE
CAMP AREA

SOLAPUR
SOLAPUR

THANE
MUMBAI - VASHI
MUMBAI - ICL SCHOOL
MUMBAI - THANE (W)
MUMBAI - NERUL
BHIWANDI

ORISSA

CUTTACK
CUTTACK

GANJAM
BERHAMPUR
ASIKA

KHURDA
BHUBANESHWAR

RAURKELA
RAURKELA

PONDICHERY-UT

PONDICHERY
PONDICHERY
PONDICHERY-LAWSPET
VILLIANUR

KARAIKAL
KARAIKAL

PUNJAB

AMRITSAR
AMRITSAR
FATEHGARH SAHIB
MANDI GOBINDGARH

KAPURTHALA
HARDASPUR (LPU)
PHAGWARA

JALANDHAR
JALANDHAR

LUDHIANA
LUDHIANA

PATIALA
PATIALA

RAJASTHAN

BHILWARA
BHILWARA

JAIPUR
JAIPUR

TAMILNADU

ARIYALUR
ARIYALUR
JAYANKONDAM

CHENNAI
CHENNAI - MAIN
TRIPPLICANE
ROYAPURAM
MYLAPORE
ANNA NAGAR
KODAMBAKKAM

T.NAGAR
WHITES ROAD
PURASAWALKAM
DHANDAPANI ST.
TEYNAMPET
NANGANALLUR
ADYAR
MOGAPPAIR
VALASARAVAKKAM
VELACHERY
ASHOK NAGAR
EGMORE
R.A.PURAM
ARUMBAKKAM
KK NAGAR
SAIDAPET
CHENNAI - SALIGRAMAM
CHENNAI - NUNGAMBAKKAM

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
PATTANAM
COIMBATORE - THUDIYALUR
THEETHIPALAYAM
COIMBATORE - SINGANALLUR
COIMBATORE - SARAVANAMPATTI
MAIN
CUDDALORE
CHIDAMBARAM
VRIDHACHALAM
CUDDALORE

NETWORK OF BRANCHES

NEYVELI

CHIDAMBARAM-ANNAMALAI NAGAR
PANRUTI

DHARMAPURI

KAMBAINALLUR
SAMALPATTI
DHARMAPURI
HARUR

DINDIGUL

DINDIGUL
BATLAGUNDU
CHINNALAPATTI
PALANI
NEIKARAPATTI
ODDTANCHATRAM
VEDASANDUR
NILAKOTTAI
VILPATTI
KOOMBUR

ERODE

ERODE
GOBICHETTIPALAYAM
SATHYAMANGALAM
KAVINDAPADI
BHAVANI
PERUNDURAI
KOLATHUPALAYAM
METTUKADAI
PERUNDURAI - KEC NAGAR
SAMPATH NAGAR
SIVAGIRI
VEERAPPANCHATIRAM
CHENNIMALAI
ANTHIYUR
PUNJAIPULIYAMPATTI
KARUMANDAPALAYAM
ERODE- CHINNIAMPALAYAM
P.KOMARAPALAYAM
MULLAMPARAPPU
KANAKAMPALAYAM
T. VELLODE
SAVANDAPUR
NAMBIYUR

KANCHEEPURAM

CHENNAI - TAMBARAM
CHENNAI - ALANDUR
KANCHEEPURAM
CHENNAI - CHROME PET
ULLAVOOR
CHENNAI - St THOMAS MOUNT
CHENNAI - URAPPAKKAM
CHENNAI - SINGAPERUMAL KOIL

CHENNAI - SHOLINGANALLUR

CHENNAI - SRIPERUMPUDUR

CHENNAI - KELAMBAKKAM

CHENNAI - MEDAVAKKAM

CHENNAI - SELAYUR

CHENNAI - PALAVAKKAM

CHENGALPATTU

PORUR

CHENNAI - MADIPAKKAM

CHENNAI - PALLAVARAM

GUDUVANCHERRY

CHENNAI - SITTALAPAKKAM

MADURANTHAKAM

PERUNGUDI

KANYAKUMARI

NAGERCOIL

KARUR

KARUR - MAIN
KULITHALAI
KARUR -CENTRAL
KARUR - WEST
VEERARAKKIYAM
GANDHIGRAMAM
VENGAMEDU
ARAVAKURICHI
THANTONIMALAI
OTHAKADAI

KRISHNAGIRI

KRISHNAGIRI
HOSUR
BARGUR
HOSUR - BATHALAPALLI

MADURAI

MADURAI - MAIN
MADURAI - SOUTH
ALANGANALLUR
GNANAOLIVUPURAM
ELUMALAI
TALLAKULAM
ANNA NAGAR
PALANGANATHAM
MELUR
THIRUNAGAR
THIRUPPALAI
MADURAI - KAMARAJAR SALAI

