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## BOARD OF DIRECTORS

### CHAIRMAN



SHRI K.P. KUMAR

### M.D. & C.E.O



SHRI K. VENKATARAMAN

### DIRECTORS



SHRI S. GANAPATHI SUBRAMANIAN



SHRI G. RAJASEKARAN



SHRI A.J. SURIYANARAYANA



SHRI K.K. BALU



SHRI N.S. SRINATH



SHRI B. SWAMINATHAN



Dr. V.G. MOHAN PRASAD



SHRI M.K. VENKATESAN



SHRI A.K. PRABURAJ



SMT. K.L. VJAYALAKSHMI



**K. VENKATESWARA RAO**  
PRESIDENT & COO



**J. NATARAJAN**  
GENERAL MANAGER



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



**T. SVARAMAPRASAD**  
GENERAL MANAGER & CFO



**S. BALAJI**  
GENERAL MANAGER



**V. SRINIVASAN**  
GENERAL MANAGER



**M. BALACHANDRAN**  
GENERAL MANAGER



**T.S. SRINIVASAN**  
HEAD - TREASURY

**COMPANY SECRETARY & DEPUTY GENERAL MANAGER**

KANNAN R

**DEPUTY GENERAL MANAGER**

SRINIVASAN. V

SWAMINATHAN K

SWAMINATHAN. K.P

SAMPATH. G

MOHAN. K

SUBBAIYAN. M

SANKARA VADIVEL. T.K

NAGARAJAN. K

SEKAR. S

UNNIKRISHNAN K

SAIRAJ G R

RAJAGOPALAN R

RAMASUBRAMANIAN S

JARARD THOMAS

ASHOK KUMAR. G.P

RAMALINGAM. N

SARAVANUN. C

MURALI KUMAR. M

RAVI. S

VENKATESAN. R

PRASAD S K V

**ASSISTANT GENERAL MANAGER**

ASHOK VENNELAKANTI

CHANDRASEKARAN. R.N

RAMASAMY G V

PARTHASARATHI R.

GANESAN. R

VJAYAKUMAR. P.V

LAKSHMANAN. L

ANBURAJ. V

VENKATARAMAN G

VARADHARAJAN. A

GOPALAN. S

MUTHU KUMAR K.P.

HARIHARAN K

RADHESYAM. T

SRINIVAS GUPTHA. P

VENKATESH C

RAMAKRISHNA C

MURALI. V

RAMSHANKAR R

PALPANDIAN. M

BALASUBRAMANIAN. T

RAMKUMAR. B

SRINIVASAN. G.V

KOYA. K.P

RAGHAVENDRAN. N

SIVAKUMAR. S

VINOTH KUMAR. S

MOHAN KUMAR. G

RAVICHANDRAN K.

UTPAL KANTI SARKAR

MURALI. L

SATYA SURYA PRAKASH K

CHAKKARAVARTHY. N

RAMESH. E

RAMANI V B

LEKSHMINARAYANAN. V

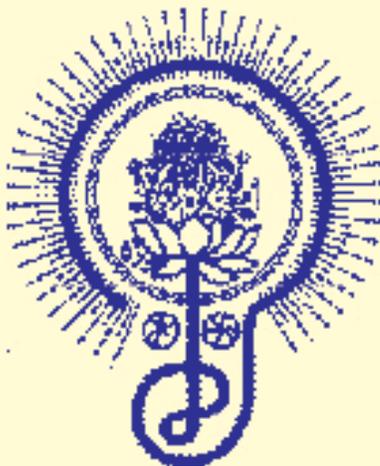
GIRIDHARAN S.

**LEGAL ADVISER**

K.N. SHRINIVASAN

**AUDITORS**

ABARNA & ANANTHAN, Bengaluru



**SRI JAYATHI DEVI**



**"Best Bank Award for Business Intelligence Initiatives among Small Banks" - IDRBT, by  
Dr. Raghuram G. Rajan, Governor, Reserve Bank of India.**

**SECOND BEST BANK OF NATIONAL LEVEL UNDER PRIVATE SECTOR  
- The State Forum of Bankers' Clubs (Kerala) by Hon'ble Kerala Governor Justice P. Sathasivam.**



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

Our bank recorded a total business of ₹ 81381 crore for the financial year ended 31.03.2015 with the deposits level at ₹ 44690 crore and that of advances at ₹ 36691 crore. The economy did not turn the corner this year as anticipated and continued to remain sluggish. Though investor sentiment in the capital market did reach greater heights, the manufacturing and service sectors were not sufficiently enthused to invest in new enterprise or expand existing business due to low and declining demand. Inflation levels declined significantly due to continuously declining demand, drop in fuel and commodity prices and also subdued government spending. Some borrowers found the going tough, which resulted in a rise in defaults too.

Our continued focus on CASA resulted in 9.49% growth, year on year and share of CASA to total deposits rising from 20.54% to 22.02%. Our bank continued to tread cautiously on the lending front by picking and choosing its borrowers to ensure asset quality, considering low credit demand and increasing delinquencies. The stringent lending policies of the bank backed up by a robust recovery mechanism reflected in the Net NPA being contained at 0.78%. Profitability under the strained circumstances improved year on year by 8.07% to ₹ 464.28 crore.

With the economic growth expected to pick up, we plan to improve our aggressiveness in lending this year. We have launched the Sales and Marketing Excellence Programme to improve commercial advances. While focusing on potential branches, all branches are encouraged to identify and pursue good clients in the market. By ensuring competitive pricing and quick turnaround, we are confident that this exercise will suitably improve our assets portfolio and support our bottom line. Retail advances are also set to grow at a satisfactory level. Simultaneously, CASA will continue to engage our attention as a key source of deposit mobilization. Para banking and other ancillary business will add their share to our income.

Our bank is also betting high on technology with the revamping of our Internet Banking platform and adding new services to the utility besides providing additional services through our Mobile Banking facility that includes e-passbook and missed call facility for balance inquiry and statement of account.

2015-16 will be a special year for us, as we are stepping into our Centenary Year. We begin this year on a positive note and trust that this year will highlight and crown a 100 successful years in the business of prudent financial planning, enjoying the support of millions of satisfied customers. I seek your support and blessings to our efforts and for the bank to reach new levels of glory in its century long journey.

**K. Venkataraman**

April 30, 2015



**BEST TECH SAVVY BANK- Runner Up - MSME Banking Excellence Awards- 2014** constituted by Chamber of Indian Micro Small & Medium Enterprises (CIMSME) by Shri.Kalraj Mishra, Hon'ble Minister of Micro, Small and Medium Enterprises, Government of India.

**RUNNER UP in MID SIZED BANKS Category** in recognition of excellent performance in NATIONAL FINANCIAL SWITCH (NFS) ATM Network - National Payments Excellence Awards 2014 by Shri. H.R. Khan, Deputy Governor, Reserve Bank of India.





95th ANNUAL GENERAL MEETING



## FOUNDERS' DAY CELEBRATION - AHMEDABAD



Founders Day - Lighting of lamp in the presence of Honorable Chief Minister of Gujarat Smt. Anandiben Patel



## DIRECTORS' REPORT

To the members

Your Directors are pleased to present the 96th Annual Report of business and operations of your Bank together with audited accounts for the year ended March 31, 2015.

Particulars	31.03.2015 (₹ in Cr)	31.03.2014 (₹ in Cr)
Gross Deposits	44690.27	43757.68
Gross Advances	36690.77	34225.98
Total Income	5976.71	5680.41
Total Expenditure	5033.42	4842.62
Operating Profit	943.29	837.79
Net Profit	464.28	429.60
<b>Appropriations: Transfer to</b>		
Statutory Reserve	120.00	128.00
Capital Reserve	12.16	1.75
General Reserve	58.50	157.00
Special Reserve	60.00	NIL
Investment Reserve	53.00	(21.00)
Proposed Dividend	158.42	139.99
Dividend Tax	32.25	23.79

### Total Business

The total business of the Bank stood at ₹ 81381.04 Cr as on March 31, 2015, against ₹ 77983.66 Cr a year before, growth of 4.36%.

### Deposits

Gross deposits increased by 2.13% to ₹ 44690.27 Cr against ₹ 43757.68 Cr last year. Savings Deposits increased by 16.75% to ₹ 6314 Cr. Demand Deposits stood at ₹ 3528 Cr. CASA increased from ₹ 8989 Cr as at 31.03.2014 to ₹ 9842 Cr as on 31.03.2015 recording a y-o-y growth of 9.49%. CASA deposits constituted 22% of the total deposits.

Term Deposits increased from ₹ 34768.79 Cr as on 31.03.2014 to ₹ 34848.10 Cr as at the end of March 31, 2015.

### Advances

During this fiscal, your Bank recorded a growth of 7.20% in its loan book with the advances increasing to ₹ 36690.77 Cr as at 31.03.2015 from ₹ 34225.98 Cr as at the end of March 31, 2014.

Priority sector advances were at ₹ 14332.70 Cr at the end of March 31, 2015, representing 41.43% of Bank's Adjusted Net Bank Credit (ANBC) of the previous fiscal. Your Bank has thus achieved its overall priority sector lending requirements of 40% of ANBC.

Your Bank's agriculture advances as at the end of the fiscal 2014-15 were at ₹ 6447.81 Cr, representing 18.72% of the ANBC, as against the regulatory prescription of 18%. The Bank has also achieved its weaker section advances requirement which stood at 10.20% as against the mandatory norm of 10%.

### Recovery

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

However in view of the continued slowdown in the economy and delinquencies in the corporate segment, the Bank's gross NPAs have increased from ₹ 279.18 Cr as on 31.03.2014 to ₹ 677.78 Cr as at the end of the fiscal 2014-15. The Gross NPA of the Bank stood at 1.85% up from 0.82%, a year ago. The Net NPAs of the Bank stood at ₹ 280.97 Cr (0.78%) at the end of the fiscal under report as against ₹ 139.91 Cr (0.41%) at the end of previous fiscal 2013-14.

The Bank maintains a provision coverage ratio of 75.20%.

### Share Capital

As at the end of the FY15, your Bank's paid up share capital stood at ₹ 121.63 Cr, consisting of 12,16,29,609 Equity shares of ₹10/- each fully paid up. There has been an increase in the paid up capital to the tune of ₹ 14.45 Cr on account of issue and allotment of shares to the Qualified Institutional Investors to the extent of ₹ 13.41 Cr during August 2014 and allotment of shares consequent to the exercise of options under Employees Stock Option Schemes. During the year under report, the Net owned funds of your Bank increased from ₹ 3326.34 Cr as at the end of FY 14 to ₹ 4246.03 Cr as at the end of FY15, an increase of ₹ 919.69 Cr (27.65%).

The Capital Adequacy Ratio stood at 14.63 % as per BASEL II and 14.62% under BASEL III norms. 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 Bank's shares at the end of March 31, 2015 was ₹ 6615.43 Cr.

## DIRECTORS' REPORT

### Employees Stock Options Scheme

During the fiscal 2014-15, the employees of the Bank exercised the stock options granted to them to the extent of 10,29,775 options. There were no unvested options at the end of the fiscal 2014-15. The Bank has not granted any stock options during the year under report.

### Credit Rating

ICRA Limited had rated the Unsecured Redeemable Non-convertible Subordinated (Lower Tier II) debt instruments issued during the earlier year by re-affirming its A+ rating.

CRISIL has reaffirmed A1+ rating (pronounced CRISILA 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

Having regard to the overall performance of the Bank and the positive outlook for the current fiscal, the Board of Directors recommended a dividend of ₹ 13/- per share (i.e. 130% on the paid up capital same as the previous fiscal) for the reporting year, thus maintaining 100% dividend or more for the twelfth year in a row since 2004. The total dividend outgo including dividend distribution tax will be ₹ 190.67 Cr.

### Investments

The aggregate investments of the Bank as on 31st March 2015 was ₹ 12833.03 Cr with maturity mix of securities consistent with risk perceptions and investment policies of the Bank.

Income earned on investments during the fiscal 2014-15 was at ₹1177.56 Cr registering a slight decrease of ₹ 19.82 Cr (i.e. 1.6%) as against ₹1197.38 Cr recorded during the previous fiscal 2013-14. Profit on sale of investments was ₹ 71.03 Cr for the fiscal 2014-15 as against ₹103.73 Cr recorded in the previous fiscal 2013-14.

The average yield on investments decreased to 7.50% during the year under report over the previous fiscal of 7.61%. Liquidity position of the Bank was comfortable throughout the year.

The Bank has put in place the risk management tools like Duration, Modified Duration and Value at Risk for all interest bearing securities.

### Forex Transactions

The merchant turnover of the Bank grew by 18.49% to reach ₹18493 Cr as against ₹15607 Cr during the previous fiscal 2013-14. The year on year export credit grew at 15%. Your Bank has earned a total income of ₹89.13 Cr on Forex business during the fiscal 2014-15 as against ₹79.07 Cr earned during the last fiscal 2013-14 registering an increase of 12.72%. Of this, Exchange Profit increased from ₹35.59 Cr to ₹43.76 Cr and other income (commission and others) increased from ₹43.48 Cr to ₹45.37 Cr with exchange profit recording an increase of 22.95% and commission income an increase of 4.34%.

### Distribution Net Work

During the year your Bank opened 56 branches in 6 States. One Satellite branch was upgraded to full fledged branch. Your Bank has added 28 ATMs.

As at the end of fiscal 2014-15, your Bank has 2274 customer outlets comprising of 629 branches and 1645 ATMs, with PAN India presence.

### Debit Cards

Your Bank has issued 9.81 lakh debit cards during the year taking the total number of cards issued viz: ATM card, VISA, Master EMV Chip, Maestro, Rupay Debit and Rupay Kissan to 53.63 lakh.

### POS

During FY 15, your bank installed 800 POS terminals across various merchant locations, taking the total to 9234 as at 31.03.2015. During the year under report 80.76 lakh transactions were made through KVBPOS and the gross value of the transactions routed through such terminals stood at ₹ 2348.16 cr.

### Technology Initiatives

The application of technology in day to day operations of the Bank has been responsible for augmenting and enhancing productivity levels apart from simplifying mundane tasks. The Bank's success could be attributed to proper technology plan targeted at introducing customer friendly delivery channels providing value added services and facilitating improvement in overall internal efficiency and decision making process by bringing in an effective Management Information System and complying with the regulatory norms. In this direction, the Bank has been lining up various IT initiatives that add value to the customer convenience apart from enhancing the internal efficiency.

## DIRECTORS' REPORT

Technology initiatives launched during the fiscal 2014-15 are given below:

- **Launching of Mobile POS and Handheld GPRS POS**

In order to give impetus to CASA business, a preferred IT solution viz: Mobile POS and Handheld GPRS POS was launched. It guarantees a lot of mobility and ease in acquiring card transactions in real time purchase scenarios. It is a preferred payment method to replace Cash on Delivery Scenario. Wireless and Rechargeable battery gives the equipment the extra edge. It promotes the customer acceptance of POS Payment in a big way.

- **Launching of Multi-Currency Travel Card**

Multi-Currency Travel Card obliterates the need for carrying different currencies during an overseas trip. Single card is used to load USD, EURO & SGD. Card can be used for ATM operations, POS purchases & E-Commerce transactions. Online Access to Travel Card Account is through Password. The card is loaded with all 3 currencies USD/EURO/SGD

- **E-passbook**

An in-house Android Application developed and styled as an E-Book, whereby customers of your bank having smart phones can view account statements and balance details in the mobile itself using the phone number registered with the bank database.

- **Missed call facility**

It provides banking services, if the customers give a missed call from his registered mobile to a designated mobile number for this purpose. The response is in the form of an SMS. The services offered are Balances of Running Accounts up to 5 in number and maximum limit of two missed calls a day. It also can provide Account Statement Enquiry for 3 accounts and a maximum limit of two missed calls per day.

- **Anti-Phishing, Anti-Trojan and Anti-Pharming Services**

Your bank has implemented Anti-phishing, Anti-pharming and Anti-Trojan services for preventing any malicious attacks from fraudsters.

### Golden Vision Initiatives

Members of the Bank are aware that the Bank has embarked upon Golden Vision Initiatives during the year 2009 and M/s Boston Consulting Group, a global consultancy firm of consultants, has been engaged to assist and advise the bank in its journey of 'Golden Vision' of attaining ₹125000 Cr business by the centenary year of the Bank in 2016. Most of their recommendations were put in place since their engagement in the year 2009.

The following initiatives are launched during the fiscal under report.

1. Institutional sales force programs (Divisional sales force) to target liability (CASA) products from institutional customers (e.g. Mid - large Corporates, Trusts, Associations, Govt. institutions).
2. Collections / Receivables & Payment module, to meet out the specific requirement of corporate customers.
3. Commercial sales force team at the branch level comprising of relationship officers - Commercial Banking (RO - CBG). Target of this program was to mobilize CA deposits and SME advances.
4. Structured third party sales programs (insurance and mutual funds) to increase the other income of KVB. In addition, a focused program was launched in September last year focusing on the debit card usage of the bank to increase interchange income.
5. Special drives / campaigns viz., for increasing the usage of alternate delivery channel viz., usage of debit cards both on-line and in POS terminals and rewarding with loyalty points to the users.
6. Deployment of self-service machines, based on user patterns and transaction profile of the branches has been carried out. Your Bank has now covered 50% of branch network with Cash Deposit Machines.

### Financial Inclusion

With the basic objective of bringing the unserved population under the banking mainstream, the Bank is striving towards the more inclusive growth by making financial products and services available to poor in particular. As per the Government of India and Reserve Bank directions your Bank has been actively pursuing the agenda of Financial Inclusion with key interventions in four groups namely expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy and stakeholder participation.

Your Bank has covered all the 117 allocated villages under rural Financial Inclusion. These 117 villages are spread over Tamilnadu, Andhra Pradesh, Telangana and Karnataka States.

### Ultra Small Branches (USBs)

During the Fiscal under report, the Bank opened 14 USBs, taking the count of USBs to 42 as on March 31, 2015.

We have conducted 140 Financial Literacy Campaigns through our 98 rural/unbanked branches. We have also conducted 914 Financial Literacy Campaigns through our metro, urban and semi-urban branches.

## DIRECTORS' REPORT

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

As per the directions of Department of Financial Services, Government of India your Bank started implementing "Pradhan Mantri Jan-Dhan Yojana" which focuses on coverage of households in urban areas also as against the earlier plan which focused on coverage of villages. The PMJDY will ensure that all households in the country, both rural and urban, will get access to the financial services, like bank account with Rupay debit card, access to credit, remittance, insurance and pension. Under the PMJDY scheme our Bank has been allotted with 409 wards in semi urban and urban areas, apart from the 117 villages already allotted under rural financial inclusion scheme. Your Bank conducted survey of all 1,99,242 households in all these 409 wards and opened 108502 Basic Savings Bank Deposit Accounts and 104889 Rupay cards were issued under PMJDY Scheme. All the households bank accounts are now with either our bank or other bank/s.

### Statutory Audit

M/s. Abarna & Ananthan, Chartered Accountants, Bangalore will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, subject to the approval of the Reserve Bank of India. The Bank has received consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and the rules made thereunder. Accordingly, the Board of Directors has recommended to the shareholders for approval the re-appointment of M/s. Abarna & Ananthan, Chartered Accountants, Bangalore, as the Statutory Auditors of the Bank to hold office from the ensuing AGM till the conclusion of the next AGM on a remuneration to be decided by the Board or Committee thereof.

### Secretarial Audit

Pursuant to the provisions of Sec 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank, with the approval of its Board appointed Shri S Solaiyappan, Practicing Company Secretary to undertake the Secretarial Audit of the Bank for the financial year ended 31.03.2015. The Secretarial Audit Report is annexed herewith as **Annexure 1**.

### Statutory Disclosures

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

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

Considering the nature of activities of the Bank, the provisions of Section 134 of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Bank.

However the bank has adopted the following in the areas of conservation of energy, technology absorption:

The Bank has installed one 850 KW Wind Turbine Generator at Govindanagaram Village, Theni District, Tamil Nadu in 2011 and has been utilizing the wind power generated for the Registered and Central Office at Karur and the Divisonal Office premises at Chennai. 14,57,545 units were generated during the fiscal under report by the windmill.

One floor at the Central Office complex and some select branches were equipped with energy efficient LED lights. Motion detector sensors were installed in some select branches of the Bank.

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 Sec 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forms part of this report.

The ratio of remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Sec 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as **Annexure 2**.

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

### Extract of Annual Return

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

## DIRECTORS' REPORT

### Board of Directors

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Bank, Director Shri G Rajasekaran, retires by rotation and being eligible, offered himself for re-appointment.

Shri. M K Venkatesan, Shri A K Praburaj and Smt K L Vijayalakshmi were appointed as Additional Directors of the Bank during the year under report in terms of the provisions of Section 161 of the Companies Act, 2013 and Article 27 of the Articles of Association of the Bank. They hold office upto the date of the ensuing Annual General Meeting of the Bank. Bank has received notices from them individually signifying their candidature for the office of Director of the Bank, along with deposit prescribed under provision of Section 160 of Companies Act, 2013.

The brief resume and details of directors who are to be re-appointed/appointed are furnished in the Corporate Governance Report annexed.

Director Shri S Ganapathi Subramanian would be continuing upto the date of this AGM consequent upon attainment of maximum age criteria prescribed under the extant guidelines. Board places on record its sincere appreciation of the services rendered by him during his tenure as Director.

### Directors' Responsibility Statement

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Awards and Accolades

Your Bank has received the following awards and recognition during the year 2014-15.

1. Master Card payments Strategy Workshop, Goa 2014 - Karur Vysya Bank received the Innovation Award for implementation of RFID enabled Debit Card Program.
2. "Best Bank Award for Business Intelligence Initiatives among Small Banks" instituted by The Institute for Development and Research in Banking Technology (IDRBT) in the IDRBT-Banking Technology Excellence Awards 2013-14 from the Hon'ble RBI Governor Shri. Raghuram Rajan. Your Bank has bagged the said Information Technology Award from IDRBT consecutively for the sixth time.
3. "EDGE 2014 Award for managing IT Security" by Information Week magazine for the use of IT for maximizing business impact.
4. National Payments Excellence Awards 2014 - Runner Up in Mid Sized Banks Category in recognition of excellent performance in National Financial Switch (NFS) ATM Network. The award was sponsored by NPCI.
5. State Forum of Bankers' Clubs (Kerala) in their 6th Banking Excellence Award 2014, adjudged KVB as the Second Best Bank in the Private Sector Category at National level and presented the award.
6. RUNNER UP AWARD in the old private sector bank category in FY 2012-13, Financial Express Best Banks Award.
7. Received BEST TECH SAAVY BANK- Runner Up award in MSME Banking Excellence Awards- 2014 constituted by Chamber of Indian Micro Small & Medium Enterprises (CIMSME).

## DIRECTORS' REPORT

### Acknowledgements

Your Bank is grateful to the RBI, Government of India, SEBI and other authorities and agencies, Financial Institutions and correspondent banks for their valuable support and guidance.

The Directors also express their deep sense of appreciation to all

staff members of the bank for their dedicated service and commitment towards bank's vision for sustainable growth. Finally, the Board wishes to sincerely thank all the customers, shareholders, other stake holders for their valuable support and look forward to their continued support in the years to come.

Place: Karur  
Date : 28.05.2015

For and on behalf of the Board of Directors,  
K P Kumar  
Chairman

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

Name Shri	Qualification	Age	Remuneration Received	Amount ₹.	Experience No. of years	Date of Commencement of Employment	Last Employment
K Venkataraman MD&CEO	M.Sc (Agri) CAIIB	62 years	Pay Bank's Contribution to P.F Perquisites	65,00,000 7,80,000 14,92,682	37 years	06.06.2011	SBI Global Factors Ltd MD&CEO
			Total	87,72,682			

## MANAGEMENT DISCUSSION AND ANALYSIS

### World Economic Overview

Global economy appears to be stabilising from the second half of 2014, with markedly uneven growth profiles between advanced and emerging economies and between commodity exporters and importers. The fall in international commodity prices, especially of crude oil necessitated demand across economies. Across countries Monetary policy stances adopted by different central bankers have been easing. There have been large movements in exchange rates and other asset prices. Long term yields have fallen to record lows due to risk appetite and search for yields. Heightened volatility is felt in financial markets. Thus even though financial conditions are easing and are being reflected in financial asset prices, the outlook for global growth remains subdued, held back by still-weak demand.

In 2014 the financial markets witnessed two important developments viz., the appreciation of the US Dollar and a sharp fall in global commodity prices.

In the United States, growth has been firming up, aided by improving labour and housing market conditions. In Euro area, economic conditions remain weak although some pick up is seen in Q4 of 2014 and early months of 2015 mainly due to lower crude prices, depreciation in Euro and increased bank lending. In Japan, the contraction of activity is moderated in the last quarter of 2014 with improvements seen in consumer confidence and exports and contraction witnessed in retail sales and industrial production. Many of the Emerging market economies continue to decelerate due to subdued external demand, political uncertainties and domestic supply-side constraints. Slow down is perceptible in other emerging economies like China, Russia, Brazil etc.

Overall global economic recovery remained tepid and divergent across economies, with most emerging market economies showing slowdown while advanced economies remain susceptible to the risk of deflation. Inflationary pressures subsided in key Emerging market economies giving leeway for easing monetary policy. Global commodity prices continue to decline. Financial markets were buoyant but volatile in pricing in policy developments in major economies.

### Over view of the Indian Economy

Following the general elections in May last year, the domestic economy started off with a positive note due to significant improvement in market and business sentiments. Thereafter, a supporting global commodity price movement coupled with

significant fall in crude prices resulted in substantial decrease in inflationary conditions. However economic output growth remained sluggish due to steep fall in consumer demand.

GDP growth for the fiscal 2014-15 is expected to be at 7.4% from 6.9% a year ago, based on the new revamped series (with 2011-12 as the base year). As per the Central Statistical Organisation's (CSO) advanced estimates, all sectors other than agriculture, mining, trade, transport and communication services are expected to show improvement in their sectoral performance. The headline GDP growth for the fiscal 2014-15 would be led by finance, manufacturing and electricity.

The average Consumer Price Index (CPI) inflation which was close to 10% since 2008-09, fell sharply to 6% in FY2015. Food inflation declined, aided by government's policies limited increase in minimum support prices for food grains and muted rural wage growth. Moderation is witnessed in fuel inflation thanks to the sharp drop in crude oil prices, which however was not passed through fully to the domestic retail prices, due to hike in excise duty. The Core inflation was contained below 5% since November 2014 as a result of twin factors viz: strong anti-inflationary stance adopted by RBI along with declining trend in fiscal deficit and falling commodity prices.

WPI (Wholesale Price Index) inflation averaged at 2.1% in FY 2014-15 against 6%, a year ago.

The external sector shock resistance is expected to see significant compression in FY15. According to the economic survey presented by the Government in February 2015, the Current Account Deficit (CAD) which was 4.7% of GDP in FY13 improved to 1.7% in FY 14 and is expected to be 1.3% of GDP in FY15. The expected improvement in CAD is on the back drop of slide in global commodity prices since June last year.

The Government is expected to meet the headline fiscal deficit target of 4.1% of GDP in 2014-15. During the fiscal 2014-15, the Indian rupee was traded in a band of 58.46 to 63.68. The Economic survey presented by the Finance Minister in February 2015 expects a Balance of Payments surplus of USD 26 billion in the fiscal under report. The forex reserves was at record high at 343.9 bn US \$ at the end of FY15 as against 303.7 bn at end of FY 14 and 292.6 bn at the end of FY 13.

On the Monetary Policy front after increasing the repo rate by 25 bps in January 2014 to 8%, it was lowered by 25 bps in January 2015 to bring it to 7.75% again after a gap of nearly one year. Another 25 bps cut was made in March 2015 on the back of further

## MANAGEMENT DISCUSSION AND ANALYSIS

improvement in inflation trajectory as per CSO estimates and after the budget was presented in February 2015.

With credit and deposit growth moving broadly in tandem, liquidity in the system remained comfortable throughout barring transient liquidity mismatches due to frictional factors such as festival days, mid-December advance tax payments etc., Overall the financial markets traded on a bullish note during the second half of 2014-15 against the backdrop of improved domestic fundamentals and a global appetite for risk.

### Opportunities and Threats

The Bank has pan-India presence with 629 branches and 1645 ATMs as at the end of FY15. The Bank has 42 ultra small branches. The Bank has still scope for expansion of branch net work including unbanked areas in the country. Further the Bank has been one of the pioneers in technology and all the branches and offices of the Bank are under Core Banking Solution (CBS). The Bank's technological initiatives such as internet banking, mobile banking and other facilities have been instrumental in attracting Next-gen customers. A good caliber and dedicated work force, better infrastructure facilities, a competitive customer service and an advanced tech savvy environment enable the bank to improve its performances over the years which would provide a great potential for the Bank to fully exploit the tech savvy products to its advantage.

In 2013-14, 9.5 Cr mobile banking transactions valued at around ₹ 6000 Cr were transacted, the corresponding figures for 2012-13 were 5.3 Crs and ₹ 6000 Cr respectively. Also with charges being levied for cash remittances beyond a minimum number and encouraging customers to use technology rather than cheques for payments, increasing number of customers would be migrating into digital payments such as internet and mobile payments in future.

With vast majority of population in the country along with many small and medium enterprises and shops, there is good scope for retail loans.

The Bank has started providing payments and transaction banking solutions to its customers especially SMEs and corporate customers. This includes current account, collection and payments solutions, door step banking etc. The Bank has been providing fee collection facilities to the Educational Institutions.

The Bank leverages its distribution net work and technology platform to deliver seamless banking experience to its customers.

The year gone by has been challenging for the banking sector with credit growth touching decade low levels of 9.5%. Your Bank has been concentrating on quality of assets.

Considering the massive scale of delinquencies weighing down the books due to continuous economic slowdown, banks are under pressure to improve asset quality. This would result in stiffening competition in the industry for quality assets. Further the proposed Small Banks and Payments Banks also may add challenges in certain segments/sectors of banking once they stabilize.

With a view to improve the overall performance and the business of the Bank, our Bank has been continuing various initiatives to increase commercial banking products including retail loans in a good measure to improve its quality asset growth.

The global growth prospects are projected to improve in a gradual manner, given the fact that the global economy is still short of full recovery from the 2008 financial crisis. In India, the Government has taken several steps to boost the investment climate. Containment of inflation point to a better outlook in the current fiscal. Increased economic activities coupled with benign interest rate environment and various initiatives of the Government may provide sufficient opportunities to the Banks to improve their business in the current fiscal.

### Segments and Product wise performance of your Bank

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

Deposits	Amount (₹ In Cr)	Advances	Amount (₹ In Cr)
Demand	3528.47	Cash Credit, Overdraft and Demand Loan	28397.12
Savings	6313.70	Bills Purchased and Discounted	1990.61
Term	34848.10	Term Loan	6303.04

Gross deposits of the bank grew from ₹ 43757.68 Cr during the fiscal 2013-14 to ₹ 44690.27 Cr in 2014-15 recording an annual growth rate of 2.13%. CASA grew by 9.50 % to ₹ 9842 Cr and accounted for 22% of the aggregate deposits, as against 20.54% in the previous year.

The average deposits stood at ₹ 44456.38 Cr during the fiscal 2014-15 compared to ₹ 42101.31 Cr in the last fiscal, registering a growth rate of 5.59%. Cost of deposits declined to 7.96% in FY15 from 8.24% in FY14.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under report, gross advances increased from ₹ 34225.98 Cr to ₹ 36690.77 Cr recording a growth of 7.20%. The average advances was higher by ₹ 31538.25 Cr as at 31.03.2014 to reach ₹ 34696.74 Cr as at the end of fiscal 2014-15. The growth of average advances was at 10.01% in FY15. The average yield on advances was lower at 12.14% for the fiscal 2014-15 against 12.28 % during the earlier fiscal.

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 a robust and integrated Risk Management System to ensure that the risks assumed by it are within the defined risk appetites and are adequately compensated. To address the various risks to which the Bank is exposed to, the Bank has a robust Risk Management Architecture comprising Risk Management Structure, Risk Management Policies and Risk Management Implementation and Monitoring Systems.

Your Bank aims at enhancing and maximizing the shareholder value by achieving appropriate trade-offs between risk and return.

### Risk Management Structure

The overall responsibility of setting the Bank's risk appetite and effective risk management rests with the Board of Directors and for this purpose the Board has constituted a Board level Committee known as Risk Management and Asset Liability Management Committee which monitors the implementation of the Risk Management system in the Bank. The Bank has various executive level Committees such as Credit Risk Management, Market Risk Management, Operational Risk Management and Asset Liability Management to supervise the respective risk management functions.

### Risk Management Policies

To address the various risks like credit risk, operational risk, market risk, liquidity risk, forex risk and pillar II risks, the Bank has formulated various risk management policies to measure, manage and mitigate such risks that the bank is exposed to. The policies are approved by the Board of Directors of the Bank and periodic review of the policies are also carried out by the Board as per extant guidelines of RBI.

### Credit Risk

Your Bank has formulated a Credit Policy to address the credit risk. This policy lays down guidelines for Credit Management covering all areas of operation where credit risk is involved. The policy enables the Bank to enhance the risk management capabilities by undertaking lending decisions guided by the policy frame work for a steady and healthy growth in its loan book.

The Bank has set various prudential limits to individual borrowers, group borrowers, entry level exposure norms, substantial exposure limits, bench mark financial ratios, exposure limits/ceilings to industries, sensitive sectors, rating category etc in alignment with RBI directives. The limits are being reviewed by the Board periodically.

During the year under report, analysis of various exposure norms has been undertaken to ensure Banks' exposures are within the exposure limits/ceilings fixed by RBI/Board of the Bank.

The Bank has made its loan appraisal function independent of Risk rating function. Internal risk rating of loan accounts is carried out through rating model to assess the credit proposal and rating of a borrower.

The Bank conducted the credit portfolio analysis at regular periodicity to study the impact of a particular industry /sector on the credit portfolio of the bank and adopt strategies to improve the quality of loan book and reduce the potential adverse impact of concentration risk.

Your Bank has also undertaken the rating migration analysis of its borrowers at half yearly interval to analyse the stability rate, upgradation rate, down gradation rate and default rate for one, two, three and four year time horizons and appropriate corrective actions are initiated to protect the portfolio quality.

The Bank has put in place a Loan Review Mechanism to improve the quality of loan assets and to ensure adherence to policies, procedures and statutory requirements.

### Market Risk Management

The Market Risk framework of the Bank aims at maximizing the return by providing inputs regarding the extent of market risk exposures, the performance of portfolio vis-à-vis the risk exposure and comparable benchmarks.

Integrated Mid-Office at Risk Management Wing is Monitoring Market Risk Exposure. Exposure limits, such as, Stop Loss Limits on trading book, Intraday and overnight limit for various currency

## MANAGEMENT DISCUSSION AND ANALYSIS

positions, Dealer-wise limits, Aggregate Gap Limit, Limits on Money Market Operations, Modified-duration limits for Investment portfolio and VaR limits are fixed to act as risk mitigants/triggers. These limits along with other triggers are tracked daily and necessary actions are initiated. Reporting system is strengthened for effective Market Risk Management.

### Operational Risk Management

Operational Risk Management framework in the Bank is based on ethics, organization culture and strong operating procedures, involving corporate values, internal control culture, effective internal reporting and contingency planning.

The Bank has adopted policies for management of Operational Risk, which covers various aspects, such as, Operational Risk Management Structure, Outsourcing Activities, Business Continuity Plan, Insurance and Legal Risks.

### ICAAP

An Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2 of Basel II Norms is in place. Linkages to Stress Test Scenarios are also documented in ICAAP. The ICAAP document is reviewed and approved by the Board of Directors.

To comply with the Pillar II with RBI under BASEL II norms, the Bank has formulated a Policy on Internal Capital Adequacy Assessment Process (ICAAP) for the assessment of all material risks the bank is exposed to and the Risk Management Processes which are put in place to Manage and Mitigate those risks and also to evaluate its capital adequacy commensurate with such risks.

In line with ICAAP Policy, the Bank prepares the ICAAP document on yearly basis and submits to RBI after approval by the Board of Directors. As per RBI directives, the validation of ICAAP document is done by an external agency. The Bank also reviewed its ICAAP on quarterly basis for monitoring both risks and capital requirement of the Bank.

In line with RBI guidelines and as per the Stress Testing Policy of the Bank, the Bank conducted Stress Testing analysis on quarterly interval on various risks like Liquidity Risk, Interest Rate Risk, Forex Risk and Credit Risk and assessed the impact on capital adequacy and profitability.

For skill development in Risk Management area, the Bank also nominates its officers on regular basis for various trainings/seminars on Risk Management conducted by reputed institutions like NIBM, IDRBT etc.,

### Inspection and Audit

The Bank has adopted Risk Based Internal Audit, which lays focus on proper risk identification and assessment, effective risk containment and management measures, adequacy of control systems and procedures as well as optimum use of resources. It aims at giving an assurance to the management the level of regulatory and systemic compliance, besides ensuring accomplishment of Corporate Governance objectives.

All the branches of the Bank are subjected to internal inspection so as to contain risk, effective control mechanism and improve efficiency of operations. Risk Based Internal Branch Inspection is conducted once in 6 to 18 months depending on the risk perception. The periodicity of Branch inspection is decided based on such risk perceptions. Newly opened branches are subjected to first inspection within 12 months from the date of starting the operations.

Surprise Inspections are conducted at identified Large Branches and High Risk rated branches as and when need arises for such audits.

Management Audit of Divisional Offices are conducted once in two years.

Concurrent Audit is carried out at the branches/offices identified based on risk perception and business turnover. During the year 2014-15, 216 branches covering 78% of total business of the Bank, were subject to concurrent audit by engaging the services of external firm of Chartered Accountants. International Division, Data Centre, DR Site, Treasury & Investment Operations, ATM centers and Regional Processing Centers are subjected to Concurrent Audit.

All branches are subjected to information security audit which is carried out to identify the security and processing risks in the computerized environment, evaluate related controls to ensure security, functionality and reliability of Hardware, Operating System and Application Software and to ensure data availability, integrity as well as confidentiality.

Revenue Audit is carried out at identified branches once in a year. All important inspection and audit findings are placed before the Audit Committee of the Board for review.

Your Bank has put in place KYC and Anti Money Laundering measures in line with extant guidelines of RBI. As 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 rose to ₹ 5395.88 Cr from ₹ 5115.96 Cr, a year ago, a rise of 5.47%. Interest expenditure increased to ₹ 3929.97 Cr in 2014-15 from ₹ 3832.26 Cr in 2013-14, a rise of 2.55%. The net interest income grew at 14.19% from ₹ 1283.70 Cr to ₹ 1465.90 Cr. Non-Interest income increased to ₹ 580.84 Cr in FY15 from ₹ 564.45 Cr, a year ago, a growth of 2.90%. Operating revenue increased by 10.73% to ₹ 2046.48 Cr.

Establishment expenditure increased to ₹ 547.05 Cr in FY15 from ₹ 527.92 Cr in FY14, registering an increase of 3.62%. Other operating expenses increased by 15.33% to ₹ 556.40 Cr. Operating expenses increased by 9.21% to ₹ 1103.45 Cr from ₹ 1010.36 Cr.

Your Bank posted an operating profit of ₹ 943.29 Cr for the financial year 2014-15, against ₹ 837.79 cr in the corresponding period last year, an increase of 12.59%. For the year ended 2014-15, net profit posted an increase of 8.07% from ₹ 429.60 cr in FY14 to ₹ 464.28 cr in FY15.

For the year ended 31.03.2015, the Net Interest Margin of the Bank rose by 27bps to 2.91% from 2.64% compared to the previous Fiscal 2013-14. The Return on average assets was at 0.88% at the end of Fiscal under report as against 0.86% in the previous year.

### Human Resource Management

The Human Resources Policy and the Practice of the Bank aims at attracting, motivating and retaining qualified and skilled man power. In line with these objectives, efforts are taken to improve man power efficiency. HR Policy of the Bank has been revisited to suit the changing banking scenario. Bank strives to groom and develop its work force to make it highly productive. Competency

and capacity building assume great significance in the era of competition and the Bank is dedicated to empower its employees with knowledge, skills and right attitude. The Employees have been trained in various areas of specialization like credit, forex, risk management, information technology as well as general management applications. Induction programmes for probationary clerks, Officers and Agricultural Officers were conducted. Officers and Executives of the bank were nominated to various external training centres of repute for intensive training in their field of operations. The training Institutions identified for the purpose were - NIBM, IDRBT, FEDAI, NIRB, CAFRAL, SIBTC, IPE, ASCI etc., The Bank has a Staff Training College at Karur. During the FY 2014-15, the bank has trained 5104 employees both internally and externally.

To motivate employees further and to inculcate in them a sense of ownership, Employee Stock Option Schemes were introduced after obtaining shareholders approval. Stock Options were granted to all cadres of Employees and shares allotted consequent to exercise of stock options as per the SEBI Guidelines in this regard. The number of employees in the Bank stood at 7197 as on 31.03.2015. Business per employee rose to ₹ 11.30 Cr as at 31.03.2015 from ₹ 10.55 Cr as at 31.03.2014.

As required under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, your Bank has put in place necessary institutional frame work for prevention of Sexual harassment of Women at Work Place and the matters connected there to.

Industrial relations in the Bank have been cordial and harmonious. The representatives of Workmen Union, Officers Association and Management have been working collectively achieving all-round growth making the Bank progressively healthier. On account of cordial industrial relations, Bank has achieved considerable growth over the years.

## CORPORATE GOVERNANCE REPORT

### Corporate Governance

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing the shareholders' value and protecting the interest of all the stakeholders of the Bank such as depositors, borrowers, investors, customers in general, suppliers, employees and the society.

The Bank's philosophy on corporate governance is founded upon a rich legacy of fair, ethical and transparent governance practices many of which were in place even before the mandatory requirements under Clause 49 of the Listing Agreement by adopting high standards of professionalism, honesty, integrity and ethical standards of conduct. Through the governance mechanism, the Board and its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency and independence in its decision making.

### Board of Directors

Your Bank's Board of Directors is broad based and its constitution is governed by the provisions of the Banking Regulation Act, 1949,

the Companies Act, 2013 and the requirements of the Listing Agreement entered into with the stock exchange where the shares are listed. The Board has been so constituted to provide focus on governance in the important functional areas of your Bank.

The strength of the Board as on March 31, 2015 was 12 directors comprising of one Whole Time Director designated as MD & CEO, six independent directors including Part time Chairman, and five non-independent directors. It is declared that none of the directors is related to each other.

All the six independent directors of the Bank have confirmed to the Bank that they meet criteria of independence in terms of Sec 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In terms of Sec 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Bank, being a listed entity, shall have at least one woman director on its Board. In compliance of the same, your Bank has co-opted Smt. K L Vijayalakshmi, Chartered Accountant as an Additional Director on the Board.

### Board Meetings

During the year 2014-15 the Board of Directors met on 21 occasions on the following dates.

02.05.2014	15.06.2014	24.07.2014	23.09.2014	06.11.2014	05.01.2015	27.02.2015
28.05.2014	05.07.2014	01.08.2014	24.09.2014	08.12.2014	29.01.2015	22.03.2015
29.05.2014	23.07.2014	23.08.2014	05.11.2014	09.12.2014	13.02.2015	23.03.2015

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

Name of the Director Sarvashri	Period	No. of Board meetings held	Board meetings attended	Attendance at the 95th Annual General Meeting
K P Kumar Non-Executive (Part time) Chairman - Independent	01.04.2014 - 31.03.2015	21	19	Attended
K Venakataraman MD & CEO	01.04.2014 - 31.03.2015	21	21	Attended
M G S Ramesh Babu Non-Executive - Independent	01.04.2014 - 23.08.2014	9	8	Attended
CA S Ganapathi Subramanian Non-Executive - Independent	01.04.2014 - 31.03.2015	21	21	Attended
G Rajasekaran Non-Executive	01.04.2014 - 31.03.2015	21	21	Attended

## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	Period	No. of Board meetings held	Board meetings attended	Attendance at the 95th Annual General Meeting
A J Suriyanarayana Non-Executive	01.04.2014 - 31.03.2015	21	21	Attended
CA K Ramadurai Non-Executive - Independent	01.04.2014 - 22.07.2014	5	5	Not Applicable
K K Balu Non-Executive - Independent	01.04.2014 - 31.03.2015	21	20	Attended
N S Srinath Non-Executive - Independent	01.04.2014 - 31.03.2015	21	21	Attended
B Swaminathan Non-Executive - Independent	01.04.2014 - 31.03.2015	21	13	Attended
Dr V G Mohan Prasad Non-Executive - Independent	15.06.2014 - 31.03.2015	17	12	Attended
M K Venkatesan Additional Director Non-Executive	09.12.2014 - 31.03.2015	7	5	Not applicable
A K Praburaj Additional Director Non-Executive	09.12.2014 - 31.03.2015	7	7	Not applicable
Smt CA K L Vijayalakshmi Additional Director Non-Executive	22.03.2015 - 31.03.2015	1	1	Not applicable

Shri CA S Ganapathi Subramanian was a Part-time non-official director of M/s New India Assurance Company Limited till 24.08.2014. None of the other directors is a director in any public limited company. Thus the disclosures relating to Committee positions are complied with.

### Board procedure

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

The information that are required to be placed before the Board as per the extant guidelines of RBI as also the matters enumerated under Annexure X of the Listing Agreement were presented to the Board.

### Remuneration of Directors

Shri K P Kumar Non-Executive (Part Time) Chairman was paid honorarium of ₹9,00,000/- during the period under report. He was also paid ₹2,65,000/- towards sitting fees for attending the Board and Committee meetings.

Shri K Venkataraman, MD & CEO, was paid ₹87,72,682/- (Gross), being the fixed pay and perquisites for the year 2014-15.

MD & CEO, who was granted 5,000 Employees Stock Option under KVBESOS 2011, exercised all the options granted to him during the year under report and was allotted 5000 shares.

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

Non-Executive Directors were paid sitting fees for attending the Board and Committee meetings at ₹10,000/- and ₹ 5,000/- respectively.