MADURAI - NORTH

THENUR

NAGAPATTINAM

NAGAPATTINAM
NEERMULAI
MAYILADUDURAI

NAMAKKAL

NAMAKKAL MAIN
KOMARAPALAYAM
TIRUCHENGODE
PAUNDAMANGALAM
NAMAGIRIPET
PUDUCHATRAM
VALAYAPATTI
KALAPPANAICKENPATTI
BELUKURICHI
NAMAKKAL WEST
MANGALAPURAM
VELLAPILLAIAR KOIL
RASIPURAM
PARAMATHI VELUR
PALLIPALAYAM
MOHANUR

NILGIRIS

COONOR
UDHAGAMANDALAM

PERAMBALUR

PERAMBALUR

PUDUKOTTAI

KOTHAMANGALAM
PUDUKOTTAI
ARANTHANGI
PONNAMARAVATHI

RAMANATHAPURAM

RAMANATHAPURAM
PARAMAKUDI

SALEM

SALEM - MAIN
IDAPPADI
METTUR DAM R.S.
SHEVAPET
ATTUR
KARUPPUR
KARIPATTI
ALAGAPURAM
ILAMPILLAI
JALAKANDAPURAM
GUGAI
AYOTHIAPATTINAM
THAMMAMPATTI
SANKAGIRI (SANKARI)
DEVIYAKURICHI

SIVAGANGAI

KARAIKUDI

THANJAVUR

KUMBAKONAM
THANJAVUR

NETWORK OF BRANCHES

PATTUKOTTAI
 VILAR
 MADUKKUR
 PERAVURANI
 THIRUVIDAIMARUDUR

THENI

AUNDIPATTI
 BODINAYAKANUR
 CHINNAMANUR
 CUMBUM
 GUDALUR
 KOMBAL
 PERIYAKULAM
 THENI
 KATHIRNARASINGAPURAM
 UPPUKOTTAI

THIRUVALLUR

CHENNAI - TIRUVERKADU
 CHENNAI - VELAPPANCHAVADI
 CHENNAI - AMBATTUR
 CHENNAI - RED HILLS
 THIRUVALLUR
 PUTHAGARAM
 AVADI
 PODATHURPET

THIRUVARUR

MANNARGUDI
 THIRUVARUR
 KOOTHANUR

TIRUPUR

DHARAPURAM
 UDUMALPET
 TIRUPUR - MAIN
 MULANUR
 GANAPATHIPALAYAM
 KOLUMAM
 ERISANAMPATTI
 PAPPANKULAM
 TIRUPUR - OVERSEAS
 TIRUPUR - P.N.ROAD
 KANGEYAM
 PALLADAM
 VELLAKOIL
 AVINASHI

TIRUNELVELI

PALAYAMKOTTAI
 TIRUNELVELI TOWN
 TENKASI
 SANKARANKOIL
 AMBASAMUDRAM

SURANDAI
 KADAYANALLUR

TIRUVANNAMALAI

TIRUVANNAMALAI
 POLUR
 PERUNDURAI PATTU
 ARNI
 VANDAVASI
 TIRUVETHIPURAM (CHEYYAR)
 CHENGAM
 ADAMANGALAM
 KORUKKATHUR

TRICHY

TRICHY - MAIN
 MUSIRI
 THATHIENGARPET
 JEEYAPURAM
 CANTONMENT
 KANNANUR
 THILLAINAGAR
 SRIRANGAM
 K.K.NAGAR
 SURIYUR
 TIRUVERUMBUR
 SRINIVASA NAGAR
 MANAPPARAI
 KARUMANDAPAM
 THURAIYUR
 APPANALLUR
 LALGUDI
 SAMAYAPURAM