Remuneration paid to the Non-Executive Directors for attending Board and Committee Meetings for the fiscal 2014-15 are given below:

Name of the Director Sarvashri	Amount (₹ in lakh)
M G S Ramesh Babu	1.70
CA S Ganapathi Subramanian	4.15
G Rajasekaran	4.70
A J Suriyanarayana	4.75
CA K Ramadurai	0.70
K K Balu	3.35
N S Srinath	3.80
B Swaminathan	2.00
Dr. V G Mohan Prasad	1.45
M K Venkatesan	1.45
A K Praburaj	1.50
Smt. CA K L Vijayalakshmi	0.10

## CORPORATE GOVERNANCE REPORT

Non-Executive Directors were not granted any stock option.

No pecuniary relationship exists between the Independent Directors and the Bank, other than payment of sitting fees for attending the Board/Committee meetings.

Smt CA K L Vijayalakshmi, Additional Director (Non-Executive) attended certification programme for Directors and Aspiring Directors on 27th and 28th March 2015 at Bangalore organized by Corporate Laws & Corporate Governance Committee of the Institute of Chartered Accountants of India.

Directors' shareholding as on 31.03.2015

Name of the Director Sarvashri	Number of shares
K P Kumar	20,308
K Venkataraman	6,500
CA S Ganapathi Subramanian	1,400
G Rajasekaran	3,22,024
A J Suriyanarayana	2,29,909
K K Balu	3,131
N S Srinath	533
B Swaminathan	500
Dr V G Mohan Prasad	32,203
M K Venkatesan	1,88,396
A K Praburaj	13,834
Smt CA K L Vijayalakshmi	500

### Directors seeking appointment/ re-appointment

Pursuant to Clause 49 of the Listing Agreement to the Corporate Governance, a brief resume including their expertise in specific functional areas etc., is furnished hereunder:

Shri G Rajasekaran (DIN 35582), aged 64 years, is a graduate in Arts. He belongs to the Promoter family. He has rich experience in textile business. He has also interest as a Partner in certain finance firms.

He had served as a Director of the Bank for two terms from 14.02.1990 to 13.02.1998 and 14.06.2000 to 08.06.2008. Co-opted as an Additional Director of the Bank on 20.06.2010, he was elected as a Director at the 91st AGM held on 21.07.2010 and re-elected at the 93rd AGM held on 30.07.2012.

He is a Non-Executive Director representing Minority Sector "Business and Finance" on the Board of the Bank.

Shri M K Venkatesan (DIN 32235), aged 58 years, is a graduate in Economics. He belongs to the promoter family. He is engaged in 'Mundy' business (Wholesale business in agricultural commodities). He had served as a Director of the Bank from 22.02.1992 to 18.02.2000 and 26.11.2003 to 26.07.2009. He was co-opted as an Additional Director on 09.12.2014. He represents majority sector 'MSME'.

Shri A K Praburaj (DIN 07004825), aged 44 years, is a Commerce graduate. He belongs to the promoter family. He is a dealer in Indian Oil Corporation and is a partner in certain finance firms. He was a Director of the Bank during the period from 04.12.1997 to 07.03.2004. He was co-opted as an Additional Director of the Bank on 09.12.2014. He represents minority sector 'Trade and Commerce'.

Smt CA K L Vijayalakshmi (DIN 07116809), aged 50 years, is a Bachelor of Business Management and a fellow member of the Institute of Chartered Accountants of India. She is a practicing Chartered Accountant. She is a Partner in M/s Khicha and Prabu Kesavan, Chartered Accountants, Coimbatore since 1995. She has more than 25 years of experience in various audits like Statutory Bank Branch Audits, Concurrent Audits, Income Leakage Audits etc., branch audit of Insurance companies and Audit of Tamil Nadu Civil Supplies Corporation. Co-opted as an Additional Director of the Bank on 22.03.2015, she represents minority sector 'Commerce' and Accountancy (Special Knowledge).

### Committees

#### Audit Committee

The Audit Committee is chaired by Shri. CA S Ganapathi Subramanian, who is a Chartered Accountant.

The terms of reference of Audit Committee are harmonized with the requirements of Clause 49 of Listing Agreement, provisions of Companies Act and responsibilities enjoined upon it by the RBI, which inter alia includes the following:

- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible.
- Recommending to the Board, the appointment, reappointment or, if required, the replacement of the statutory auditor together with the fixation of audit fees and approval of payment for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements before submission to the Board with special emphasis in accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.

## CORPORATE GOVERNANCE REPORT

- d) Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- e) Review, as far as the situation necessitates all other reports including Risk Based Internal Audit Reports, which are presently being put up before the committee.
- f) Review of all reports as per the calendar of reviews stipulated by the RBI and
- g) Any other terms of reference as may be included from time to time in clause 49 of the Listing Agreement.

The Committee met 10 times during the fiscal 2014-15. The composition of the Committee and their attendance at the meetings are given below.

Name of the Director Sarvashri	No. of meetings attended
CA S Ganapathi Subramanian Chairman of the Committee	10
K P Kumar, Chairman (from 24.09.2014)	4
G Rajasekaran (from 31.10.2014)	5
A J Suriyanarayana (from 24.09.2014)	6
B Swaminathan	6
Dr V G Mohan Prasad (from 24.09.2014)	3
K K Balu (up to 23.09.2014)	4
N S Srinath (upto 30.10.2014)	5
M G S Ramesh Babu (upto 23.08.2014)	3
CA K Ramadurai (upto 22.07.2014)	3

### 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 17 times during the year 2014-15. The members of the Committee and their attendance at the meetings are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	17
CA S Ganapathi Subramanian	15
G Rajasekaran	16
A J Suriyanarayana	17
N S Srinath	14
M K Venkatesan (from 29.01.2015)	4
A K Praburaj (from 29.01.2015)	2
M G S Ramesh Babu (upto 23.08.2014)	4

### Compensation and Remuneration Committee

The terms of reference of the Committee shall include the following:

- (a) To administer and monitor Employees Stock Option Scheme of the Bank including granting of stock options.
- (b) 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, 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 has six members, detailed below:

Name of the Director Sarvashri
CA S Ganapathi Subramanian Chairman of the Committee
K P Kumar, Chairman
M G S Ramesh Babu (upto 23.08.2014)
B Swaminathan
G Rajasekaran (from 29.01.2015)
K K Balu (from 29.01.2015)
A K Praburaj (from 29.01.2015)

## CORPORATE GOVERNANCE REPORT

One meeting was held on 28.05.2014 and all the members of the Committee attended the meeting.

In terms of the extant guidelines of RBI, qualitative and quantitative disclosures on remuneration have been furnished in the Notes on Accounts.

### Customer Service & Shareholders and Investors' Grievance Committee

The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard. The terms of reference of the Committee, inter-alia, are to formulate comprehensive Deposit Policy incorporating the issues such as the treatment of death of a depositor for operations of his account, the product approval process, annual survey of depositor satisfaction and the triennial audit of such services. Besides, the Committee also examines any other issues having a bearing on the quality of customer service rendered.

The Committee also monitors 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 24.09.2014 and 18.03.2015. The composition of the Committee and the attendance of members are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	2
K P Kumar, Chairman	1
G Rajasekaran	2
K K Balu	2
N S Srinath	2
B Swaminathan (upto 28.1.2015)	1

### 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 risk exposures etc and to ensure smooth transition to the new Capital Adequacy Framework.

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 three times during the year under report on 15.05.2014, 09.12.2014 and 27.02.2015.

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

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	3
K P Kumar, Chairman(from 29.01.2015)	1
CA S Ganapathi Subramanian	1
N S Srinath	2
B Swaminathan	2
A K Praburaj (from 29.01.2015)	1
G Rajasekaran (upto 28.01.2015)	2
A J Suriyanarayana (upto 28.01.2015)	2
CA K Ramadurai (upto 22.07.2014)	1

### Nomination Committee

This Committee was constituted by the Board for the specific purpose of scrutinizing the declarations received from persons to be appointed as Directors as well as from the existing Directors seeking re-appointment and make references to the appropriate authority/persons to ensure compliance with the requirements indicated by the RBI, vide their directive dated 25.06.2004 on 'fit and proper' criteria of Directors of Banks. The Committee met six times during the year. Members of the Committee and their attendance at the meetings are given below:

## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of meetings attended
CA S Ganapathi Subramanian Chairman of the Committee	6
K P Kumar, Chairman	4
A J Suriyanarayana	6
K K Balu	6
N S Srinath	6
Dr V G Mohan Prasad (from 29.01.2015)	1

### NPA Management Committee

The NPA Management Committee functions with the following main objectives:

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

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	3
CA S Ganapathi Subramanian	2
K K Balu	3
N S Srinath	3
B Swaminathan	1
A J Suriyanarayana (from 29.01.2015)	1
M K Venkatesan (from 29.01.2015)	1
M G S Ramesh Babu (upto 23.08.2014)	1

### Fraud Monitoring Committee

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

- Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.

- Monitor progress of CBI/Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

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

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

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	3
K P Kumar, Chairman (Upto 29.01.2015)	2
CA S Ganapathi Subramanian	3
K K Balu	3
B Swaminathan	2
N S Srinath (from 29.01.2015)	1
M K Venkatesan (from 29.01.2015)	1

### 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 17 times during the year. The Composition and details of the meetings attended by the Directors are given below:

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	8

Contd.

## CORPORATE GOVERNANCE REPORT

Name of the Director Sarvashri	No. of meetings attended
K P Kumar, Chairman (Upto 28.01.2015)	Nil
CA S Ganapathi Subramanian	1
G Rajasekaran	16
A J Suriyanarayana	11
K K Balu (from 29.01.2015)	4
M K Venkatesan (from 29.01.2015)	6
A K Praburaj (from 29.01.2015)	7
M G S Ramesh Babu (upto 23.08.2014)	2

### Information Technology Strategy Committee

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

- Suggest improvement and monitor the implementation of modern technology in the Bank;
- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ensuring that the IT strategy is indeed aligned with business strategy;
- Ensuring that the IT organizational structure complements the business model and its direction;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Bank's growth;
- Make aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- Assessing Senior Management's performance in implementing IT strategies;

- Issuing high-level policy guidance (eg: related to risk, funding, or sourcing tasks);
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks;
- Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);
- Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

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

Name of the Director Sarvashri	No. of meetings attended
A J Suriyanarayana Chairman of the Committee	5
K Venkataraman, MD & CEO	5
M G S Ramesh Babu (upto 23.08.2014)	3
G Rajasekaran	5
M K Venkatesan (from 29.01.2015)	NA
A K Praburaj (from 29.01.2015)	NA

### Corporate Social Responsibility Committee

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

The terms of reference of the CSR Committee are:

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

## CORPORATE GOVERNANCE REPORT

Composition of the Committee:

Name of the Director Sarvashri
K Venkataraman, MD & CEO Chairman of the Committee
K P Kumar, Chairman
CA S Ganapathi Subramanian (upto 29.01.2015)
G Rajasekaran
A J Suriyanarayana (from 29.01.2015)
M K Venkatesan (from 29.01.2015)
A K Praburaj (from 29.01.2015)

The Committee met on 08.12.2014 and all the members of the Committee attended the meeting.

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

Statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this report as **Annexure 4**.

### QIP Committee

During the year under report, the Board constituted a special Committee of Directors known as "QIP Committee", for the purpose of raising capital through QIP route and matters connected therewith. The Committee met five times during the year. The composition and attendance of members are given below.

Name of the Director Sarvashri	No. of meetings attended
K Venkataraman, MD & CEO Chairman of the Committee	5
M G S Ramesh Babu (up to 23.08.2014)	4
G Rajasekaran	5
A J Suriyanarayana	5

Consequent to the allotment of shares under QIP issue, the Committee is non- functional now.

### Performance Evaluation of the Board

The Nomination Committee at its meeting held on 27.02.2015 laid down the evaluation criteria for performance evaluation of Independent Directors.

In compliance of Clause 49 of the Listing Agreement, the performance evaluation of Independent Directors was done by the entire Board of Directors excluding the director being evaluated.

At a separate meeting of the Independent Directors held on 23.03.2015, the following were carried out:

- Review of the performance of non-independent directors and the Board as a whole
- Review of the performance of the Chairman of the Bank, after ascertaining the views of MD & CEO and other non-executive directors of the Bank (excluding the Chairman).
- Assessment of quality, quantity and timelines of flow of information between the Bank Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The evaluation for the Directors and the Board were done through circulation of questionnaires separately for the Non-Executive Independent Directors including Chairman and Non-Independent Directors, Board as a whole, which assessed the performance on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timelines of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably to perform their duties. The evaluation criteria for the Directors were based on their participation, contribution and offering guidance to and understanding of the areas which are relevant to them in their capacity as members of the Board.

### General Body Meetings

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

Financial Year	Details of Location	Day, Date and Time
2013-14	Regd. & Central Office, Erode Road, Karur 639 002.	Wednesday 23rd July 2014 10.00 a.m.
2012-13	Regd. & Central Office, Erode Road, Karur 639 002.	Friday 19th July 2013 10.15 a.m.
2011-12	Regd. & Central Office, Erode Road, Karur 639 002.	Monday 30th July 2012 10.15 a.m.

## CORPORATE GOVERNANCE REPORT

(b)	Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	Yes, at the 95th AGM held on 23.07.2014, a special resolution was passed to amend the Articles of Association (AOA) of the Bank to align the various clauses of the AOA in tune with the new Companies Act, 2013 and the rules made there under and also in tune with the amendments made during 2012 under the Banking Regulations Act, 1949.  No special resolutions were passed at the Annual General Meetings held on 30.07.2012 and 19.07.2013.
(C)	Whether any special resolution passed last year through postal ballot- details of voting pattern.	None.
(d)	Person who conducted the postal ballot exercise.	Not Applicable
(e)	Whether any special resolution is proposed to be conducted through postal ballot?	No special resolution is proposed at the ensuing 96th AGM.
(f)	Procedure for the postal ballot	Not Applicable

### DISCLOSURES

During the financial year ended March 31, 2015

#### (a) Related Party Transactions

All transactions entered into with Related parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arms length pricing basis and do not attract the provisions of Sec 188 of the Companies Act, 2013. There were no materially significant related party transactions with the promoters, Directors or the Management or relatives that may have a potential conflict with the interests of the Bank.

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

Details of transactions with related parties, if any, are placed before the Audit Committee from time to time.

The Board of Directors of the Bank has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement and the same has been displayed on the website of the Bank [www.kvb.co.in](http://www.kvb.co.in).

(b) There are no instances of non-compliance by the Bank, penalties and strictures imposed by Stock Exchanges and

SEBI or any statutory authority, on any authority, on any matter related to capital markets, during the last three years.

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

#### (d) CEO/CFO Certification

In terms of Clause 49 of the Listing, the certification by the Managing Director & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

(e) The Bank has framed its own 'Whistle Blower Policy', the objective of which is to identify any untoward events with the help of the employees and to take timely corrective measures so as to prevent/protect the Bank at the initial stage itself. This mechanism also provides adequate safeguards against victimization of employees who avail of this mechanism.

(f) The Bank has complied with all mandatory requirements under the provisions of Clause 49 of the Listing Agreement. The Bank has also complied with non-mandatory requirements like maintaining a Chairman's office at the Central Office and unqualified financial statements.

## CORPORATE GOVERNANCE REPORT

### 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
1	Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense a/c as on 01.04.2014	885	91,745
2	Number of shareholders who approached the Bank for transfer of shares from Unclaimed Shares Suspense a/c during the fiscal 2014-15	7	490
3	Number of shareholders to whom shares were transferred from the Unclaimed Shares Suspense a/c during the fiscal 2014-15	7	490
4	Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense a/c as on 31.03.2015	878	91,255

The voting rights on the above mentioned 91,255 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 above 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
28.07.2014 to 02.08.2014	Declaration of Quarterly Financial Results for the quarter ended June 2014.
31.10.2014 to 07.11.2014	Declaration of Quarterly Financial Results for the quarter ended September 2014.
21.01.2015 to 29.01.2015	Declaration of Quarterly Financial Results for the quarter ended December 2014.
24.04.2015 to 03.05.2015	Declaration of Quarterly Financial Results for the quarter ended March 2015 and Annual Financial Results for the FY 2014-15.

#### MEANS OF COMMUNICATION

Quarterly/Half yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website. The results are generally

published in the Business Line and Tamil Daily "Dinamalar". After the quarterly and annual results are approved by the Board and informed to the Stock Exchange/s, formal presentations are made to analysts by the management and the same is also placed on the Bank's website [www.kvb.co.in](http://www.kvb.co.in).

## CORPORATE GOVERNANCE REPORT

### GENERAL SHAREHOLDER INFORMATION

#### Annual General Meeting

1. Date : 22nd July 2015 (Wednesday)
2. Time and Venue : 10.00 a.m.  
Registered & Central Office  
Erode Road, Karur 639 002
3. Financial year : 01.04.2014 to 31.03.2015
4. Date of the Book Closure : 14.07.2015 to 22.07.2015
6. Listing on of Stock Exchanges : Listed on National Stock Exchange of India Limited, Mumbai  
  
Equity shares of the Bank are traded as a 'permitted' security in Bombay Stock Exchange.
7. Dividend Payment Date : From 23.07.2015 to 27.07.2015
8. Share Transfer Agents : SKDC Consultants Limited,  
Kanapathy Towers, 3rd Floor,  
1391/A-1, Sathy Road,  
Ganapathy, Coimbatore 641 006.  
Tel: 0422-6549995,2539835,  
2539836  
Email: info@skdc-consultants.com

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

Corporate Identity Number : L65110TN1916PLC001295  
(CIN)

Listing fees payable to the Stock Exchanges for the financial year 2015-16 has already been paid

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

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

Month	High	Low
Apr-14	406.00	355.10
May-14	479.00	370.10
Jun-14	502.00	447.35
Jul-14	509.40	460.20
Aug-14	489.40	453.00
Sep-14	554.70	462.65
Oct-14	549.90	513.30
Nov-14	558.70	520.00
Dec-14	584.85	523.00
Jan-15	617.00	561.00
Feb-15	602.00	571.30
Mar-15	619.00	541.10

#### Financial Calendar: 1st April 2014 to 31st March 2015

Quarter ending	Date of approval
30.06.2014	01.08.2014
30.09.2014	06.11.2014
31.12.2014	29.01.2015
31.03.2015	30.04.2015

## CORPORATE GOVERNANCE REPORT

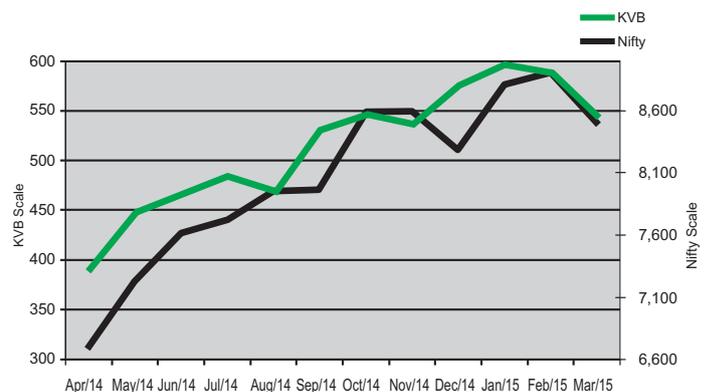
### Distribution of shareholding as on March 31, 2015

No.of Shares								
(Category)	Physical	Demat	Total	%	Physical	Demat	Total	%
Upto 250	504,852	2,605,614	3,110,466	2.56	7,334	41,232	48,566	69.73
251 - 500	508,303	2,102,839	2,611,142	2.15	1,449	5,609	7,058	10.13
501 - 1000	859,100	3,587,927	4,447,027	3.66	1,199	4,859	6,058	8.70
1001 - 2000	801,144	4,508,621	5,309,765	4.37	554	3,104	3,658	5.25
2001 - 3000	523,578	2,744,373	3,267,951	2.68	211	1,097	1,308	1.88
3001 - 4000	351,414	2,095,401	2,446,815	2.01	99	597	696	1.00
4001 - 5000	198,048	1,689,815	1,887,863	1.55	44	373	417	0.60
5001 - 10000	775,149	5,993,128	6,768,277	5.56	114	852	966	1.39
10001 & above	1,794,099	89,986,204	91,780,303	75.46	57	865	922	1.32
Total	63,15,687	115,313,922	121,629,609	100.00	11,061	58,588	69,649	100.00
% to Total	5.19	94.81	100.00		15.88	84.12	100.00	

### Members Profile as on March 31, 2015

Particulars	No of Shares	% of shares
Promoters	2629058	2.16
Financial Institutions & Banks	309712	0.25
Mutual Funds	17973641	14.77
Venture Capital Funds	1287553	1.06
Insurance Companies	4862548	4.00
Foreign Institutional Investors incl Foreign Bank	26357190	21.67
Non-Resident Indians incl foreign National	1088920	0.90
Foreign Portfolio Investors- Corporate	5602778	4.61
Bodies Corporate	6319365	5.20
Clearing Members	129081	0.11
Hindu Undivided Families	1165363	0.95
Trusts	175630	0.14
Directors & relatives	91536	0.08
Resident Individuals	53637234	44.10
Total	121629609	100.00

The Equity performance in comparison to NSE Nifty during 01.04.2014 to 31.03.2015.



### Share Transfer System

The Bank has appointed M/s SKDC Consultants Ltd., Coimbatore as its Share Transfer Agents (STA) and the share transfer and transmission, dividend payments and all other investor related matters are attended to and processed at the office of the Share Transfer Agents of the Bank. The STA, after processing the requests of the investors put up the same to the Bank's IRC for placing before the Chairman /Board for approval of the Share Transfers. The share transfers approved by the Chairman will be placed before the Board for information.

## CORPORATE GOVERNANCE REPORT

Trading in the Bank's shares are compulsorily in dematerialized form. The Equity Shares of the Banks have been allotted International Securities Identification Number (ISIN) INE036D01010. The Stock code is KARURVYSYA.

As the end of March 2015, 11,53,13,922 shares i.e. 94.81% have been dematerialized.

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

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

The bank has complied with SEBI requirements with regard to Reconciliation of Share Capital 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. Quarterly compliance reports have been submitted to NSE in this regard.

### Unpaid dividend

As per the provisions of Sec 205(a) of Companies Act, 1956, the unpaid Dividend for the FY 2006-07 has been transferred to Investor Education and Protection Fund on 21.08.2014. The Unpaid Dividend of 2007-08 will become due for transfer to the fund during August 2015.

The following table gives the unclaimed dividend from the year 2007-08 with the position as on 31.03.2015 and the last date for claiming the dividend before transfer to the said Fund.

Financial Year	Unclaimed dividend (₹)	Last date for claiming dividend
2007-08	27,75,642	23.08.2015
2008-09	31,87,825	26.08.2016
2009-10	28,94,620	20.08.2017
2010-11	65,03,267	26.08.2018
2011-12	1,02,03,718	29.08.2019
2012-13	1,16,07,680	18.08.2020
2013-14	1,08,38,126	22.08.2021

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

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

Pursuant to 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](mailto:kvb_sig@kvbmail.com)

#### Declaration as required under Clause 49 (II E) 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, 2015.

Place: Karur  
Date: 30.04.2015

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

## CORPORATE GOVERNANCE REPORT

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### 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, 2015 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 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.

**For Abarna & Ananthan**  
Chartered Accountants  
(Firm Reg No 000003S)

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

Karur  
30.04.2015

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

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in Form No.MR 3]

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

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31.03.2015, in accordance to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
6. And other applicable laws like:
- a) The Banking Regulation Act, 1949;
  - b) Reserve Bank of India Act, 1934;
  - c) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ;
  - d) The Bankers' Books Evidence Act, 1891;
  - e) Recovery of Debts due to Bank & Financial Institution Act, 1993;
  - f) Credit Information Companies (Regulation) Act, 2005;
  - g) Prevention of Money laundering Act, 2002;
  - h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
  - i) Industrial Disputes (Banking and Insurance Companies) Act, 1949; and
  - j) Information Technology Act, 2000.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India in accordance to the Companies Act.
- (ii) The Listing Agreement entered into by the Bank with National Stock Exchange of India Limited, Mumbai.

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

The Board has approved a Corporate Social Responsibility Policy recommended by the CSR Committee as per the provisions of the Act. I am informed that the Bank would be making necessary reporting of CSR in its Report of the Board of Directors as envisaged under section 135 of the Act and the Rules made thereunder.

I further report that the Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions of the Banking Regulation Act, 1949, the Companies Act, 2013 and the Listing Agreement. The composition of the Board Committees are in tune with the applicable provisions.

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

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

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

I further report that during the audit period the Bank has

- i. a) Allotted 1,34,12,015 Equity Shares of ₹ 10/- each to the Qualified Institutions under QIP in accordance with The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- b) Allotted 10,29,775 Equity Shares of ₹ 10/- each under Employees Stock Option Schemes.
- c) Also 6,713 Equity Shares were allotted under various Rights / Bonus issues from the Shares kept in abeyance.

- ii. Articles of Association was amended to align various Articles in tune with the provisions of the Companies Act, 2013 and the amendment made in 2012 with the Banking Regulation Act, 1949.

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

#### ANNEXURE 'A'

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

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

Salem  
22.05.2015

**CS S. Solaiyappan**  
Practicing Company Secretary  
A C S. No.: 1573;  
C. P. No.: 3573

**ANNEXURE 2**

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

SI No	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees of the financial year	MD & CEO 17.33X Chairman 2.30X
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the Financial Year	Chairman Nil MD&CEO 22.29% GM&CFO 25.15% Company Secretary 27.68%
III	The percentage increase in the median remuneration of employees in the financial year.	22.60%  The calculation of percentage increase in Median remuneration is done based on comparable employees.
IV	The number of permanent employees on the rolls of the Bank	There were 7197 employees as on 31.03.2015
V	The explanation on the relationship between average increase in remuneration and Bank performance	WTD i.e. MD & CEO was paid fixed pay and allowances as approved by RBI. Variable pay was not considered for FY 15.  All employees of the Bank were paid salary upto the General Manager cadre were paid remuneration as per Bi-partite settlement entered into between the Indian Banks' Association and the Employees' and Officers' union of various banks. They draw yearly increment under time scale as applicable to their respective cadres.  Performance linked incentives are applicable to all employees based on certain performance parameters which is cadre wise.  Bank also paid ex-gratia based on the profitability of the Bank during the fiscal.
VI	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank	For the FY 2014-15, KMPs were paid approx 0.33% of the net profit for the year
VII	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer	The Market Capitalisation of the Bank has increased from ₹4022.51 cr as of March 31, 2015 to ₹6615.43 cr as of March 31, 2015. Over the same period, price to earnings ratio moved from 9.36X to 13.65X. The Bank has not made public offering i.e. IPO so far.

SI No	Requirements	Disclosure								
VIII	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Does not arise as the average percentile increase in salaries of employees is marginally higher.								
IX	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank	<table> <tr> <td>MD&amp;CEO</td> <td>0.19%</td> </tr> <tr> <td>President &amp; COO</td> <td>0.05%</td> </tr> <tr> <td>GM&amp; CFO</td> <td>0.05%</td> </tr> <tr> <td>DGM&amp; CS</td> <td>0.04%</td> </tr> </table>	MD&CEO	0.19%	President & COO	0.05%	GM& CFO	0.05%	DGM& CS	0.04%
MD&CEO	0.19%									
President & COO	0.05%									
GM& CFO	0.05%									
DGM& CS	0.04%									
X	The Key parameters for any variable component of remuneration availed by the directors	None of the Directors including MD&CEO were paid variable component of remuneration								
XI	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	None of the employees had received more than the highest paid Director - MD & CEO.								
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed								

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

as on financial year ended 31.03.2015  
 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of  
 the Company (Management & Administration) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L65110TN1916PLC001295
ii	Registration Date	22.06.1916
iii	Name of the Company	The Karur Vysya Bank Ltd
iv	Category/Sub-category of the Company	Public Limited Company
v	Address of the Registered office & Contact details	Post Box No 21, Erode Road, Karur - 639 002
vi	Whether listed company	Yes, NSE
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/a-1, Sathy Road, Ganapathy, Coimbatore - 641 006 Phone No: 0422- 25398351, 836  Contact Person: Mr. Jaya Kumar or Mr. Ramachandran

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

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

NA

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

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2014)				No. of Shares held at the end of the year (31.03.2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	3226837	0	3226837	3.011	2629058	0	2629058	2.162	-0.849
b) Central Govt. or State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corporates	0	0	0	0.000	0	0	0	0.000	0.000
d) Bank/FI	0	0	0	0.000	0	0	0	0.000	0.000
e) Any other	0	0	0	0.000	0	0	0	0.000	0.000
<b>SUB TOTAL: (A) (1)</b>	<b>3226837</b>	<b>0</b>	<b>3226837</b>	<b>3.011</b>	<b>2629058</b>	<b>0</b>	<b>2629058</b>	<b>2.162</b>	<b>-0.849</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0.000	0	0	0	0.000	0.000
b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corp.	0	0	0	0.000	0	0	0	0.000	0.000
d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
e) Any other	0	0	0	0.000	0	0	0	0.000	0.000
<b>SUB TOTAL (A) (2)</b>	<b>3226837</b>	<b>0</b>	<b>3226837</b>	<b>3.011</b>	<b>2629058</b>	<b>0</b>	<b>2629058</b>	<b>2.162</b>	<b>-0.849</b>
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	<b>3226837</b>	<b>0</b>	<b>3226837</b>	<b>3.011</b>	<b>2629058</b>	<b>0</b>	<b>2629058</b>	<b>2.162</b>	<b>-0.849</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds/UTI	10348456	1780	10350236	9.657	17971861	1780	17973641	14.777	5.120
b) Banks/FI	415594	0	415594	0.388	309712	0	309712	0.255	-0.133
c) Central Govt									
d) State Govt.									

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2014)				No. of Shares held at the end of the year (31.03.2015)				% change during the year
	Physical		% of Total Shares		Physical		% of Total Shares		
	Demat	Total	Demat	Total	Demat	Total	Demat	Total	
e) Venture Capital Fund	0	0	0.000	0	1287553	0	1287553	1.059	
f) Insurance Companies	2551011	2551011	2.380	0	4862548	0	4862548	1.618	
g) FIIS	26927865	26929135	25.125	1270	26355780	1270	26357050	-3.455	
h) Foreign Venture Capital Funds									
i) Others (specify)	140	140	0.000	0	140	0	140	0.000	
Foreign Financial Institutions/Banks	0	0	0.000	0	5602778	0	5602778	4.606	
Foreign Portfolio Investment - Corporate									
<b>SUB TOTAL (B)(1):</b>	<b>40243066</b>	<b>40246116</b>	<b>37.550</b>	<b>3050</b>	<b>56390372</b>	<b>3050</b>	<b>56393422</b>	<b>8.815</b>	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	7663347	7685689	7.171	22342	6297023	22342	6319365	5.196	
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	23440233	28355374	26.455	4915141	23228896	4487767	27716663	-3.667	
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	22760600	24774342	23.114	2013742	24126472	1794099	25920571	-1.804	
c) Others (specify)									
Trusts	137517	137517	0.128	0	175630	0	175630	0.016	
Directors & their Relatives	407991	407991	0.381	0	91536	0	91536	-0.306	
Foreign Nationals	0	0	0.000	0	60	0	60	0.000	
Non Resident Indians	881149	888818	0.829	7669	1081191	7669	1088860	0.066	
Clearing members	369793	369793	0.345	0	129081	0	129081	-0.239	
Hindu Undivided Families	1087869	1088629	1.016	760	1164603	760	1165363	-0.058	
<b>Sub-Total (B)(2)</b>	<b>56748499</b>	<b>63708153</b>	<b>59.439</b>	<b>6959654</b>	<b>56294492</b>	<b>6312637</b>	<b>62607129</b>	<b>-7.967</b>	
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>96991565</b>	<b>103954269</b>	<b>96.989</b>	<b>6962704</b>	<b>112684864</b>	<b>6315687</b>	<b>119000551</b>	<b>97.838</b>	
C. Shares held by Custodian for GDRs & ADRs									
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>100218402</b>	<b>107181106</b>	<b>100.000</b>	<b>6962704</b>	<b>115313922</b>	<b>6315687</b>	<b>121629609</b>	<b>100.000</b>	

## (ii) share Holding of Promoters and Promoter Group

Sl. No	Shareholders Name	Shareholding at the beginning of the Year (01.04.2014)			Shareholding at the end of the year (31.03.2015)			% change in share holding during the year
		No. of Share	% of total shares of the	% of Shares Pledged encumbered	No. of Share	% of total shares of the	% of Shares Pledged encumbered	
1	A S JANARTHANAN	688961	0.64	8.13	688961	0.57	8.13	-0.07
2	A J SURIYANARAYANA	229311	0.21	12.21	229311	0.19	12.21	-0.02
3	SURIYANARAYANA A J (HUF)	598	0	0	598	0	0	0
4	A J VIJAYA	93290	0.09	0	93290	0.08	0	-0.01
5	NIRMALA	82268	0.08	0	82268	0.07	0	-0.01
6	ANURADHA C B	58036	0.05	0	58036	0.05	0	0
7	SREEMATHI S	50752	0.05	0	50752	0.04	0	-0.01
8	S VASANTHA #	55164	0.05	0	45425	0.04	0	-0.01
9	RAJASEKARAN G #	238362	0.22	14.10	322024	0.26	4.66	0.04
10	R NAGESWARI #	164712	0.15	6.68	167712	0.14	8.94	-0.01
11	RAMKUMAR R	111389	0.10	25.14	111389	0.09	13.47	-0.01
12	R ARCHANA	101067	0.09	0	101067	0.08	0	-0.01
13	SRIMATHI E #	62421	0.06	24.67	15400	0.01	100	-0.05
14	MANI G #	199591	0.19	14.03	283253	0.23	0	0.04
15	SHYAMALA A	1318	0	0	1318	0	0	0
16	M K VENKATESAN (HUF) #	127283	0.12	0	120000	0.10	0	-0.02
17	MUNUGOOR K VENKATESAN #	67469	0.06	0	68396	0.06	0	0
18	USHA M V #	44135	0.04	26.97	40535	0.03	29.36	-0.01
19	ISWARRYA V	8503	0.01	0	8503	0.01	0	0
20	M V PRAJEETH	397	0	0	397	0	0	0
21	M K SRINIVASAN	75313	0.07	59.14	75313	0.06	59.14	-0.01
22	M G VIVEKANANDAN	710	0	0	710	0	0	0
23	M V LAKSHMI NARASIMHAN #	3410	0	82.76	3510	0	0	0
24	M V SRINIVASAMOORTHY #	10500	0.01	0	23000	0.02	97.83	0.01
25	KAMALA RAJASEKARAN	1906	0	0	1906	0	0	0
26	A K PRABURAJ	13834	0.01	28.91	13834	0.01	28.91	0
27	A V KANDASWAMY	9667	0.01	0	9667	0.01	0	0.09
28	A K KASTHURI	8348	0.01	0	8348	0.01	0	0
29	A P PREETHA	4135	0	0	4135	0	0	0

## Note:

- Promoter /Promoter Group re classified in tune with SEBI (ICDR) Regulations vide Board resolution dated 15.06.2014 and details furnished accordingly.
- The Shareholding of Promoters /Promoters Group ( other than # marked ) has not changed in absolute terms. The variation in terms of percentage is due to increase in paid up capital of the Bank on account of allotment of shares pursuant to exercise of stock options under the ESOS schemes(s) and QIP during the year ended March 31, 2015.
- The Changes in the shareholding of promoters/promoters group due to transfer etc., where applicable and mentioned with # mark are given below.

## (iii) change in promoters and promoters group shareholding (specify if there is no change)

Sl. No.	Name of the Promoter / Promoter Group	Share holding at the beginning of the Year(01.04.2014)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year(31.03.2015)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
1.	S VASANTHA	55164	0.05	11/04/2014 25/04/2014 19/09/2014 21/11/2014 28/11/2014 12/12/2014 19/12/2014 31/12/2014 02/01/2015 09/01/2015 30/01/2015 06/03/2015	-500 -1200 -750 -250 -500 -2000 -1500 -1000 -39 -500 -1000	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	54664 53464 52714 52464 51964 51464 49464 47964 46964 46925 46425 45425	0.045 0.044 0.043 0.043 0.043 0.041 0.039 0.039 0.039 0.038 0.037
2.	RAJASEKARAN G	238362	0.22	11/07/2014	83662	Transmission	322024	0.265
3.	R NAGESWARI	164712	0.15	11/07/2014 19/12/2014 30/01/2015 27/02/2015	1000 1000 500 500	Transfer Transfer Transfer Transfer	165712 166712 167212 167712	0.136 0.137 0.137 0.138
4.	SRIMATHI E	62421	0.06	30/06/2014 12/12/2014	100 -47121	Transfer Transfer	62521 15400	0.051 0.013
5.	G MANI	199591	0.19	08/08/2014	83662	Transmission	283253	0.233
6.	M K VENKATESAN (HUF)	127283	0.12	21/11/2014	-7283	Transfer	120000	0.100
7.	MUNUGOOR K VENKATESAN	67469	0.06	11/04/2014 25/04/2014 02/05/2014 23/05/2014 21/11/2014 05/12/2014 16/01/2015 20/02/2015 20/03/2015	-1000 -146 -500 -2000 7283 -1010 -700 -500 -500	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	66469 66323 65823 63823 71106 70096 69396 68896 68396	0.055 0.055 0.054 0.052 0.058 0.058 0.057 0.057 0.056
8.	USHA M V	44135	0.04	30/06/2014 04/07/2014 05/12/2014 16/01/2015 20/02/2015	-500 -200 -1700 -700 -500	Transfer Transfer Transfer Transfer Transfer	43635 43435 41735 41035 40535	0.036 0.036 0.034 0.034 0.033
9.	M V LAKSHMI NARASIMHAN	3410	0	08/08/2014	100	Transfer	3510	0.003
10.	M V SRINIVASAMOORTHY	10500	0.01	30/06/2014	12500	Transfer	23000	0.019

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

Sl. No.	Name of the Shareholder	Share holding at the beginning of the Year (01.04.2014)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (31.03.2015)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
1.	WARHOL LIMITED \$	5300687	4.95	No change	No change	No change	5300687	4.36
2.	OLYMPUS INDIA HOLDINGS LIMITED	5145506	4.80	29/08/2014	644681	Transfer	5790187	4.76
3.	JHUNJHUNWALA RAKESH RADHESHYAM	4206897	3.93	05/09/2014	-200000	Transfer	4006897	3.29
				28/11/2014	-500000	Transfer	3506897	2.88
				16/01/2015	70000	Transfer	3576897	2.94
				01/08/2014	-500000	Transfer	3076897	2.53
				06/02/2015	250000	Transfer	3326897	2.74
				27/02/2015	73600	Transfer	3400497	2.80
				06/03/2015	30000	Transfer	3430497	2.82
				20/03/2015	55000	Transfer	3485497	2.87
				27/03/2015	581400	Transfer	4066897	3.34
				31/03/2015	75000	Transfer	4141897	3.41
				06/02/2015	-250000	Transfer	3891897	3.20
				27/03/2015	-150000	Transfer	3741897	3.08
				13/03/2015	-105000	Transfer	3636897	2.99
4.	SAIF ADVISORS MAURITIUS LIMITED A/C SAIF INDIA IV \$	2850309	2.66	No Change	No Change	No Change	2850309	2.34
5.	C X SECURITIES \$	2523052	2.35	No Change	No Change	No Change	2523052	2.07
6.	M3 INVESTMENT PRIVATE LIMITED	2265871	2.11	31/12/2014	-13000	Transfer	2252871	1.85
				02/01/2015	-110000	Transfer	2142871	1.76
				23/01/2015	-100000	Transfer	2042871	1.68
7.	GKFF VENTURES	2248435	2.10	29/08/2014	-62061	Transfer	2186374	1.80
8.	ICICI PRUDENTIAL MUTUAL FUND (Under various Schemes)	1976654	1.84	23/05/2014	164538	Transfer	2141192	1.76
				31/10/2014	20879	Transfer	2162071	1.78
				23/01/2015	191237	Transfer	2353308	1.93

Sl. No.	Name of the Shareholder	Share holding at the beginning of the Year (01.04.2014)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (31.03.2015)	
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company
9.	SUNDARAM MUTUAL FUND A/C (Under various Schemes) Increase and decrease on various dates during FY 2014-15 in various schemes	2965278	2.76		-154833	Transfer	2810445	2.31
10.	ACACIA PARTNERS LP \$	1234964	1.15	No Change	No Change	No Change	1234964	1.02
11.	FRANKLIN INDIA MUTUAL FUND (Under various Mutual Fund Schemes) Increase and decrease on various dates during FY 2014-15 in various schemes	1677723	1.57		1814414	Transfer	3492137	2.87
12.	AMANSA HOLDINGS PRIVATE LIMITED	NIL	NIL	29/08/2014	2948175	Allotment	2948175	2.42
				05/09/2014	115674	Transfer	3063849	2.52
				12/09/2014	31017	Transfer	3094866	2.54
				19/09/2014	132978	Transfer	3227844	2.65
				24/10/2014	23770	Transfer	3251614	2.67
				31/10/2014	2604	Transfer	3254218	2.68
				19/12/2014	6421	Transfer	3260639	2.68
				27/03/2015	58151	Transfer	3318790	2.73
13	HDFC TRUSTEE COMPANY LIMITED (Under various Schemes) Increase and decrease on various dates during FY 2014-15 in various schemes	NIL	NIL		2635000	Transfer	2635000	2.17

Note : \$ Share holding has not changed in absolute terms. The variation in terms of percentage is due to increase in paid-up capital of the Bank on account of allotment of shares pursuant to exercise of stock options and QIP during FY15.

## (v) Shareholding of Directors &amp; KMP

Sl. No.	Name of the Director and KMP	Share holding at the beginning of the Year (01.04.2014)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (31.03.2015)		
		No. of Shares	% of Total shares of the company				No. of Shares	% of Total shares of the company	
1	K P KUMAR, CHAIRMAN	20308	0.019	NIL	NA	NA	20308	0.017	
2	K VENKATARAMAN, MD&CEO	1500	0.001		5000 @	ESOS	6500	0.005	
3	S GANAPATHI SUBRAMANIAN	1400	0.001	NIL	NA	NA	1400	0.001	
4	G RAJASEKARAN	238362	0.222	11.07.2014	83662	Transmission	322024	0.265	
5	A J SURIYANARAYANA	229909	0.215	NIL	NA	NA	229909	0.189	
6	K K BALU	3131	0.003	NIL	NA	NA	3131	0.003	
7	N S SRINATH	533	0.000	NIL	NA	NA	533	0.000	
8	B SWAMINATHAN	500	0.000	NIL	NA	NA	500	0.000	
9	DR V G MOHAN PRASAD \$	NA	NA	NIL	NA	NA	32203	0.026	
10	M K VENKATESAN \$	NA	NA	*	-1700	Transfer	188396	0.155	
11	A K PRABURAJ \$	NA	NA	NIL	NA	NA	13834	0.011	
12	K L VIJAYALAKSHMI \$	NA	NA	27.03.2015	497	Transfer	500	0.000	
13	M G S RAMESH BABU &	100030	0.093	NIL	NA	NA	NA	NA	
14	K RAMADURAI &	3516	0.003	NIL	NA	NA	NA	NA	
KEY MANAGERIAL PERSONNEL									
15	K VENKATESWARA RAO(President & COO) #	NA	NA	06.03.2015	4637	Transmission	39952	0.033	
16	T SIVARAMA PRASAD(General Manager & CFO)	1526	0.001		1100 @	ESOS	2626	0.002	
17	R KANNAN (Company Secretary)	2600	0.002		1100 @	ESOS	3700	0.003	

- Note: 1. @ Allotment of ESOS 2011 during FY 14-15 on various dates  
2. \$ Opening Balance of Directors co-opted during the FY 14-15 taken as NIL and the closing Balance as on 31.03.2015 was considered after taking into consideration of the transfers effected after induction are furnished; \* :Details given under column IV (iii)  
3. & Demitted office of Directorship during FY 15  
4. # KMP w.e.f. 01.03.2015

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits * ₹	Unsecured Loans ** ₹	Deposits *** ₹	Total Indebtedness ₹
i) Principal Amount	6000000000.00	12964600000.00	-	18964600000.00
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	18534247.00	2836438.36	-	21370685.36
<b>Total (i+ii+iii)</b>	<b>6018534247.00</b>	<b>12967436438.36</b>	-	<b>18985970685.36</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	4835000000.00	7165710000.00	-	12000710000.00
Reduction	301943000.00	14549740000.00	-	14851683000.00
<b>Net Change</b>	<b>4533057000.00</b>	<b>-7384030000.00</b>	-	<b>-2850973000.00</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	10533057000.00	5580570000.00	-	16113627000.00
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	58980821.92	2836438.36	-	61817260.28
<b>Total (i+ii+iii)</b>	<b>10592037821.92</b>	<b>5583406438.36</b>	-	<b>16175444260.28</b>

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

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

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



**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount in ₹
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		6500000.00 1492682.00 NIL
2	Stock option Granted and exercised during the year ( in No of Shares)		(5000)
3	Sweat Equity	SHRI K VENKATARAMAN, MD&CEO	NIL
4	Commission as % of profit others (specify)		NA
5	Others, please specify Bank's Contribution to Provident Fund <b>Total (A)</b> <b>Ceiling as per the Act</b>		<b>780000.00</b> <b>8772682.00</b>

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

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount		
		K P Kumar	S Ganapathi Subramaniam	K K Balu	N S Srinath	B Swaminathan	Dr V G Mohan Prasad		M G S Ramesh Babu #	K Ramadurai \$
1	Independent Directors (a) Fee for attending board/committee meetings * (b) Commission (c) Others, please specify Honorarium" Total (1)	190000/75000	210000/205000	200000/135000	210000/170000	130000/70000	120000/25000	80000/90000	50000/20000	1190000
		900000			NA					900000
		1165000	415000	335000	380000	200000	145000	170000	70000	2090000
2	Other Non Executive Directors (a) Fee for attending board committee meetings * (b) Commission (c) Others, please specify Total (2) Total (B)=(1+2) Total Managerial Remuneration Overall Ceiling as per the Act.	G Rajasekaran 210000/260000	A J Suriyanarayana 210000/265000	M K Venkatesan 50000/95000	A K Praburaj 70000/80000	KL Vijayalakshmi 10000/0				
		470000	475000	145000	150000	10000				550000
										2640000

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

\* Fee for attending Board ₹ 10000 Fee for attending Committee ₹ 5000 # Demitted office on 23.08.2014 \$ Demitted office on 22.07.2014

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

SL. No.	Particulars of Remuneration	Key Managerial Personnel			Company Secretary
		President & COO	CFO		
1	<b>Gross Salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	2142319 309855 NA	2075642 218967 NA	1575057 240627 NA	
2	Stock option Granted and exercised during the year (in No of Shares)	(1100)	(1100)	(1100)	
3	Sweat Equity	NA	NA	NA	
4	Commission as % of profit others, specify	NA	NA	NA	
5	Others, please specify (Bank's Contribution to Pension Fund)	69960	69830	56760	
	<b>Total</b>	<b>2522134</b>	<b>2364439</b>	<b>1872444</b>	

Amount in ₹

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

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

## ANNEXURE 4

The Annual Report on Corporate Social Responsibility (CSR) Activities

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

### Karur Vysya Bank Limited's CSR Policy

Your bank recognizes its responsibility towards the society and environment in which it operates and accordingly had been working towards CSR and Sustainable Development.