TUTICORIN

TUTICORIN
 KOVILPATTI
 SEYDUNGANALLUR

VELLORE

VELLORE
 KANIYAMBADI
 VANIYAMBADI - NEW TOWN
 TIRUPATHUR
 ARAKONAM
 SALAI
 SHOLINGUR
 BRAHMAPURAM
 GUDIYATHAM

VILLUPURAM

VILLUPURAM
 KADUVANUR
 THOTTIYAM
 TINDIVANAM
 GINJEE

KALLAKURICHI
 ULUNDURPETTAI
 TIRUMANGALAM
 MURARBADU
 CHINNASALEM
 PRIDIVIMANGALAM
 TIRUKKOYILUR

VIRUDHUNAGAR

VIRUDHUNAGAR
 RAJAPALAYAM
 SIVAKASI
 ARUPPUKOTTAI

UTTAR PRADESH

GHAZIABAD

GHAZIABAD

GOWTAMBUDDA

NOIDA

KANPUR

KANPUR

LUCKNOW

LUCKNOW

MEERUT

MEERUT

VARANASI

VARANASI

WEST BENGAL

BURDWAN

DURGAPUR

HOWRAH

JAGACHA
 BAGNAN
 GHOSHPARA

KOLKATA

KOLKATA-MAIN
 SHAKESPHERE SARANI
 BALLYGANGE
 SALT LAKE
 KOLKATA - N.S.ROAD

MIDNAPORE WEST

KHARAGPUR

NORTH 24 PARGANAS

KOLKATA-DAKSHINESHWAR

SOUTH 24 PARGANAS

JOKA
 BARUIPUR
 GARIA

PRINCIPAL CORRESPONDENT BANKS

OUR SWIFT CODE **KVBLINBBIND**

Name of the Bank and address

<p>USD Wells Fargo Bank NA NY 4080 375 Park Avenue New York NY—10152 A/c.No. 2000193005826 SWIFT : PNBUS3NNYC FEDWIRE ROUTING NUMBER 026005092</p>	<p>EURO Commerz Bank AG Theodor-Heuss-Allee 50 60489 Frankfurt AM Main Germany A/c. No. 400875119000EUR SWIFT : COBADEFF</p>	<p>JPY Standard Chartered Bank 30-16, Ogikubo 4-chome, Suginami-ku Tokyo 167-8530, Japan A/c.No. 0219600 - 1110 SWIFT:SCBLJPJT</p>	<p>GBP Standard Chartered Bank 1 Alderman bury Square London EC2V 7SB United Kingdom A/c.No. GBP 01 265520901 SWIFT : SCBLGB2L I-BAN NO GB94SCBL60910412655209</p>
<p>USD Standard Chartered Bank One Madison Avenue New York, NY 10010-3603 USA A/c.No.3582069922001 SWIFT : SCBLUS33 FEDWIRE ROUTING NUMBER 026002561</p>	<p>EURO Standard Chartered Bank Gmbh Postfach 110162 Theodor-Heuss-Allee 112 D-60036, Frankfurt am Main, GERMANY A/c.No.18021504 SWIFT : SCBLDEFX I-BAN NO DE39512305000018021504</p>	<p>AUD Australia & Newzealand Banking Corporation 55 Collins Street Melbourne, Victoria AUSTRALIA A/c.No. 237776-00001 SWIFT :ANZBAU3M</p>	<p>CHF UBS AG PO 8098 Zurich, Switzerland A/c.No.0230-35343.05E SWIFT : UBSWCHZH80A</p>
<p>USD Citi Bank, N A 111,Wall Street New York City , NY 10018, USA A/c.No.36844037 SWIFT : CITIUS33 FEDWIRE ROUTING NUMBER 021000089</p>	<p>SGD Indian Overseas Bank 64, Cecil Street, IOB Building, SINGAPORE 049711 A/c.No. 4916210131 SWIFT:IOBASGSG</p>	<p>CAD Citi Bank, N A Canadian Branch 123 Front St.West, Toronto, Ontario-M5J2M3 CANADA A/c.No.2017517009 CAD SWIFT:CITICATTBCH</p>	<p>SEK Skandinaviska Enskilda Banken S-106, 40 Stockholm SWEDEN A/c.No.5201-85-335-84 SWIFT:ESSESESS</p>
<p>USD Bank of America 100 west 33rd street New York, NY 10001,USA A/c.No. 6550391919 Swift: BOFAUS3N FEDWIRE ROUTING 026009593</p>	<p>AED Commercial Bank of Dubai Po Box 2668 Al Ltihad Street Dubai,UAE A/c.No.1001361656 Swift: CBDUAEADXXX I-BAN NO AE590230000001001361656</p>		

NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

<p>USD Wells Fargo Bank New York A/c.No.2000191007059 Swift: PNBUS33NNYC</p>	<p>GBP Wells Fargo Bank London A/c.No.07515036 Swift: PNBPG2L IBAN GB34PNBP 16567 107 515036</p>	<p>EUR Wells Fargo Bank London A/c.No.07515168 Swift : PNBPG2L IBAN GB59PNBP16567 107 515168</p>
---	---	---

A DECADE OF PROGRESS

(₹ in Crore)