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

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

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

### Your Bank's focus areas under CSR

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

- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects;
- (xi) Slum area development.

### Overview of Activities

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

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

### Web-link to the CSR Policy

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

### Composition of CSR Committee

Your bank has constituted Corporate Social Responsibility Committee to monitor the CSR activities. Details of the composition of the Committee is given in the Corporate Governance Report

Your Bank has set up Trust known as 'KVB Foundation' to undertake CSR activities of the Bank.



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

a) Total amount to be spent for the financial year : ₹ 9.88 Cr The Bank has spent ₹ 1.14 Cr during the Financial Year

b) Amount unspent if any: ₹ 8.74 Cr

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

S. No. (1)	CSR Project or Activity Identified (2)	Sector in which the project is covered (3)	Projects or Programs (1) Local Area or Other (2) Specify the State and District where projects or Programs was Undertaken (4)	Amount outlay (budget) project or program wise (5)	Amount spent on the Projects or Programs Subheads: (1) Direct Expenditure on Projects or Programs (2) Overheads (6) ₹	Cumulative Expenditure upto the Reporting Period (7) ₹	Amount Spent : Direct or Through Implementing Agency (8)
1	Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3)	Promoting Preventive Health Care, Sanitation, Education & empowering Women	Tamil Nadu	-	40.15	40.15	Donations given to various Implementing Agencies / Organisations
2	Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3)	Social Business Projects	Karnataka, Andhra Pradesh, Telangana, Mumbai	-	44.30	44.30	Donations given to various Implementing Agencies / Organisations
3	Donations made to various Agencies/Organisations pursuing the Activity specified in Column (3)	Ensuring Environment Sustainability Promoting Preventive Health Care (including Swachh Bharat)	Tamil Nadu, Gujarat	-	29.20	29.20	Donations given to various Implementing Agencies / Organisations
<b>TOTAL</b>					<b>113.65</b>		

The CSR Committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Bank. The Bank is in the process of identifying suitable project for carrying the activities carried under the Policy of the Bank and hence could not spend fully the amount required to be spent in 2014-15. The Bank is committed to its CSR spending in the coming years supplemented by its committed focus towards sustainable development and responsible banking.

**K Venkataraman**  
Managing Director & CEO

**K P Kumar**  
Chairman

## INDEPENDENT AUDITOR'S REPORT

To

**The Shareholders of The Karur Vysya Bank Limited**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of The Karur Vysya Bank Limited, which comprise the Balance Sheet as at 31st March, 2015 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 9 branches/offices audited by us, 676 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, 2013 ("this Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs with regard to applicability of provisions 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, 2013, 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, 2015;
- (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. 4.1 of the financial statements, which describes the change of accounting policy of charging of Depreciation on fixed asset except building and computers having regard to change in the estimated useful life of the assets from Written down value method to Straight line method as per the requirement of Schedule II of the Companies Act 2013.
- (b) Note No. 5.13 of the financial statements, regarding absorption of unamortised pension and gratuity liabilities of the bank to the extent of ₹ 16.90 crore 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 9th February 2011.

## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Matters

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 129 of the Companies Act, 2013.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above, We report that:
- 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.
  - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
  - 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 Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
11. We further report that:
- the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns;
  - 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;
  - 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
  - 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, 2015 from being appointed as a director in terms of section 164 of the Companies Act, 2013.

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

**Lalitha Rameswaran**  
 Partner  
 Membership No. 207867

Karur  
 April 30, 2015

**BALANCE SHEET AS AT 31ST MARCH 2015**

(000's omitted)

	SCHEDULE	AS ON 31.03.2015 ₹	AS ON 31.03.2014 ₹
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	121,62,96	107,18,11
Reserves & Surplus	2	4124,40,09	3219,16,34
Deposits	3	44690,26,99	43757,68,42
Borrowings	4	2900,75,37	3293,21,23
Other Liabilities and Provisions	5	1315,42,37	1165,81,53
	TOTAL	53152,47,78	51543,05,63
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	2692,91,75	2546,19,78
Balances with Banks and Money at call and short notice	7	56,16,89	131,93,85
Investments	8	12773,00,80	13247,00,42
Advances	9	36108,93,98	33992,13,37
Fixed Assets	10	411,16,58	384,69,56
Other Assets	11	1110,27,78	1241,08,65
	TOTAL	53152,47,78	51543,05,63
Contingent Liabilities	12	12581,99,36	11306,42,51
Bills for collection		2523,24,30	2106,19,49
Significant Accounting Policies	17		
Notes on Accounts	18		

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

**K.P. KUMAR**  
Chairman

**S. GANAPATHI SUBRAMANIAN**  
Director

**K.K. BALU**  
Director

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

**K. L. VIJAYALAKSHMI**  
Additional Director

**K. VENKATESWARA RAO**  
PRESIDENT & COO

Karur  
30th April 2015

**G. RAJASEKARAN**  
Director

**N. S. SRINATH**  
Director

**M. K. VENKATESAN**  
Additional Director

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

**R. KANNAN**  
COMPANY SECRETARY

**K. VENKATARAMAN**  
MD & CEO

**A.J. SURIYANARAYANA**  
Director

**B. SWAMINATHAN**  
Director

**A. K. PRABURAJ**  
Additional Director

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

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

(000's omitted)

	SCHEDULE	Year Ended 31.03.2015 ₹	Year Ended 31.03.2014 ₹
<b>I INCOME</b>			
Interest earned	13	5395,87,54	5115,96,34
Other Income	14	580,84,01	564,45,01
<b>TOTAL</b>		<b>5976,71,55</b>	<b>5680,41,35</b>
<b>II EXPENDITURE</b>			
Interest expended	15	3929,97,43	3832,25,68
Operating expenses	16	1103,44,73	1010,36,16
Provisions and Contingencies		487,67,93	408,19,56
<b>TOTAL</b>		<b>5521,10,09</b>	<b>5250,81,40</b>
<b>III PROFIT</b>			
Net Profit from ordinary activities		455,61,46	429,59,95
Exceptional item		8,67,00	Nil
Net Profit for the year		464,28,46	429,59,95
Profit brought forward		1,10,29	1,02,54
Transferred from Proposed Dividend (Balance Amount)		43,70	Nil
Withdrawn from General Reserve for creating Special Reserve		30,00,00	Nil
<b>TOTAL</b>		<b>495,82,45</b>	<b>430,62,49</b>
<b>IV APPROPRIATIONS</b>			
Transfers to			
Statutory Reserve		120,00,00	128,00,00
Capital Reserve		12,16,25	1,74,60
Special Reserve U/s 36(1)(viii) of IT Act		60,00,00	Nil
Revenue & Other Reserves		58,50,00	157,00,00
Investment Reserve		53,00,00	-21,00,00
Proposed Dividend		158,42,38	139,98,55
Dividend Tax		32,25,13	23,79,05
<b>TOTAL</b>		<b>494,33,76</b>	<b>429,52,20</b>
<b>BALANCE OF PROFIT</b>		<b>1,48,69</b>	<b>1,10,29</b>
<b>TOTAL</b>		<b>495,82,45</b>	<b>430,62,49</b>
Basic Earnings Per Share	in ₹	39.86	40.08
Diluted Earnings Per Share	in ₹	39.78	39.78
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

**S. GANAPATHI SUBRAMANIAN**  
Director

**K.K. BALU**  
Director

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

**K. L. VIJAYALAKSHMI**  
Additional Director

**K. VENKATESWARA RAO**  
PRESIDENT & COO

Karur  
30th April 2015

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

**G. RAJASEKARAN**  
Director

**N. S. SRINATH**  
Director

**M. K. VENKATESAN**  
Additional Director

**R. KANNAN**  
COMPANY SECRETARY

**K. VENKATARAMAN**  
MD & CEO

**A.J. SURIYANARAYANA**  
Director

**B. SWAMINATHAN**  
Director

**A. K. PRABURAJ**  
Additional Director

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

## SCHEDULES

(000's omitted)

	AS ON 31.03.2015 ₹	AS ON 31.03.2014 ₹
<b>SCHEDULE 1 - CAPITAL</b>		
Authorised Capital :		
20,00,00,000 Equity Shares of ₹ 10 each	<u>200,00,00</u>	<u>200,00,00</u>
Issued Capital:		
12,17,10,412 (10,72,68,622) Equity Shares of ₹ 10/-each	<u>121,71,04</u>	<u>107,26,86</u>
Subscribed & Paid up Capital:		
10,71,81,106 Equity shares of ₹ 10/- each	<u>107,18,11</u>	<u>107,18,11</u>
Add: Issue of 6,713 equity shares of ₹ 10/- each kept in abeyance	<u>67</u>	Nil
Issue of 21,546 equity shares of ₹ 10/- each under KVBESOS 2008	<u>2,16</u>	Nil
Issue of 1,34,12,015 equity shares of ₹ 10/- each under QIP	<u>13,41,20</u>	Nil
Issue of 10,08,229 equity shares of ₹ 10/- each under KVBESOS 2011	<u>1,00,82</u>	Nil
<b>TOTAL</b>	<u><b>121,62,96</b></u>	<u><b>107,18,11</b></u>

## SCHEDULE 2 - RESERVES AND SURPLUS

I Statutory Reserve		
Opening Balance	<u>1151,53,31</u>	<u>1023,53,31</u>
Addition during the year	<u>120,00,00</u>	<u>128,00,00</u>
	<u><b>1271,53,31</b></u>	<u><b>1151,53,31</b></u>
II Capital Reserve		
Opening Balance	<u>78,11,99</u>	<u>76,37,39</u>
Addition during the year	<u>12,16,25</u>	<u>1,74,60</u>
	<u><b>90,28,24</b></u>	<u><b>78,11,99</b></u>
III Share Premium		
Opening Balance	<u>553,14,42</u>	<u>553,14,42</u>
Add : Addition during the year (Rights issue - kept in abeyance)	<u>9,19</u>	Nil
Add : Addition during the year (ESOS 2011-1008229 @ 457.65 )	<u>46,14,16</u>	Nil
Add : Addition during the year (ESOS 2008-21546 )	<u>98,62</u>	Nil
Add : Addition during the year - QIP	<u>611,58,79</u>	Nil
	<u><b>1211,95,18</b></u>	<u><b>553,14,42</b></u>

## SCHEDULES

	AS ON 31.03.2015 ₹	(000's omitted) AS ON 31.03.2014 ₹
Less : Amount appropriated towards allotment of Bonus shares kept in abeyance earlier	1	Nil
Less : Amount appropriated towards QIP issue Expense	<u>7,77,78</u>	Nil
	<u>1204,17,39</u>	<u>553,14,42</u>
<b>IV Revenue and Other Reserve</b>		
<b>a) General Reserve</b>		
Opening Balance	1263,44,61	1155,73,16
Addition during the year	58,50,00	136,00,00
Add : Transferred from Investment Reserve	Nil	21,00,00
Less : Transferred to special reserve	30,00,00	Nil
Less : DTL on Special Reserve	Nil	49,28,55
	<u>1291,94,61</u>	<u>1263,44,61</u>
<b>b) Investment Reserve</b>		
Opening Balance	Nil	21,00,00
Addition during the year	53,00,00	Nil
Deduction during the year	Nil	21,00,00
	<u>53,00,00</u>	<u>Nil</u>
<b>c) Employee Stock Option outstanding</b>		
Opening Balance	26,81,72	2,20,48
Addition during the year	Nil	24,61,24
Deduction during the year	19,83,86	Nil
	<u>6,97,86</u>	<u>26,81,72</u>
<b>d) Special Reserve U/s 36(1) (viii) of I.T. Act</b>		
Opening Balance	145,00,00	145,00,00
Addition during the year	30,00,00	Nil
Add : Transferred from General reserve	30,00,00	Nil
	<u>205,00,00</u>	<u>145,00,00</u>
<b>V Balance of Profit :</b>	<u>1,48,69</u>	<u>1,10,29</u>
<b>TOTAL</b>	<u>4124,40,09</u>	<u>3219,16,34</u>

## SCHEDULES

(000's omitted)

	AS ON 31.03.2015 ₹	AS ON 31.03.2014 ₹
<b>SCHEDULE 3 - DEPOSITS</b>		
A I. Demand Deposits :		
i) From Banks	1,42,26	2,73,99
ii) From Others	3527,04,75	3577,70,28
	<u>3528,47,01</u>	<u>3580,44,27</u>
II. Savings Bank Deposits	<u>6313,70,27</u>	<u>5408,45,51</u>
III. Term Deposits		
i) From Banks	29,12,15	520,28,84
ii) From Others	34818,97,56	34248,49,80
	<u>34848,09,71</u>	<u>34768,78,64</u>
TOTAL OF I, II & III	<u>44690,26,99</u>	<u>43757,68,42</u>
B Deposits from Branches :		
i) In India	44690,26,99	43757,68,42
ii) Outside India	Nil	Nil
TOTAL	<u>44690,26,99</u>	<u>43757,68,42</u>
<b>SCHEDULE 4 - BORROWINGS</b>		
I Borrowings in India		
i) Reserve Bank of India	75,00,00	315,00,00
ii) Other Banks	600,00,00	600,00,00
iii) Other Institutions and Agencies	1667,69,67	1081,75,23
iv) Subordinated debts for Tier II Capital	150,00,00	150,00,00
	<u>2492,69,67</u>	<u>2146,75,23</u>
II Borrowings outside India	<u>408,05,70</u>	<u>1146,46,00</u>
TOTAL	<u>2900,75,37</u>	<u>3293,21,23</u>
Secured Borrowings included in I and II above	1214,39,10	1081,75,23

## SCHEDULES

(000's omitted)

**AS ON**  
**31.03.2015**  
**₹**
**AS ON**  
**31.03.2014**  
**₹**

### SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I) Bills Payable	<b>286,17,18</b>	205,27,62
II) Inter Office Adjustments (Net)	<b>Nil</b>	Nil
III) Interest Accrued	<b>211,66,82</b>	212,71,72
IV) Deferred Tax	<b>27,79</b>	19,67,55
V) Others (including provisions)	<b>817,30,58</b>	728,14,64
TOTAL	<b><u>1315,42,37</u></b>	<u>1165,81,53</u>

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

I) Cash in Hand (Including Foreign Currency Notes)	<b>627,15,57</b>	419,46,54
II) Balances with Reserve Bank of India In Current Account	<b>2065,76,18</b>	2126,73,24
TOTAL	<b><u>2692,91,75</u></b>	<u>2546,19,78</u>

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

I In India		
i) Balances with Banks :		
a) In Current Accounts	<b>33,78,12</b>	33,73,65
b) In Other Deposit Accounts	<b>43,73</b>	43,73
ii) Money at Call and Short Notice with Banks	<b>10,00,00</b>	Nil
	<b>44,21,85</b>	34,17,38
II Outside India		
In Current Accounts	<b>11,95,04</b>	67,71,47
In Other Deposit Accounts	<b>Nil</b>	30,05,00
TOTAL	<b><u>56,16,89</u></b>	<u>131,93,85</u>

## SCHEDULES

(000's omitted)

	AS ON 31.03.2015 ₹	AS ON 31.03.2014 ₹
<b>SCHEDULE 8 - INVESTMENTS</b>		
I Gross Investments in India	<b>12833,03,37</b>	13445,45,65
Less : Provision for Investment Depreciation	<b>60,02,57</b>	198,45,23
Net Investments in India	<b>12773,00,80</b>	13247,00,42
Break-up		
i) Government Securities	<b>11511,41,25</b>	12193,12,04
ii) Other Approved Securities	<b>Nil</b>	Nil
iii) Shares	<b>107,12,86</b>	143,62,65
iv) Debentures and Bonds	<b>379,78,17</b>	329,30,09
v) Subsidiaries & Joint Ventures	<b>Nil</b>	Nil
vi) Mutual Fund Units & Others	<b>774,68,52</b>	580,95,64
TOTAL	<b>12773,00,80</b>	13247,00,42
II Investments outside India	<b>Nil</b>	Nil
TOTAL	<b>12773,00,80</b>	13247,00,42
<b>SCHEDULE 9 - ADVANCES</b>		
A i) Bills purchased and discounted	<b>1980,80,50</b>	2111,45,08
ii) Cash Credits, Overdrafts and Loans repayable on Demand	<b>28150,33,34</b>	27653,43,92
iii) Term Loans	<b>5977,80,14</b>	4227,24,37
TOTAL	<b>36108,93,98</b>	33992,13,37
B i) Secured by tangible assets (incl. Book Debts)	<b>34400,76,75</b>	32141,42,10
ii) Covered by Bank / Government guarantees	<b>1123,90,90</b>	972,53,22
iii) Unsecured	<b>584,26,33</b>	878,18,05
TOTAL	<b>36108,93,98</b>	33992,13,37
C I Advances in India		
i) Priority Sector	<b>14269,56,46</b>	12584,97,71
ii) Public Sector	<b>2103,55,53</b>	175,98,53
iii) Banks	<b>Nil</b>	Nil
iv) Others	<b>19735,81,99</b>	21231,17,13
TOTAL	<b>36108,93,98</b>	33992,13,37
II Advances Outside India	<b>Nil</b>	NIL
TOTAL	<b>36108,93,98</b>	33992,13,37

## SCHEDULES

(000's omitted)

	AS ON 31.03.2015 ₹	AS ON 31.03.2014 ₹
<b>SCHEDULE 10 - FIXED ASSETS</b>		
I Premises :		
At cost as on 31st March of the preceding year	152,66,80	138,50,55
Addition during the year	19,81	14,16,25
	<u>152,86,61</u>	<u>152,66,80</u>
Deduction during the year	Nil	Nil
	<u>152,86,61</u>	<u>152,66,80</u>
Depreciation to date	37,94,80	34,57,55
	<u>114,91,81</u>	<u>118,09,25</u>
II Building under construction	16,65,82	8,75,83
III Other Fixed Assets :		
(Including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	608,54,99	492,53,66
Addition during the year	94,72,26	116,74,31
	<u>703,27,25</u>	<u>609,27,97</u>
Deduction during the year	24,56	72,98
	<u>703,02,69</u>	<u>608,54,99</u>
Depreciation to date	423,43,74	350,70,51
	<u>279,58,95</u>	<u>257,84,48</u>
TOTAL	<u>411,16,58</u>	<u>384,69,56</u>

## SCHEDULE 11 - OTHER ASSETS

I Inter Office Adjustments (Net)	25,03,74	29,27,40
II Interest Accrued	257,47,07	322,50,72
III Tax paid in advance / Tax deducted at source (Net)	316,79,04	235,64,58
IV Stationery and Stamps	8,73,86	7,93,53
V Deferred Tax	Nil	Nil
VI Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII Others	502,24,07	645,72,42
TOTAL	<u>1110,27,78</u>	<u>1241,08,65</u>

## SCHEDULES

(000's omitted)

	AS ON 31.03.2015 ₹	AS ON 31.03.2014 ₹
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I Claims against the Bank not acknowledged as debts	5,11,60	4,77,46
II Liability on account of outstanding		
a) Forward Exchange Contracts	7967,43,87	7287,77,65
b) Derivatives	Nil	Nil
III Guarantees given on behalf of Constituents in India	2772,20,04	2359,21,26
IV Acceptances, Endorsements and other Obligations	1837,23,85	1654,66,14
V Other items for which the Bank is contingently liable	Nil	Nil
TOTAL	<u>12581,99,36</u>	<u>11306,42,51</u>

	Year Ended 31.03.2015 ₹	Year Ended 31.03.2014 ₹
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## SCHEDULE 13 - INTEREST EARNED

I Interest / discount on advances/bills	4211,31,22	3872,00,46
II Income on Investments	1177,55,69	1197,38,23
III Interest on balances with Reserve Bank of India and other inter-bank funds	6,24,11	10,91,80
IV Others	76,52	35,65,85
TOTAL	<u>5395,87,54</u>	<u>5115,96,34</u>

## SCHEDULE 14 - OTHER INCOME

I Commission, Exchange and Brokerage	397,32,49	335,60,06
II Profit/Loss on sale of investments-Net	71,03,01	103,73,05
III Profit on sale of land, buildings and other assets	25,89	-5,65
IV Profit on exchange transactions - Net	43,90,51	36,54,25
V Miscellaneous Income	68,32,11	88,63,30
TOTAL	<u>580,84,01</u>	<u>564,45,01</u>

## SCHEDULES

(000's omitted)

	Year Ended 31.03.2015 ₹	Year Ended 31.03.2014 ₹
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### SCHEDULE 15 - INTEREST EXPENDED

I Interest on Deposits	3540,35,94	3468,36,64
II Interest on Reserve Bank of India/ Inter-bank borrowings	82,65,60	114,70,29
III Others	306,95,89	249,18,75
TOTAL	<u>3929,97,43</u>	<u>3832,25,68</u>

### SCHEDULE 16 - OPERATING EXPENSES

I Payments to and Provisions for employees	547,05,30	527,91,58
II Rent, Taxes and Lighting	108,93,68	101,29,96
III Printing and Stationery	14,28,10	11,23,82
IV Advertisement and Publicity	19,88,63	23,02,14
V Depreciation on Bank's Property	81,35,67	74,68,58
VI Directors' fees, allowances and expenses	63,01	66,06
VII Auditors' fees and expenses (includes for branch auditors)	1,89,62	1,71,34
VIII Law Charges	1,54,51	1,23,68
IX Postages, Telegrams, Telephones, etc.	20,27,27	17,16,39
X Repairs and maintenance	31,67,59	19,73,34
XI Insurance	42,86,03	35,37,99
XII Other Expenditure	233,05,32	196,31,28
TOTAL	<u>1103,44,73</u>	<u>1010,36,16</u>

## SCHEDULES

### SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

#### A. BACKGROUND

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

#### B. BASIS OF PREPARATION

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

##### Use of Estimates:

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

#### C. PRINCIPAL ACCOUNTING POLICIES

##### 1. Foreign Exchange Transactions

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

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

Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies

are translated at Closing Spot Rates notified by FEDAI at the year-end.

##### 2. Investments

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

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

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

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

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

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

##### 3. Derivatives

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

##### 4. Advances

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

## SCHEDULES

### 5. Fixed Assets

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

### 6. Depreciation

In the current year, effective from April 1, 2014, in accordance with the Companies Act, 2013 the Bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down value (WDV), method to Straight line method (SLM) in respect of all fixed assets other than buildings. Computers however continue to be depreciated under SLM.

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

In the previous years, fixed assets except Computers were depreciated under Written Down Value Method at the rates specified in the Schedule XIV of the Companies Act, 1956. Depreciation on Computers, including software was 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.

### 11. Income-tax

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

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

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

### 12. Impairment of Assets

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

## SCHEDULES

### 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, employee benefits and

Other usual and necessary provisions

## SCHEDULE 18 - NOTES ON ACCOUNTS

### 1. INTER BRANCH TRANSACTIONS:

Inter Branch/Office accounts reconciliation has been completed upto 31.03.2015 and all the Inter branch entries have been reconciled upto 31.03.2015.

### 2. BALANCING OF BOOKS:

The books of accounts have been balanced and tallied in all branches of the bank as on 31.03.2015.

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

#### 3.1 Capital

SI	Particulars	2014-15		2013-14	
		Basel III	Basel II	Basel III	Basel II
i)	Common Equity Tier 1 capital ratio (%)	13.56	Nil	11.62	Nil
ii)	Tier 1 capital ratio (%)	13.56	13.43	11.62	11.62
iii)	Tier 2 capital ratio (%)	1.06	1.20	0.97	1.15
iv)	Total Capital ratio (CRAR) (%)	14.62	14.63	12.60	12.77
v)	Amount of equity capital raised (₹ in crore)	14.45	14.45	Nil	Nil
vi)	Amount of additional Tier 1 capital raised, of which	Nil	Nil	Nil	Nil
	- PNCPS	Nil	Nil	Nil	Nil
	- PDI	Nil	Nil	Nil	Nil
vii)	Amount of Tier 2 capital raised, of which	Nil	Nil	Nil	Nil
	- Debt capital instruments	Nil	Nil	Nil	Nil
	- Preference share capital instruments	Nil	Nil	Nil	Nil
	- Perpetual cumulative preference shares (PCPS)	Nil	Nil	Nil	Nil
	- Redeemable non cumulative preference shares (RNCPS)	Nil	Nil	Nil	Nil
	- Redeemable cumulative preference shares (RCPS)	Nil	Nil	Nil	Nil

## SCHEDULES

### 3.2 Investments:

(₹ in crore)

Particulars	2014-15	2013-14
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India **	12833.03	13445.46
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation / NPI		
(a) In India	60.03	198.45
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	12773.00	13247.01
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards depreciation on investments and Non Performing Investments		
(i) Opening balance	198.45	31.59
(ii) Add: Provisions made during the year	14.95	195.64
(iii) Less: Write-off/write-back of excess provisions during the year	153.37	28.78
(iv) Closing balance	60.03	198.45

\*\* Excluding Repo Borrowing of ₹ 2110 crore (2014-15) & ₹ 2438 crore (2013-14)

### 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 31.03.2015
Securities sold under repos				
i. Government Securities	468.00	2510.00	1357.92	2110.00
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government Securities	20.00	360.00	22.15	NIL
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil

During the year, the bank has not lent or acquired any corporate debt securities under repo or reverse repo transactions.

## SCHEDULES

### 3.2.2 Non-SLR Investment Portfolio:

i) Issuer composition of Non SLR investments:

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of unrated securities	Extent of unlisted Securities
1	2	3	4	5	6	7
1	PSUs	242.17	236.18	Nil	16.75	141.35
2	FIs	Nil	Nil	Nil	Nil	Nil
3	Banks	137.41	104.29	Nil	Nil	Nil
4	Private Corporates	169.77	133.85	Nil	16.82	21.83
5	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
6	Others	741.13	243.27	Nil	243.27	243.27
7	Less: Provision held towards depreciation and non performing investments	28.89	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>1261.59</b>	<b>717.59</b>	<b>Nil</b>	<b>276.84</b>	<b>406.45</b>

Note:

1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.
2. The investments in unrated/unlisted securities include investments, which are part of Government Restructuring Plan and also other investments as part of CDR programme

ii) Non performing Non-SLR investments:

(₹ in crore)

Particulars	2014-15	2013-14
Opening balance	2.81	4.07
Additions during the year	10.33	Nil
Reductions during the above period	Nil	1.26
Closing balance	13.14	2.81
<b>Total provisions held</b>	<b>13.14</b>	<b>2.81</b>

## SCHEDULES

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

During the year, the bank has sold government securities from Held to Maturity category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. By sale of securities from HTM category, the Bank had booked a profit of ₹ 24.57 crore. An amount of ₹ 12.16 crore (being net of tax and statutory reserve) is transferred to Capital Reserve. As on 31st March 2015, the book value of SLR investments held under Held to Maturity category was ₹ 10,178.11 crore which shows marked to market appreciation of ₹26.42 crore as on that date.

### 3.2.4 SGL Bouncing : Nil

**3.2.5** The percentage of SLR investment under Held to Maturity Category as on 31.03.2015 was 21.70 % of Demand and Time Liability of the bank (Previous year 22.94 %), which is within permissible limit as per RBI guidelines .

## 3.3 Derivatives

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

(₹ in crore)

Particulars	2014 - 15	2013 - 14
1 The notional principal of swap agreements	Nil	Nil
2 Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
3 Collateral required by the bank upon entering into swaps	Nil	Nil
4 Concentration of credit risk arising from the swaps	Nil	Nil
5 The fair value of the swap book	Nil	Nil

### 3.3.2 Exchange Traded Interest Rate Derivatives:

(₹ in crore)

	Particulars	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 31.03.2015 (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.

## SCHEDULES

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 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 reported on a daily basis to the top management.

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

### Quantitative Disclosures:

(₹ in crore)

SI. 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)

Sl. No.	Particular	2014 - 15	2013-14
(i)	Net NPAs to Net Advances (%)	0.78%	0.41%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	279.18	285.86
	(b) Additions during the year	619.24	147.83
	(c) Reductions during the year	220.64	154.51
	(d) Closing balance	677.78	279.18
(iii)	Movement of Net NPAs		
	(a) Opening balance	139.91	108.74
	(b) Additions during the year	164.59	114.81
	(c) Reductions during the year	23.53	83.64
	(d) Closing balance	280.97	139.91
(iv)	Movement of provisions for NPAs (excluding provision on Standard Assets)		
	(a) Opening balance	114.48	151.50
	(b) Provisions made during the year	494.86	189.47
	(c) Write off/Write back of excess provisions	229.34	226.49
	(d) Closing balance	380.00	114.48

## SCHEDULES

(₹ in crore)

### 3.4.2 Disclosure of Restructured Accounts - FY 2014-15

Sl No.	Type of Restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total							
	Asset Classification	Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total					
1	Restructured Accounts as on April 1 of the FY (Opening Figures*)	No. of borrowers	18	Nil	Nil	Nil	18	24	2	1	2	29	139	1	3	4	147	181	3	4	6	194
		Amount outstanding	521.19	Nil	Nil	Nil	521.19	29.19	2.10	0.01	0.08	31.38	839.50	0.07	74.45	0.07	914.09	1389.88	2.17	74.46	0.15	1466.66
2	Fresh Restructuring during the year **1	Provision thereon	19.27	Nil	Nil	Nil	19.27	0.09	Nil	Nil	Nil	0.09	18.93	Nil	0.43	Nil	19.36	38.29	Nil	0.43	Nil	38.72
		No. of borrowers	7	Nil	Nil	Nil	7	23	Nil	Nil	Nil	23	67	Nil	Nil	Nil	67	97	Nil	Nil	Nil	97
3	Upgradations to restructured standard category during the FY	Amount outstanding	356.03	0.14	Nil	Nil	356.17	27.98	Nil	Nil	Nil	27.98	538.16	5.59	Nil	Nil	543.75	922.17	5.73	Nil	Nil	927.90
		Provision thereon	19.33	Nil	Nil	Nil	19.33	0.99	Nil	Nil	Nil	0.99	16.90	Nil	Nil	Nil	16.90	37.22	Nil	Nil	Nil	37.22
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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Amount outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	Restructured standard advances which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		No. of borrowers	-1	Nil	Nil	Nil	-1	-5	Nil	Nil	Nil	-5	-25	Nil	Nil	Nil	-25	-25	-31	Nil	Nil	Nil
4	Restructured standard advances which cease to attract higher provisioning and / or additional weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Amount outstanding	-20.35	Nil	Nil	Nil	-20.35	-3.86	Nil	Nil	Nil	-3.86	-42.63	Nil	Nil	Nil	-42.63	-66.84	Nil	Nil	Nil	-66.84
		Provision thereon	-0.69	Nil	Nil	Nil	-0.69	-0.04	Nil	Nil	Nil	-0.04	-0.42	Nil	Nil	Nil	-0.42	-1.15	Nil	Nil	Nil	-1.15

## SCHEDULES

(₹ in crore)

Sl No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total					
		Standard	Sub-Standard	Doubtful	Total	Standard	Sub-Standard	Doubtful	Total	Standard	Sub-Standard	Doubtful	Total	Standard	Sub-Standard	Doubtful	Total		
5	Downgradations of Restructured Accounts during the FY	No. of borrowers	-4	1	Nil	3	Nil	1	Nil	-23	8	1	14	Nil	-33	14	1	18	Nil
		Amount outstanding	-65.07	53.42	Nil	11.65	Nil	0.01	Nil	-49.64	49.27	0.07	0.30	Nil	-115.63	103.60	0.07	11.96	Nil
		Provision thereon	-2.24	1.71	Nil	0.53	Nil	Nil	Nil	-0.12	0.12	Nil	Nil	Nil	-2.36	1.83	Nil	0.53	Nil
6	Write-offs of Restructured Accounts during the FY *2	No. of borrowers	4	Nil	Nil	Nil	4	2	Nil	3	12	1	Nil	13	17	2	1	Nil	20
		Amount outstanding	124.85	1.11	Nil	1.25	6.33	2.18	Nil	8.51	55.65	-3.52	71.16	Nil	186.83	-0.23	71.16	1.25	259.01
		Provision thereon	-14.46	1.71	Nil	0.53	0.05	Nil	Nil	0.05	-4.99	0.12	0.43	Nil	-19.40	1.83	0.43	0.53	-16.62
7	Restructured Accounts as on March 31 of the FY (Closing figures 3)	No. of borrowers	16	1	Nil	3	35	5	1	3	44	146	3	18	197	15	4	24	240
		Amount outstanding	666.95	52.45	Nil	10.40	46.06	0.83	0.01	0.09	46.99	1229.74	58.45	3.36	1291.92	1942.75	111.73	10.86	2068.71
		Provision thereon	82.05	52.45	Nil	10.40	2.40	0.12	0.01	0.09	2.62	80.14	41.80	1.34	0.37	164.59	94.37	1.35	10.86

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

Foot Note 1 - The figures under Sr. No.2 include ₹ 119.81 Crore of fresh/ additional sanction (No. of accounts - 19) to existing restructured accounts

Foot Note 2 - The figures under Sr.No.6 include ₹ 54.58 Crore (No. of accounts - 39.) of reduction from existing restructured accounts by way of Closure/ Recovery/ Sale

\* Foot Note 3 - The figures under Sr. No.7 is arrived after netting the Provision thereon for Diminution of Fair Value (DFV), Restructured Standard Accounts & Restructured NPA Accounts of ₹ 5.73 Crore (No. of accounts - 109) released due to upgradation of accounts from Restructured to Standard category. Without netting the total provision thereon would be ₹ 276.90 Crore."

## SCHEDULES

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

(₹ in crore)

Particulars	2014 - 15	2013 - 14
(i) No. of accounts	32	28
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	52.24	86.98
(iii) Aggregate consideration	74.92	112.00
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / (loss) over net book value	22.68	25.02

#### 3.4.3.1. Investments in Security Receipts

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	2014 - 15	2013 - 14	2014 - 15	2013 - 14	2014 - 15	2013 - 14
Book value of investments in Security receipts	243.27	137.16	Nil	Nil	243.27	137.16

#### 3.4.5 Provisions on Standard Asset:

(₹ in crore)

Particulars	2014 - 15	2013 - 14
Provisions towards Standard Assets	201.94	172.17

#### 3.5 Business Ratios:

(₹ in crore)

Particulars	2014 - 15	2013 - 14
(i) Interest Income as a percentage to Working Funds	10.21%	10.22%
(ii) Non-interest income as a percentage to Working Funds	1.10%	1.13%
(iii) Operating Profit as a percentage to Working Funds	1.78%	1.67%
(iv) Return on Assets	0.88%	0.86%
(v) Business (Deposits plus advances) per employee (₹ in crore)	11.30	10.55
(vi) Profit per employee (₹ in Lakh)	6.45	5.85

## SCHEDULES

### 3.6 Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in crore)

Particulars	Deposits	Gross Advances	Gross Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	124.87	3573.17	2145.87	75.00	207.84	143.31
2 to 7 days	487.15	262.24	201.41	1214.39	31.16	31.25
8 to 14 days	423.35	236.22	196.50	31.05	21.99	25.00
15 to 28 days	876.99	896.73	196.87	624.56	62.38	0.41
29 days to 3 months	6321.92	3094.49	1178.87	93.58	331.93	94.71
Over 3 months to 6 months	2974.17	3169.98	708.79	136.27	164.50	125.36
Over 6 months to 1 year	7277.59	5212.12	1540.96	122.60	2.61	136.58
Over 1 year to 3 years	7692.99	13438.04	2275.80	Nil	1.43	90.85
Over 3 years to 5 years	5817.39	3152.99	1600.41	603.30	3.13	78.92
Over 5 years	12693.85	3654.79	2787.99	Nil	Nil	1.84
<b>Total</b>	<b>44690.27</b>	<b>36690.77</b>	<b>12833.47</b>	<b>2900.75</b>	<b>826.97</b>	<b>728.23</b>

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

### 3.7 Exposures

#### 3.7.1 Exposure to Real Estate Sector:

(₹ in crore)

Category	2014 - 15	2013 - 14
a) Direct exposure		
(i) Residential Mortgages - Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loans eligible for priority sector advances may be shown separately)	2026.53	1559.53
(ii) Commercial Real Estate - Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1833.20	1531.09
(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).	151.40	203.38
<b>Total Exposure to Real Estate Sector</b>	<b>4011.13</b>	<b>3294.00</b>

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### 3.7.2 Exposure to Capital Market:

(₹ in crore)

Particulars	2014 - 15	2013 - 14
(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;	111.51	128.11
(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;	1.98	1.81
(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;	152.15	145.62
(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;	63.56	6.85
(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)	25.20	25.00
<b>Total Exposure to Capital Market</b>	<b>354.40</b>	<b>307.39</b>

### 3.7.3 Risk Category wise Country Exposure

(₹ in crore)

Risk Category	Exposure (net) as at 31.03.2015	Provision held as at 31.03.2015	Exposure (net) as at 31.03.2014	Provision held as at 31.03.2014
Insignificant	141.30	Nil	965.88	Nil
Low	252.27	Nil	586.93	Nil
Moderate	11.51	Nil	66.63	Nil
High	3.44	Nil	13.37	Nil
Very High	2.01	Nil	4.58	Nil
Restricted	3.16	Nil	0.13	Nil
Off-credit	0.86	Nil	Nil	Nil
<b>Total</b>	<b>414.55</b>	<b>Nil</b>	<b>1637.52</b>	<b>Nil</b>

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

## SCHEDULES

### 3.7.4. Details of Single Borrower Limit (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 other than food credit.

### 3.7.5. Unsecured Advances:

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

### 3.8 Disclosure of Penalties imposed by RBI :

No penalty was imposed by 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.

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2015, except for accounting of depreciation on fixed assets.

Disclosure regarding Depreciation policy: In the current year, effective from April 1, 2014 the Bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down value method(WDV), to Straight line method (SLM) in respect of all fixed assets other than buildings .The management believes that the aforesaid changes better reflect the actual use of assets acquired and is in conformity with the Companies Act,2013.

On account of this change in accounting policy, the bank has in the current quarter, reversed an amount of ₹ 866.64 lakh representing the excess depreciation charge for the period upto March 31, 2014 and disclosed the same as an exceptional item. As a result of this change, the net profit for the current year is higher by ₹ 866.64 lakh and current quarter ₹ 866.64 lakh and the basic and diluted earnings per share is higher by ₹ 0.74 per share.

In accordance with the requirement of schedule II of Companies Act, 2013 the Bank has also reassessed the useful life of the fixed asset and an amount of ₹ 6386 lakh has been charged to the financial results of the current year representing the depreciation on the carrying value of the asset as on April 1, 2014 on the remaining useful life.

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

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

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

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

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

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

### Principal Actuarial Assumptions

Particulars	Gratuity	Pension	Privilege Leave
Discount Rate	8.00%	8.00%	8.00%
Salary escalation rate	5.50%	5.50%	5.50%
Attrition rate	1.47%	2.07%	1.15%
Expected rate of return on Plan Assets	9.36 %	9.89%	--

### Expenses recognized in Profit and Loss Account

(₹ in crore)

Particulars	Gratuity	Pension	Privilege Leave
Current Service Cost	4.46	6.84	0.36
Interest cost on benefit obligation	7.25	18.73	4.60
Expected return on plan assets	(8.23)	(25.54)	--
Net Actuarial gain / (loss) recognised in the year	15.50	99.71	7.69
Expenses recognised in the Profit and Loss Account	18.99	99.74	12.65

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

(₹ in crore)

Particulars	Gratuity	Pension	Privilege Leave
Present value of obligation as at 1.4.2014	80.15	215.07	50.29
Interest cost	7.25	18.73	4.60
Current Service Cost	4.46	6.84	0.36
Benefits paid	(7.57)	(35.76)	(3.75)
Net actuarial gain / (loss) on obligation	15.09	92.17	7.69
Present value of the defined benefit obligation as at 31.3.2015	99.39	297.05	59.19

### Change in the fair value of plan assets

(₹ in crore)

Particulars	Gratuity	Pension	Privilege Leave
Fair value of plan assets as at 1.4.2014	80.22	215.51	--
Expected Return on plan assets	8.23	25.54	--
Contribution by employer	27.84	141.91	3.75
Benefits Paid	(7.57)	(35.76)	(3.75)
Actuarial gain / (loss)	(0.41)	(7.54)	--
Fair value of plan assets as at 31.3.2015	108.31	339.66	--

## SCHEDULES

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

Part A: Business segments

(₹ in crore)

Sl. No.	Particulars	2014-15 (Audited)	2013-14 (Audited)
(a)	<b>Segment Revenue</b>		
	1. Treasury Operations	1299.50	1349.95
	2. Corporate/Wholesale Banking Operations	1623.32	1494.63
	3. Retail Banking Operations	3043.77	2822.66
	4. Other Banking Operations	10.13	13.17
	<b>Total</b>	<b>5976.72</b>	<b>5680.41</b>
(b)	<b>Segment Results</b>		
	1. Treasury Operations	239.75	238.86
	2. Corporate/Wholesale Banking Operations	349.82	293.03
	3. Retail Banking Operations	567.79	613.15
	4. Other Banking Operations	9.33	12.39
	<b>Total</b>	<b>1166.69</b>	<b>1157.43</b>
(c)	Unallocated Expenses	223.40	319.64
(d)	<b>Operating Profit</b>	<b>943.29</b>	<b>837.79</b>
(e)	Income Taxes	7.17	-34.12
(f)	Other Provisions	480.51	442.31
(g)	Exceptional Item	8.67	Nil
(h)	<b>Net Profit</b>	<b>464.28</b>	<b>429.60</b>
(i)	Other Information	Nil	Nil
(j)	<b>Segment Assets</b>		
	1. Treasury Operations	12783.45	13277.49
	2. Corporate/Wholesale Banking Operations	13454.14	12727.30
	3. Retail Banking Operations	22654.80	21264.83
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Assets	4260.09	4273.53
	<b>Total</b>	<b>53152.48</b>	<b>51543.15</b>
(k)	<b>Segment Liabilities</b>		
	1. Treasury Operations	12708.25	13610.01
	2. Corporate/Wholesale Banking Operations	12065.39	11509.19
	3. Retail Banking Operations	20317.15	19233.25
	4. Other Banking Operations	Nil	Nil
	5. Unallocated Liabilities	3823.16	3864.36
	<b>Capital Employed</b>	<b>4238.53</b>	<b>3326.34</b>
	<b>Total</b>	<b>53152.48</b>	<b>51543.15</b>

## SCHEDULES

### Part B: Geographic segments

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

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

#### Disclosure about transactions with Key Management Personnel

Key Management Personnel	Designation	Item	Amount (₹)
Shri K.P. Kumar	Chairman	Honorarium	9,00,000/-
Shri K.Venkataraman	MD & CEO	Remuneration	87,72,682/-

(₹ in crore)

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

## SCHEDULES

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

Sl. No.	Particulars	2014 - 15	2013 - 14
1	Basic EPS after Extraordinary items (₹)	39.86	40.08
2	Basic EPS before Extraordinary items (₹)	39.12	40.08
3	Diluted EPS after Extraordinary items (₹)	39.78	39.78
4	Diluted EPS before Extraordinary items (₹)	39.04	39.78

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

Sl. No.	Particulars	2014 - 15	2013 - 14
A	Net Profit (₹ in crore)	464.28	429.60
B	Weighted number of shares	116478007	107181106
C	Basic EPS (A/B) (₹)	39.86	40.08
D	Nominal Value per share (₹)	10.00	10.00

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

Sl. No.	Particulars	2014 - 15	2013 - 14
A	Net Profit (₹ in crore)	464.28	429.60
B	Weighted number of shares (including Potential Equity Shares)	116712852	107999676
C	Diluted EPS (A/B) (₹)	39.78	39.78
D	Nominal Value per share (₹)	10.00	10.00

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

Sl. No.	Particulars	2014 - 15	2013 - 14
A	Net Profit (₹ in crore)	455.61	429.60
B	Weighted number of shares	116478007	107181106
C	Basic EPS (A/B) (₹)	39.12	40.08
D	Nominal Value per share (₹)	10.00	10.00

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

Sl. No.	Particulars	2014 - 15	2013 - 14
A	Net Profit (₹ in crore)	455.61	429.60
B	Weighted number of shares (including Potential Equity Shares)	116712852	107999676
C	Diluted EPS (A/B) (₹)	39.04	39.78
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 31.03.2015.

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

#### Deferred Tax Liabilities

(₹ in crore)

Sl. No.	Particulars	As on 31.03.2015	As on 31.03.2014
1	Depreciation on Fixed Asset	25.33	10.79
2	Interest received but not due	-19.90	42.29
3	Special Reserve u/s 36(1)(viii)	49.29	49.29
4	Others	1.68	5.74
	<b>TOTAL</b>	<b>56.40</b>	<b>108.11</b>

#### Deferred Tax Assets

(₹ in crore)

Sl. No.	Particulars	As on 31.03.2015	As on 31.03.2014
1	Provision for leave encashment	20.53	17.59
2	Provision for Bad and doubtful debts	35.59	25.17
3	Carried Forward Loss	Nil	45.67
4	<b>TOTAL</b>	<b>56.12</b>	<b>88.43</b>

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

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

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at 31.03.2015 requiring recognition in terms of Accounting Standard 28.