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Capital	17.98	17.98	49.49	53.94	53.95	54.44	94.49	107.18	107.18	107.18
Reserves	742.90	853.65	1013.67	1136.06	1296.21	1565.54	2020.04	2601.04	2978.01	3219.16
Owned funds	760.88	871.63	1063.16	1190.00	1350.16	1619.98	2114.53	2708.22	3085.19	3326.34
Capital Adequacy Ratio - Basel II	-----	NOT APPLICABLE	-----	-----	14.92%	14.49%	14.41%	14.33%	14.41%	12.77%
- Basel III	-----	-----	-----	-----	NOT APPLICABLE	-----	-----	-----	-----	12.60%
Deposits	6672.19	7576.83	9340.29	12549.99	15101.39	19271.85	24721.85	32111.59	38652.98	43757.68
Advances	4741.01	5700.89	7194.37	9568.84	10562.90	13675.00	18052.41	24205.11	29705.89	34225.98
Investments	2219.03	2298.13	2873.95	3526.33	4715.98	6649.44	7776.30	10581.27	13868.85	13445.45
Gross Income	703.92	771.45	986.55	1289.33	1711.30	2004.92	2482.03	3620.52	4694.99	5680.41
Net Profit	105.34	135.35	160.01	208.33	235.84	336.03	415.59	501.72	550.32	429.60
Dividend (%)	100	120	100	120	120	120	120	140	140	130*
Branches	231	238	269	288	312	335	369	451	551	572
EPS (₹)	58.59	28.29	32.80	38.62	43.71	62.23	44.90	46.81	51.35	40.08
Return on Assets (%)	1.45	1.65	1.53	1.63	1.49	1.76	1.71	1.56	1.35	0.86%
Book Value (₹)	423.22	484.80	197.09	220.61	250.25	297.60	193.04	252.68	287.85	308.91
No of Employees	2811	2908	3286	3580	3941	4175	4574	5673	6730	7339

* Proposed



Health and Wellness Card Launched by Smt. Lalitha Raman, Head South Zone, Bajaj Allianz General Insurance, and our MD & CEO Shri K. Venkataraman.

Flagging off of the Health and Awareness Vehicle by Shri Athi S. Janarthanan, our former Chairman.



EXPANSION OF NETWORK



◀ BALARAJAPURAM - Ultra Small branch inaugurated by Dr. J. Sadakkadulla, Regional Director, RBI, Chennai.

CHENNAI - SALIGRAMAM - Inaugurated by Shri M. Saravanan, MD, AVM Productions, Chennai. ▶



◀ BATHALAPALLI - Inaugurated by Shri Manish Pasi, MD, First Steps Baby Wear Pvt. Ltd., Bathanapalli.



EXPANSION OF NETWORK

COIMBATORE - SARAVANAMPATTI
MAIN - Inaugurated by -
Dr. Ashok Bakthavachalam, MD,
KGISL Pvt. Ltd., Coimbatore. ▶



HYDERABAD - HAYATHNAGAR -
Inaugurated by Shri Gutta Jithender
Reddy, Chairman, Mother Dairy,
Hayathnagar. ◀



MUMBAI - MATUNGA - Inaugurated
by Shri Ashish Shamrao Pednekar,
President, Maharashtra Chamber of
Commerce, Industry & Agriculture,
Mumbai. ▶



EXPANSION OF NETWORK



CHENNAI - NUNGAMBAKKAM -
Inaugurated by
Dr. Nalli C Kuppuswami Chetti,
Nalli Silks, Chennai.

BRAHMAPURAM - Inaugurated by
Dr. G. Viswanathan, VIT University,
Vellore.



JAMMIKUNTA - Inaugurated
by Shri Mukka Rajalaxmiah,
Prop. Aditya Cotton, Jammikunta.

EXPANSION OF NETWORK

KOOTHANUR - Inaugurated by
Shri G. Ganesan, Technical Director,
IGP Engineers Pvt. Ltd., Chennai.



PODATURPET - Inaugurated
by Dr. E.S.S. Raman,
Consultant Diabetologist,
Podaturpet.

PONNAMARAVATHI - Inaugurated
by Dr. Chinnappa, B.Sc., M.B.B.S.,
D.C.H, Ponnamaravathi.



EXPANSION OF NETWORK



RAJAMUNDRY - TILAK ROAD -
Lighting the Gayathri Lamp
by Smt. Boda Bhagya Lashmi
Venkataraju, Manasa Bombay
Dyeing, Rajamundry.

COIMBATORE - SINGANALLUR -
Inaugurated by
Dr. C Manoharan, MS, FAIS, FICS,
Chairman, N.G.Hospital Pvt. Ltd.



THIRUVIDAIMARUDHUR -
Inaugurated by Srilasri Ambalavana
Desika Paramacharya Swamigal,
Thiruvaduthurai Aadhinam.

VISIT OF Dr. K. ROSAIAH, HIS EXCELLENCY, GOVERNOR OF TAMIL NADU TO KVB, CENTRAL OFFICE, KARUR





www.kvb.co.in | Helpline No. 1860 200 1916