## 5 ADDITIONAL DISCLOSURES

### 5.1 Provisions and Contingencies:

Break-up of 'Provision and Contingencies' shown under the head Expenditure in Profit & Loss Account	2014 - 15	2013 - 14
Provision for Depreciation on Investments	(94.81)	213.24
Provision for Bad & Doubtful Debts	467.03	189.47
Provision for Standard Assets	29.78	40.07
Provision towards sacrifice of Interest on Restructured Advances	53.63	5.93
Provision for Frauds and Other provision	0.88	(6.40)
Provision for wage revision	20.00	Nil
Provision for unhedged Foreign Currency Exposure	4.00	Nil
Provision for Income Tax	26.51	Nil
Provision for Deferred Tax	(19.34)	(34.11)
<b>Total</b>	<b>487.68</b>	<b>408.20</b>

## SCHEDULES

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

(₹ in crore)

Particulars	2014 - 15	2013 - 14
Floating Provision at the beginning of the year	18.69	18.69
Floating Provision made during the year	Nil	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines*	9.00	Nil
Floating Provision at the end of the year	9.69	18.69

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

### 5.3 Draw Down from Reserves

#### General Reserve

The Bank has withdrawn an amount of ₹ 30.00 crore from the General Reserve and appropriated the same to Special Reserve u/s 36(1)(viii) of the Income Tax Act.

### 5.4. Disclosure of Complaints

(A) Customer Complaints as on 31.03.2015

(a)	No. of complaints pending at the beginning of the year	23
(b)	No. of complaints received during the year (*)	357
(c)	No. of complaints redressed (*)	348
(d)	No. of complaints pending at the end of the year	32

(\*) - Includes 20 complaints relating to ATM transactions

(B) Awards passed by Banking Ombudsman

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

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

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

The amount of Letter of comfort issued during the year 2014-15 was ₹ 2058.46 crore (Previous year ₹ 1648.81 crore) and outstanding as on 31.03.2015 was ₹ 948.61 crore (Previous year ₹ 773.12 crore)

### 5.6 Provision Coverage Ratio (PCR)

The Provision Coverage Ratio as on 31.03.2015 was 75.20 %

### 5.7 Bancassurance Business:

The bank has received an amount of ₹ 8.68 crore (Life Insurance - ₹ 6.08 crore and Non Life Insurance - ₹ 2.60 crore) towards fee/remuneration in respect of the bancassurance business undertaken during 01.04.2014 to 31.03.2015.

## SCHEDULES

### 5.8.1 Concentration of Deposits:

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Deposits of twenty largest depositors	3999.17	5241.34
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	8.95 %	11.98%

### 5.8.2 Concentration of Advances

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Advances to Twenty Largest Borrowers	3830.96	5291.96
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the bank	10.44%	11.57%

### 5.8.3 Concentration of Exposures

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Exposures to Twenty Largest Borrowers / Customers	5889.34	5420.11
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	12.72%	11.82%

### 5.8.4 Concentration of NPAs

(₹ in crore)

Particulars	As on 31.03.2015	As on 31.03.2014
Total Exposure to top four NPA Accounts	323.34	157.51

### 5.9 Sector-wise Advances

(₹ in crore)

Sl. No.	Sector*	As on 31.03.2015			As on 31.03.2014		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied Activities	6477.81	29.22	0.45%	6259.7	8.4	0.13%
2	Advances to industries sector eligible as priority sector lending	2518.18	37.35	1.48%	1977	40.36	2.04%
3	Services	4383.03	40.90	0.93%	2933.51	16.65	0.57%
4	Personal Loans	953.68	28.21	2.96%	854.5	10.7	1.25%
	Sub total (A)	14332.70	135.68	0.95%	12024.71	76.11	0.63%

## SCHEDULES

### 5.9 Sector-wise Advances

(₹ in crore)

Sl. No.	Sector*	As on 31.03.2015			As on 31.03.2014		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied Activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	10098.42	416.48	4.12%	10034.12	154.86	1.54%
3	Services	7786.97	57.53	0.74%	8731.5	27.34	0.31%
4	Personal Loans	4472.68	68.09	1.52%	3435.65	20.87	0.61%
	Subtotal (B)	22358.07	542.10	2.42%	22201.27	203.07	2.46%
	<b>Total (A+B)</b>	<b>36690.77</b>	<b>677.78</b>	<b>1.85%</b>	<b>34225.98</b>	<b>279.18</b>	<b>0.82%</b>

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

### 5.10 (i) Movement of NPAs

(₹ in crore)

Particulars	2014 - 15	2013 - 14
Gross NPAs as on the beginning of the year	279.18	285.86
Additions (Fresh NPA) during the year	619.23	147.83
Sub-total (A)	898.41	433.69
Less :		
(i) Up gradations	3.54	2.97
(ii) Recoveries (excluding recoveries made from upgraded accounts)	66.17	82.38
(iii) Technical/Prudential write-offs	150.92	69.16
(iv) Write off other than those (iii) above	Nil	Nil
Sub-total (B)	220.63	154.51
Gross NPAs as at the end of the year	677.78	279.18

## SCHEDULES

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

(₹ in crore)

Particulars	2014 - 15	2013 - 14
Opening balance of Technical/prudential write-off accounts as at beginning of the year	280.64	152.60
Add: Technical/prudential write-offs during the year	178.27	179.92
<b>Sub-total (A)</b>	<b>458.91</b>	<b>332.52</b>
Less: Recoveries / Sale made from previously technical/prudential written -off accounts during the year (B)	3.53	51.88
Closing balance ( A-B)	<b>455.38</b>	<b>280.64</b>

#### 5.11 Overseas Asset, 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 31.03.2015 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. Thus the entire unamortized amount has been debited to P&L account over a period of 5 years and balance is nil as on 31.03.2015.

The Bank has debited Profit & Loss Account a sum of ₹ 2.46 crore during the year ended 31.03.2015 on proportionate basis towards unamortized liability (being amortized over 5 years beginning from 31.03.2011) on account of gratuity liability arising out of wage settlement limit. Thus the entire unamortized amount has been debited to P&L account over a period of 5 years and balance is nil as on 31.03.2015.

#### 5.14 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 six Directors. The Composition complies with both RBI guidelines and the provisions of Companies Act, 2013.

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.

## SCHEDULES

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

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

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

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 working close co-ordination with the Risk Management and ALM Committee of the Board in order to achieve effective alignment between remuneration and risks.

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

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

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

For the Non-Executive Chairman of the Bank, only fixed pay/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 (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.

## SCHEDULES

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

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

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

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

The Bank has paid only fixed remuneration to MD & CEO for the year 2013-14 as per RBI approval. For the year under report CRC has not recommended variable pay.

MD & CEO has been granted 5000 options under KVBESOS 2011 at a price of ₹ 275/- per option. Vesting period was over on 31.03.2014. The options were fully exercised as on 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 2014-15, one meeting was held on 28.05.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹ 5000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹ 25000/-.

- (h) Number of employees having received a variable remuneration award during the financial year 2014-15: **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.

### 5.17 Provision for Unhedged forex Exposure :

The Bank has made a provision of ₹ 4.00 crore towards unhedged forex exposure for its clients for the year ended 31.03.2015.

5.18 During the financial year 2014-15, the Bank had allotted 1029775 shares pursuant to the exercise of stock options by certain employees.

5.19 The Bank issued 13412015 shares having face value of ₹ 10/- at a price of ₹ 466 as Qualified Investors placement with necessary approval from SEBI and the expenses of QIP issue of ₹ 7.78 crore was netted off against the share premium.

5.20 Pending final settlement of wage revision of employees, an expenditure of ₹ 20 crore is provided during the year apart from adhoc payment made to employees.

5.21 Transfers to Depositor Education and Awareness Fund (DEAF) :

Unclaimed liabilities where amount due has been transferred to DEAF may be reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the annual financial statements. Banks are also advised to disclose the amounts transferred to DEAF under the notes to accounts as per the format given below.

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	Nil	Nil
Add : Amounts transferred to DEAF during the year	50.36	Nil
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	50.36	Nil

## SCHEDULES

### 6. Liquidity Coverage Ratio (LCR)

(₹ in crore)

	Current year		Previous Year	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>				
1. Total High Quality Liquid Assets (HQLA)		4596.34		
<b>Cash Outflows</b>				
2. Retail deposits and deposits from small business customers, of which:	27318.34	2593.07	NA	NA
(i) Stable deposits	2775.27	138.76	NA	NA
(ii) Less stable deposits	24543.07	2454.31	NA	NA
3. Unsecured wholesale funding, of which:	4484.86	568.81	NA	NA
(i) Operational deposits (all counter parties)	0	0	NA	NA
(ii) Non-operational deposits (all counter parties)	4484.86	568.81	NA	NA
(iii) Unsecured debt	0	0	NA	NA
4. Secured wholesale funding				NA
5. Additional requirements, of which	3088.06	318.62	NA	NA
(i) Outflows related to derivative exposures and other collateral requirements	0	0	NA	NA
(ii) Outflows related to loss of funding on debt products	0	0	NA	NA
(iii) Credit and liquidity facilities	3088.06	318.62	NA	NA
6. Other contractual funding obligations	0	0	NA	NA
7. Other contingent funding obligations	321.12	16.06	NA	NA
8. Total Cash Outflows		3496.56		NA
<b>Cash Inflows</b>				
9. Secured lending (e.g. reverse repos)	33.33	0	NA	NA
10. Inflows from fully performing exposures	0	0	NA	NA
11. Other cash inflows	2139.12	1264.39	NA	NA
12. Total Cash Inflows	2172.45	1264.39	NA	NA
		Total Adjusted Value	NA	NA
13. TOTAL HQLA		4596.34		NA
14. Total Net Cash Outflows		2232.17		NA
15. Liquidity Coverage Ratio (%)		205.91%		NA

Note - The disclosure requirement of Liquidity Coverage Ratio is applicable from financial year 2014-15 only. Accordingly, previous year figures are not applicable.

The LCR has been calculated after taking into account of additional 5% of NDTL to avail liquidity for maintain to minimum LCR stipulated RBI.

## SCHEDULES

### 6.1 Qualitative disclosure around LCR

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

#### Objective:

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

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

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

#### Composition of HQLA:

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (Presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 5% of NDTL
- From the above deduct the borrowings under REPO transactions
- AAA rated bonds and AA- & above bonds and adding marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank and included in NSE CNX Nifty and / or S & P BSE Sensex indices.

6.2 The Bank has recognized the Income Tax Liability of ₹. 103.78 crore on its Book Profits in terms of section 115JB of the Income Tax Act and a sum of ₹. 77.27 crore being MAT credit entitlement under section 115 JAA of the Income Tax act, 1961 has been recognized and treated as an Asset.

6.3 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](http://www.kvb.co.in/footer/pillarIII_disclosures.html)

6.4 The bank has incurred an amount of ₹ 1,13,65,543.00 towards Corporate Social Responsibility and is in the process of identifying various projects and its appropriateness for spending in future.

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

**K.P. KUMAR**  
Chairman

**S. GANAPATHI SUBRAMANIAN**  
Director

**K.K. BALU**  
Director

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

**K. L. VIJAYALAKSHMI**  
Additional Director

**K. VENKATESWARA RAO**  
PRESIDENT & COO  
Karur  
30th April 2015

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

**G. RAJASEKARAN**  
Director

**N. S. SRINATH**  
Director

**M. K. VENKATESAN**  
Additional Director

**R. KANNAN**  
COMPANY SECRETARY

**K. VENKATARAMAN**  
MD & CEO

**A.J. SURIYANARAYANA**  
Director

**B. SWAMINATHAN**  
Director

**A. K. PRABURAJ**  
Additional Director

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

(000's omitted)

	AS AT 31.03.2015 ₹	AS AT 31.03.2014 ₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT AS PER PROFIT AND LOSS ACCOUNT</b>	<b>4642846</b>	4295995
<b>ADJUSTMENTS FOR</b>		
EXCEPTIONAL ITEMS	(-) 86700	Nil
DEPRECIATION	813567	746858
INTEREST PAID ON TIER II BOND ISSUED	147900	147908
PROVISIONS AND CONTINGENCIES	4876792	4081956
PROVISION FOR LEAVE ENCASHMENT	88900	108149
AMORTIZATION OF HTM SECURITIES	287446	251512
PROVISION FOR ESOP	Nil	246124
PROVISION FOR IMPAIRMENT OF INVESTMENTS	126375	Nil
PROFIT/(LOSS) ON SALE OF INVESTMENTS	(-) 710301	(-) 1037305
PROFIT /(LOSS) ON SALE OF ASSETS	(-) 2589	565
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>10184236</b>	8841762
<b>INCREASE/(DECREASE) IN OPERATING ASSETS</b>		
PURCHASE AND SALE OF INVESTMENTS	6420708	5007132
FUNDS ADVANCED TO CUSTOMERS	(-) 27229340	(-) 47182002
OTHER OPERATING ASSETS	2077166	1140795
	(-) 8547230	(-) 32192313
<b>INCREASE/DECREASE IN OPERATING LIABILITIES</b>		
DEPOSITS FROM CUSTOMERS	9325857	51047049
BORROWINGS FROM BANKS	(-) 3924587	(-) 7061300
OTHER OPERATING LIABILITIES	1106475	1149086
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(-) 2039485</b>	12942522
DIRECT TAXES PAID	(-) 1050000	(-) 1100000
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>(-) 3089485</b>	11842522
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	(-) 1028206	(-) 1379628
SALE OF FIXED ASSETS / OTHER ASSETS	5045	249494
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(-) 1023161</b>	(-) 1130134

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

(000's omitted)

	AS AT 31.03.2015 ₹	AS AT 31.03.2014 ₹
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM SHARE CAPITAL	144485	Nil
PROCEEDS FROM SHARE PREMIUM	6510296	Nil
INTEREST PAID ON TIER II BOND ISSUED	(-) 147900	(-) 147908
DIVIDEND PAID (incl Dividend Distribution Tax)	(-) 1684735	(-) 1743314
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>4822146</b>	<b>(-) 1891222</b>
CASH FLOW FROM OPERATING ACTIVITIES	(-) 3089485	11842522
CASH FLOW FROM INVESTING ACTIVITIES	(-) 1023161	(-) 1130134
CASH FLOW FROM FINANCING ACTIVITIES	4822146	(-) 1891222
INCREASE IN CASH & CASH EQUIVALENT	709500	8821166
CASH AND CASH EQUIVALENTS AT THE BEGINNING	26781364	17960198
CASH AND CASH EQUIVALENTS AT THE END	27490864	26781364
Karur 30th April, 2015		K. Venkataraman MD & CEO

### AUDITORS' CERTIFICATE

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.3.2015. 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 30th April 2015 to the shareholders of the Bank.

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

Karur  
30th April, 2015

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

## BASEL III - PILLAR DISCLOSURES

### PILLAR III DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2015) (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, 2015, the Bank does not have investment in any insurance entity.

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

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

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 consists 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 Financial Year 2016.

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

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

##### Equity Capital

The Bank has authorized share capital of ₹ 200 crore comprising 20,00,00,000 equity shares of ₹10/- each. As on March 31, 2015 the Bank has issued subscribed and paid-up capital of ₹ 121.63 crore constituting 12,16,29,609 shares of ₹ 10/- each.

##### Tier-II Capital:

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

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

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

As on March 31, 2015, the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible subordinated lower Tier II Bonds) aggregating ₹ 150 crore, the details of which are stated below:

Issue Series	Deemed Date of Allotment	Coupon Rate (% p.a)	Tenor (in Months)	Equivalent Amount as on 31st March 2015 (₹ in crore)
I	September 25, 2009	9.86	120	150.00

## BASEL III - PILLAR DISCLOSURES

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

Particulars as on March 31, 2015 (₹ in crore)

1.	Tier I capital	
1.1	Paid-up share capital	121.63
1.2	Reserves	4071.40
1.3	Gross Tier I capital (1.1 + 1.2)	4193.03
1.4	Deductions	7.27
1.5	Total Tier I capital (1.3 - 1.4)	4185.76
2.	Tier II capital	
2.1	Subordinated Debt (Lower Tier II bonds)	150.00
2.2	General Provisions/IRA and Revaluation Reserves	201.94
2.3	Investment Reserve	53.00
2.4	Gross Tier II capital (2.1 + 2.2+2.3)	404.94
2.5	Deductions	79.00
2.6	Total Tier II capital (2.4 - 2.5)	325.94
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	4511.70
6.1	Total eligible capital (1.5 + 2.6)	4511.70

### 2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

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

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

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

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

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on the Bank's on and off balance sheet exposures to test the impact of Credit, Market risk, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible

## BASEL III - PILLAR DISCLOSURES

extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013. The Bank has continued parallel run of Basel II framework continuously tracking the exposures and studied the impact on Bank's Capital to Risk weighted Assets Ratio (CRAR).

In accordance with the RBI's requirement, the Bank has continued to adopt Standardized Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on March 31, 2015. 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, 2015

The total Capital to Risk weighted Assets Ratio (CRAR) as per Basel III guidelines works out to 14.62% as on March 31, 2015 (as against minimum regulatory requirement of 9%). The Tier I CRAR stands at 13.56%. 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, 2015

(₹ in crore)

1. Capital requirement for Credit Risk	2393.01
-Portfolio subject to Standardized Approach	2393.01
-Securitization exposures	0.00
2. Capital requirement for Market Risk	151.16
Standardised Duration Approach	
- Interest Rate Risk	75.79
- Foreign Exchange Risk (Including gold)	0.09
- Equity Risk	75.28

3. Capital requirement for Operational Risk	
Basic Indicator Approach	233.72
Total capital requirements at 9% (1 + 2 + 3)	2777.89
Total capital	4511.70
CRAR %	14.62%
Tier-I CRAR %	13.56%

### 3. RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risk such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon risk management issues. The Risk Management Committee of the Board reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC) and the Credit Risk Management Committee (CRMC) oversee

## BASEL III - PILLAR DISCLOSURES

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

### 3.1 Risk Management Committee (RMC) of the Board:

The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and

policies, as well as adherence to prescribed tolerance limits etc. The RMC oversees the functioning of Executive level Committees for risk management.

### 3.2 Executive Level Committees:

At Executive Management level, the organizational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

Sr.No	Executive Level	Committee Focus Area	Chairman
1	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring & Control, Interest rate review etc.	Chief Operating Officer
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control.	MD & CEO
3	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	Chief Operating Officer
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	Chief Operating Officer

## 4. CREDIT RISK (DF 3)

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

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

### 4(a)(1) Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top-level functional committee for managing credit risk. The committee is responsible for implementation of Credit 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 covenants, rating standards and

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

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

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

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

### 4(a)(2) Credit risk Strategy and Risk Profile:

The bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to optimize the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments

## BASEL III - PILLAR DISCLOSURES

- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all economic and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management

### 4(a)(3) Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk management policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimize the legal risk
- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact
- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions

The Bank relies upon formal and conventional credit risk assessment, viz.:

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.

- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers (KYC) forms the bedrock of initiating and sustaining any relationship.

### 4(b) Total gross credit risk exposure as on March 31, 2015:

Category Domestic	(₹ in crore)
Fund based	36690.77
Non fund based	4609.43
Total	41300.20

Note:

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments shares, deposits placed with NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of term loans and NPAs, the outstanding amount has been considered for this purpose.

## BASEL III - PILLAR DISCLOSURES

4(c) Geographical Distribution of Credit:

(₹ in crore)

STATE	Fund Based
ANDHRA PRADESH	4591.19
CHANDIGARH	38.12
CHHATTISGARH	14.16
DELHI	2014.54
GOA	37.84
GUJARAT	1141.28
HARYANA	167.05
JHARKHAND	23.23
KARNATAKA	1739.68
KERALA	427.77
MADHYA PRADESH	107.21
MAHARASHTRA	3365.99
ORISSA	135.18
PONDICHERY	171.57
PUNJAB	292.28
RAJASTHAN	137.16
TAMIL NADU	16549.25
TELANGANA	3756.82
UTTAR PRADESH	371.68
WEST BENGAL	1608.77
TOTAL	36690.77

## BASEL III - PILLAR DISCLOSURES

4(d) Industry wise distributions of exposures as on March 31, 2015.

(₹ in crore)

Industry	Exposure	
	Fund Based	Non fund based
MINING & QUARRYING	210.32	6.01
FOOD PROCESSING	1317.87	97.19
BEVERAGES & TOBACCO	77.25	0.13
TEXTILES	2771.02	164.83
LEATHER AND LEATHER PRODUCTS	11.41	0.62
WOOD AND WOOD PRODUCTS	220.55	143.52
PAPER AND PAPER PRODUCTS	122.61	17.12
PETROLEUM	Nil	Nil
CHEMICALS AND CHEMICAL PRODUCTS	641.02	59.36
RUBBER, PLASTIC AND THEIR PRODUCTS	283.51	9.53
GLASS & GLASSWARE	4.65	0.20
CEMENT & CEMENT PRODUCTS	81.60	5.68
BASIC METAL AND METAL PRODUCTS	1459.13	120.40
ALL ENGINEERING	499.14	355.01
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	380.08	7.25
GEMS AND JEWELLERY	377.51	296.23
CONSTRUCTION	307.32	314.89
INFRASTRUCTURE	3422.44	472.45
OTHER INDUSTRIES	370.62	166.12
OTHERS	24132.72	2372.89
TOTAL	36690.77	4609.43

## BASEL III - PILLAR DISCLOSURES

4(e) Residual contractual maturity breakdowns of assets\* as on March 31, 2015:

(₹ in crore)

Assets	Day 1	Day 2 To Day 7	Day 8 To Day 14	Day 15 To Day 28	Over 28 days To 3 Months	Over 3 Months To 6 Months	Over 6 Months To 1 Year	Over 1 Year To 3 Years	Over 3 Years To 5 Years	Over 5 Years	Total
Cash	627.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	627.16
Balance with RBI	298.94	32.03	27.32	36.63	219.32	127.22	284.83	308.70	233.99	496.78	2065.76
Balance with other banks	51.16	0.00	0.34	0.00	0.00	0.00	0.00	4.67	0.00	0.00	56.17
Investments	2145.87	201.41	196.16	196.87	1178.87	708.79	1540.96	2275.70	1600.41	2774.85	12819.89
Advances -Performing	3573.17	262.24	236.22	896.73	3094.49	3169.98	5212.12	13438.04	2749.49	3380.51	36012.99
NPA (Gross) Including NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	403.50	287.42	690.92
Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	411.17	411.17
Other Assets	443.02	23.19	23.19	0.00	0.00	0.00	0.00	0.00	0.00	620.87	1110.27
Total	7139.32	518.87	483.23	1130.23	4492.68	4005.99	7037.91	16027.11	4987.39	7971.60	53794.33

\* As per ALM guidelines

Advances and Provisions:

(f) Gross NPA

Particulars as on 31.03.2015	₹ in crore
i. Substandard	403.50
ii. Doubtful 1	69.04
iii. Doubtful 2	11.20
iv. Doubtful 3	10.97
v. Loss	183.07
Total	677.78

g) Net NPAs	280.97
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(h) NPA Ratios	
i. Gross NPAs to gross advances (%)	1.85
ii. NPAs to Net Advances (%)	0.78

## BASEL III - PILLAR DISCLOSURES

(₹ in crore)

(i) Movement of NPAs(Gross)	
i. Opening balance	279.18
ii. Additions during the year	619.24
iii. Reductions during the year	220.63
iv. Closing balance	677.78

(j) Movement of provisions for NPAs (excluding provision on Standard Assets)	
i. Opening balance	114.48
ii. Provision made during the year	(+) 494.86
iii. Write-off / write-back of excess provisions	(-) 229.34
iv. Closing balance	380.00

(k) Amount of Non-Performing Investments	13.14
(l) Amount of provisions held for non-performing investments	13.14

(m) Movement of depreciation on investments	
i. Opening balance as on 01.04.2014	2.81
ii. Add: Provision made during the year	10.33
iii. Less: Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)	Nil
iv. Closing balance	13.14

### 5. CREDIT RISK: Disclosures for portfolio subject to the Standardized Approach (DF 4)

5(a) The Bank has used the ratings of the following domestic external credit rating agencies for the purpose of risk weighting their claims on the domestic entities for capital adequacy purpose:

- i. CRISIL
- ii. CARE
- iii. ICRA
- iv. India Ratings
- v. Brickwork
- vi. SMERA

5(b) A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies. Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.

Notwithstanding the repayable on demand condition, cash credit exposures have been subjected to long-term rating.

## BASEL III - PILLAR DISCLOSURES

If an obligor has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same obligor whether long or short is assigned the same 150% RW unless mitigated by recognized Credit Risk Mitigants.

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

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

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

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

For exposure amounts after risk mitigation subject to the standardized approach, amount of the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on March 31, 2015 are as follows:

(₹ in crore)

Particulars	Fund Based	Non Fund Based
Below 100% risk weight	30891.01	141.71
100% risk weight	7848.23	2808.91
More than 100% risk weight	4383.78	76.08
Total	43123.02	3026.70

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

6.1 The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular - Prudential guidelines on capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF).

The Bank has utilized credit risk mitigation in the form of Bank's own deposits, LIC Policies, National Savings Certificate and gold, wherever the collateral is identifiable, marketable & enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

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

- i. 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
- ii. 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.
- iii. 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.

## BASEL III - PILLAR DISCLOSURES

### 6.2 Eligible Financial Collateral:

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

i. Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the bank) on deposit with the bank which is incurring the counterparty exposure

ii. Gold: Gold would include both bullion and jewellery

iii. Securities issued by Central and State Governments

iv. National Savings Certificates

v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

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

a) Attracting 100 per cent or lesser risk weight i.e. rated at least BBB (-), when issued by public sector entities and other entities (including banks and Primary Dealers); or

b) Attracting 100 per cent or lesser risk weight i.e. rated at least PR3/P3/F3/A3 for short-term debt instruments.

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

a) Issued by a bank

b) Listed on a recognized exchange

c) Classified as senior debt

d) All rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings)A3/ICRA A3/Brickwork A3/SMERA A3 by a chosen Credit Rating Agency; and

e) The bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 (as applicable) and;

f) Banks should be sufficiently confident about the market liquidity of the security

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

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

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

6.3 Total exposure covered by guarantees/credit derivatives - Nil

### 7. SECURITIZATION EXPOSURES (DF 6)

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

As on March 31, 2015, the Bank does not have any securitization exposure as originator.

### 8. MARKET RISK IN TRADING BOOK (DF 7)

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and

## BASEL III - PILLAR DISCLOSURES

acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardized Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per Reserve Bank of India prudential guidelines.

Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

Structure and organization of the market risk management function:

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

Strategies and processes:

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

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

The strategy/guidelines for controlling market risk include:

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

The scope and nature of risk reporting and measurement systems:

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

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

Particulars As on March 31, 2015	(₹ in crore)
Capital requirements for market risk	
Interest Rate Risk	75.79
Foreign Exchange Risk (Including gold)	0.09
Equity Risk	75.28
Capital requirement for Market Risk	151.16

### 9. OPERATIONAL RISK (DF 8)

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank's selection of personnel and systems of rewarding performance are aligned to meet Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

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

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

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on March 31, 2015 is ₹ 233.72 crore.

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

Interest Rate Risk in the Banking Book (IRRBB):

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

Risk management framework and monitoring:

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

The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

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

Risk measurement and reporting framework:

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

Interest rate sensitivity :

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

Earnings at Risk Analysis (EaR):

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

Stress testing:

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

Duration gap analysis:

Movement in the interest rates also have a long-term

## BASEL III - PILLAR DISCLOSURES

impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following tables show the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

### i) Impact on NII:

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

Currency	100	200
INR	128.81	257.63

### ii) Impact on economic value of equity :

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

Currency	100	200
INR	104.37	208.73

\* No major exposure in foreign currencies

## 11. General disclosures for exposures related to counterparty credit risk (DF 10)

### Counterparty exposure

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

### Credit limits:

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

### Credit exposures on forward contracts

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

Credit exposure as on March 31, 2015

(₹ in crore)

	Notional Amount	Gross positive fair value of the contracts	Potential Future Exposure	Total Credit Exposure
Forward contracts	7967.44	8404.38	168.09	8572.47

## 12. Composition of Capital (DF 11)

(₹ in crore)

Common Equity Tier 1 capital: instruments and reserves			Ref No
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1325.80	
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves)	2867.23	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Common Equity Tier 1 capital before regulatory adjustments	4193.03	

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Common Equity Tier 1 capital : regulatory adjustments			Ref No
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles (net of related tax liability)		
10	Deferred tax assets		
11	Cash-flow hedge reserve		
12	Short fall of provisions to expected losses		
13	Securitization gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity	7.27	
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)	7.27	
26a	Of which : Investments in the equity capital of unconsolidated insurance subsidiaries		
26b	Of which : Investments in the equity capital of unconsolidated non- financial subsidiaries		
26c	Of which : Short fall in the equity capital of majority owned financial entities which have not been consolidated with the bank		
26d	Of which : Un amortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier1 and Tier2 to cover deductions		
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	7.27	
29	<b>Common Equity Tier 1 capital (CET1)</b>	4185.76	

## BASEL III - PILLAR DISCLOSURES

<b>Additional Tier 1 capital: instruments</b>		Ref No
30	Directly issued qualifying Additional Tier1 instruments plus related stock surplus (share premium) (31+32)	
31	Of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	
32	Of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	
33	Directly issued capital instruments subject to phase out from Additional Tier1	
34	Additional Tier1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	Of which : instruments issued by subsidiaries subject to phase out	
36	<b>Additional Tier1 capital before regulatory adjustments</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>		
37	Investments in own Additional Tier1 instruments	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41	National specific regulatory adjustments (41a+41b)	
41a	Of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	
41b	Of which : Short fall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	Total regulatory adjustments to Additional Tier 1 capital	
44	Additional Tier 1 capital (AT1)	
44a	Additional Tier 1 capital reckoned for capital adequacy	
45	Tier 1 capital (T1=CET1 + Admissible AT1) (29+44a)	4185.76
<b>Tier 2 capital : instruments and provisions</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	150.00
47	Investment Reserve	53.00
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	201.94
51	Tier 2 capital before regulatory adjustments	404.94

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Tier 2 capital: regulatory adjustments			Ref No
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)	69.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)		
56a	Of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b	Of which: Short fall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	<b>Total regulatory adjustments to Tier 2 capital</b>	79.00	
58	<b>Tier 2 capital (T2)</b>	325.94	
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	325.94	
58b	<b>Excess Additional Tier1 capital reckoned as Tier 2 capital</b>		
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a+58b)</b>	325.94	
59	<b>Total capital (TC=T1+Admissible T2) (45+58c)</b>	4511.70	
60	<b>Total risk weighted assets (60a+60b+60c)</b>	30865.51	
60a	Of which: total credit risk weighted assets	26589.01	
60b	Of which: total market risk weighted assets	1679.53	
60c	Of which: total operational risk weighted assets	2596.96	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier1 (as a percentage of risk weighted assets)	13.56%	
62	Tier1 (as a percentage of risk weighted assets)	13.56%	
63	Total capital (as a percentage of risk weighted assets)	14.62%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	5.50%	
65	Of which: capital conservation buffer requirement		
66	Of which: bank specific counter cyclical buffer requirement		
67	Of which: G-SIB buffer requirement		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	8.06%	
<b>National minima (if different from Basel III )</b>			
69	National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier1 minimum ratio (if different from Basel III minimum)	7%	
71	National total capital minimum ratio (if different from Basel III minimum)	9%	

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Amounts below the thresholds for deduction (before risk weighting)			Ref No
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 standardized approach (prior to application of cap)	201.94	
77	Cap on inclusion of provisions in Tier 2 under standardized approach		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

### 13. Main Features of Regulatory Capital Instruments

S.No		
1	Issuer	KARUR VYSYA BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement )	INE036D09013
3	Governing law(s) of the instrument	Indian Law Regulatory Treatment
4	Transitional Basel III rules Subordinated	Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognized in regulatory capital (₹ in million, as of most recent reporting date.	1500
9	Par value of instrument ₹	10 lakhs
10	Accounting classification	Liability
11	Original date of issuance	25.09.2009
12	Perpetual or dated	Dated
13	Original maturity date	25.09.2019
14	Issuer call subject to prior supervisory approval	No

## BASEL III - PILLAR DISCLOSURES

S.No		
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
17	Coupons / dividends	coupon
18	Fixed or floating dividend/coupon	Fixed
19	Coupon rate and any related index	9.86% p.a.
20	Existence of a dividend stopper	No
21	Fully discretionary, partially discretionary or Mandatory	Mandatory
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Cumulative
24	Convertible or Non-convertible	Non Convertible
25	If convertible, conversion trigger(s)	NA
26	If convertible, fully or partially	NA
27	If convertible, conversion rate	NA
28	If convertible, mandatory or optional conversion	NA
29	If convertible, specify instrument type convertible into	NA
30	If convertible, specify issuer of instrument it converts into	NA
31	Write-down feature	No
32	If write-down, write-down trigger(s)	NA
33	If write-down, full or partial	NA
34	If write-down, permanent or temporary	NA
35	If temporary write-down, description of write-up mechanism	NA
36	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
37	Non-compliant transitioned features	YES
38	If yes, specify non-compliant features	Tenor less than 10 years; does not have point of Non Viability Trigger

### 14. Full terms and conditions of Regulatory Capital Instruments

Instrument	Terms & Conditions	
	Unsecured Redeemable Non- Convertible Subordinated Lower Tier- II Bonds - INE036D09013	Issue size
Face Value		₹10 lakh per bond
Date of Allotment		25th September 2009
Maturity		25th September 2019
Coupon		9.86%
Interest payment		Half yearly

## BASEL III - PILLAR DISCLOSURES

### 15. Disclosures on Remuneration:

Qualitative Disclosure:

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

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

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 DBODNo.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 working close co-ordination with the Risk Management and ALM Committee of the Board in order to achieve effective alignment between remuneration and risks.

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

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

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

For the Non-Executive Chairman of the Bank, only fixed pay/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.

## BASEL III - PILLAR DISCLOSURES

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

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

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

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

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

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

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

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

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

The Bank has paid only fixed remuneration to MD & CEO for the year 2013-14, as per RBI approval. For the year under report CRC has not recommended variable pay.

MD & CEO has been granted 5000 options under KVBESOS 2011 at a price of ` 275/- per option. Vesting period was over on 31.03.2014. The options were fully exercised as on 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 2014-15, one meeting was held on 28.05.2014. The members were paid sitting fees for having attended the meeting. Amount of sitting fees paid was ₹ 5000/- per member/per sitting. Aggregate amount paid for the fiscal was at ₹ 25000/-.

- (h) Number of employees having received a variable remuneration award during the financial year 2014-15: 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 - 639 002  
 [CIN No: L65110TN1916PLC001295]  
 Ph. : 04324 - 226520, 225521-25  
 Fax : 04324 - 225700

### INTERNATIONAL DIVISION

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

### DIVISIONAL OFFICES

AHMEDABAD	First Floor, Motilal Centre, Near Sales India Show Room, Ashram Road, Ahmedabad-380009
BANGALORE	NO. 6 VASAVI TEMPLE ROAD, SAJJANRAO CIRCLE VISVESWARAPURAM, NEXT TO SRI VASAVI TEMPLE, BANGALORE-560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	577 Oppanakara Street, 2nd Floor, Coimbatore-641001
DELHI	59/31 1st Floor, Poonam Plaza New Rohtak Road, Near Liberty Cinema Karolbagh, New Delhi-110005
ERNAKULAM	K.C.Centre, 11nd Floor , Opp. North Police Station, Chittoor Road Kacheripady, Ernakulam - 682018
HYDERABAD	5-8-363 to 365 (Second Floor), Anand Mansion, 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, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	1st Floor, 269-A Bharathi Street, Swarnapuri, Alagapuram, Salem-636 004
TAMBARAM	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	D-54 Ground Floor, L.I.C. Building, Bharathiar Salai Cantonment, Trichy-620001
VIJAYAWADA	Gayathri Nilayam, 1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
VISAKHAPATNAM	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016

### OTHER OFFICES

DISASTER RECOVERY SITE	V Floor, Unit - 3, Block-I, Cyber Pearl Hi-Tech City, Madhapur, Hyderabad - 500 081
ATM CELL	338, Uffizi Complex - Basement, Avinashi road, Peelamedu, Coimbatore-641004
DATA CENTRE	6th Floor D North Block, Tidel Park, Taramani, Chennai-600113
DEMAT CELL	2nd Floor, No. 29, Rangan Street, T. Nagar, Chennai-600 017
REGIONAL PROCESSING CENTRE (RPC)	338 Uffizi Complex - 1st Floor, Avinashi Road, Peelamedu, Coimbatore-641004
CHENNAI CPC	South Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014
HYDERABAD CPC	5-8-363 to 365 (First Floor), Chirag Ali Lane, Abids, Hyderabad-500 001
CHENNAI CFPC	2nd Floor, 37 Whites Road, Royapettah, 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
BANGALORE CLPC	No. 6 Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi Temple, Bangalore - 560004

## NETWORK OF BRANCHES

### OTHER OFFICES

CHENNAI RLPC	North Wing First Floor, #37 Whites Road, Royapettah, Chennai-600014
HYDERABAD RLPC	Door No:5-8-363 To 365/A B, First Floor, Chirag Ali Laneabids, 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 Nilayam, 1st Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
VIJAYAWADA - RLPC	Gayathri Nilayam, 2nd Floor 38-8-46, Labbipet M.G.Road, Vijayawada-520010
VISAKHAPATNAM - RLPC	D.No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane Dwarkanagar, Visakhapatnam - 530016
DELHI - RLPC	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	NO. 6 Vasavi Temple Road, Sajjanrao Circle Visveswarapuram, Next to Sri Vasavi Temple, Bangalore-560004
MUMBAI - RLPC	954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
TAMBARAM - CLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TAMBARAM - RLPC	SBA Complex 7/73 I Floor , Venkatesa Choudhary Street, West Tambaram, Chennai-600045
COIMBATORE - RLPC	577 Oppanakara Street, 2nd Floor, Coimbatore-641001
KARUR - RLPC	P.B No. 91 NO.633/637 First Floor, Jawahar Bazar, Karur-639001
TRANSACTION BANKING GROUP	KVB Towers II Floor, 568, Anna Salai, Teynampet, Chennai - 600018
CHENNAI - CHANNEL RECONCILIATION CELL	No.29, Basement Floor, Rangan Street, T. Nagar, Chennai - 600017

### CENTRAL CLEARING OFFICES

CHENNAI  
DELHI  
MUMBAI

### CURRENCY CHEST

CHENNAI  
KARUR  
MADURAI  
VIJAYAWADA  
BANGALORE

## NETWORK OF BRANCHES

### ANDHRA PRADESH

#### ANANTAPUR

ANANTAPUR  
DHARMAVARAM  
HINDUPUR

#### CHITTOOR

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

#### CUDDAPAH

CUDDAPAH  
PRODDATUR  
RAJAMPET

#### EAST GODAVARI

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

#### GUNTUR

GUNTUR  
TENALI  
GUNTUR - LAKSHMIPURAM  
NARASARAOPET  
BAPATLA  
CHINTALAPUDI  
CHILAKALURIPET  
MANGALAGIRI

#### KRISHNA

VIJAYAWADA-GOVERNORPE

VIJAYAWADA - NO.1 TOWN  
GUDIVADA  
VIJAYAWADA -BUNDER ROAD  
PORANKI  
KANKIPADU  
MACHILIPATNAM  
VUYURU  
VIJAYAWADA -BHAVANIPURAM  
NUZVID  
GANNAVARAM

#### KURNOOL

KURNOOL  
NANDYAL  
ADONI  
VENKATARAMANA COLONY  
MAYALURU

#### NELLORE

NELLORE  
KAVALI

#### PRAKASAM

CHIRALA  
ONGOLE  
MARKAPUR  
VALLURU

#### SRIKAKULAM

SRIKAKULAM  
RAJAM  
PALASA  
ICHCHAPURAM  
NARASANNAPETA

#### VISAKHAPATNAM

VIZAG - PEDAWALTAIR  
ANAKAPALLE  
VIZAG - MAIN  
GAJUWAKA  
NARSIPATNAM  
PENDURTHI  
VIZAG - DWARKANAGAR  
YELAMANCHILI  
VISAKHAPATNAM - GOPALAPATNAM  
VISAKHAPATNAM - SEETHAMMADHARA

#### VIZIANAGARAM

VIZIANAGARAM  
SALUR

PARVATHIPURAM  
GAJAPATHINAGARAM  
BOBBILI

#### WEST GODAVARI

PALAKOL  
TADEPALLIGUDEM  
NIDADAVOLU  
JANGAREDDYGUDEM  
BHIMAVARAM  
ELURU  
TANUKU  
NARASAPUR

### CHANDIGARH - UT

#### CHANDIGARH

CHANDIGARH

### CHATTISGARH

#### RAIPUR

RAIPUR

### DELHI

#### DELHI

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

#### NEW DELHI

KAROL BAGH  
LAWRENCE ROAD  
KASHMERE GATE  
ROHINI  
EAST OF KAILASH

### GOA

#### NORTH GOA

PANAJI

### GUJARAT

#### AHMEDABAD

AHMEDABAD-MAIN  
MANINAGAR

## NETWORK OF BRANCHES

### 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 LAYOUT  
JAYANAGAR  
KORAMANGALA  
BASAVANAGUDI  
BTM LAYOUT  
INDIRA NAGAR  
HEBBAGODI  
HSR LAYOUT  
ATTIBELE  
CHANDAPUR  
BANGALORE- R T NAGAR  
BANGALORE - WHITEFIELD  
BANGALORE - V V PURAM  
BANGALORE - VIDYARANYAPURA  
BANGALORE - J P NAGAR

**BANGALORE RURAL**  
DODDABALLAPUR  
HOSAKOTTE  
CHIKKABANAVARA  
NELAMANGALA

**BELGAUM**  
BELGAUM

**BELLARY**  
BELLARY  
HOSPET

**CHITRADURGA**  
CHITRADURGA  
HIRIYUR

**DAKSHINA KANNADA**  
MANGALORE

**DAVANGERE**  
DAVANGERE

**DHARWAD**  
HUBLI

**GULBARGA**  
GULBARGA

**HASSAN**  
HASSAN

**KOLAR**  
KOLAR GOLD FIELDS

**KOPPAL**  
GANGAVATHI

**MYSORE**  
MYSORE

**RAICHUR**  
RAICHUR

**SHIMOGA**  
SHIMOGA

**TUMKUR**  
TUMKUR

**RAMANAGARA**  
RAMANAGARAM

### KERALA

**ALAPPUZHA**  
CHENGANNUR

**ERNAKULAM**  
ERNAKULAM  
TRIPUNITHURA  
EDAPPALLY

**KANNUR**  
KANNUR  
THALASSERY

**KOLLAM**  
KOLLAM

**KOTTAYAM**  
KOTTAYAM

**KOZHIKODE**  
KOZHIKODE

## NETWORK OF BRANCHES

**PALAKKAD**  
PALAKKAD

**PATHANAMTHITTA**  
TIRUVALLA  
PATHANAMTHITTA

**THRISSUR**  
THRISSUR  
IRINJALAKUDA

**THIRUVANANTHAPURAM**  
THIRUVANANTHAPURAM

### MADHYA PRADESH

**BHOPAL**  
BHOPAL

**GWALIOR**  
GWALIOR

**INDORE**  
INDORE

### MAHARASHTRA

**AHMEDNAGAR**  
AHMEDNAGAR

**AMARAVATI**  
AMARAVATI

**AURANGABAD**  
AURANGABAD

**KOLHAPUR**  
ICHALKARANJI  
KOLHAPUR

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

**NANDED**  
NANDED

**NAGPUR**  
NAGPUR

**NASIK**  
NASIK

**PUNE**  
PUNE  
CAMP AREA

**SOLAPUR**  
SOLAPUR

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

### ORISSA

**CUTTACK**  
CUTTACK

**GANJAM**  
BERHAMPUR  
ASKA

**KHURDA**  
BHUBANESHWAR

**SUNDERGARH**  
ROURKELA

### PONDICHERRY-UT

**PONDICHERRY**  
PONDICHERRY  
PONDICHERRY-LAWSPET  
VILLIANUR  
YANAM  
PILLAYARKUPPAM

**KARAIKAL**  
KARAIKAL

### PUNJAB

**AMRITSAR**  
AMRITSAR

**FATEHGARH SAHIB**  
MANDI GOBINDGARH

**KAPURTHALA**  
HARDASPUR (LPU)  
PHAGWARA

**JALANDHAR**  
JALANDHAR

**LUDHIANA**  
LUDHIANA

**PATIALA**  
PATIALA

### RAJASTHAN

**BHILWARA**  
BHILWARA

**JAIPUR**  
JAIPUR

### TAMILNADU

**ARIYALUR**  
ARIYALUR  
JAYANKONDAM

**CHENNAI**  
CHENNAI - MAIN  
TRIPLICANE  
ROYAPURAM  
MYLAPORE  
ANNA NAGAR  
KODAMBAKKAM  
T.NAGAR  
WHITES ROAD  
PURASAWALKAM  
DHANDAPANI ST.  
TEYNAMPET  
NANGANALLUR  
ADYAR  
MOGAPPAIR

## NETWORK OF BRANCHES

VALASARAVAKKAM

VELACHERY

ASHOK NAGAR

EGMORE

R.A.PURAM

ARUMBAKKAM

K.K. NAGAR

SAIDAPET

CHENNAI - SALIGRAMAM

CHENNAI - NUNGAMBAKKAM

CHENNAI - GODOWN STREET

CHENNAI - RAMAPURAM

CHENNAI - KILPAUK

**COIMBATORE**

COIMBATORE - MAIN

POLLACHI

DR. NANJAPPA ROAD

R.S.PURAM

ANAIMALAI

DHULLY

SARAVANAM PATTI

SAIBABA COLONY

GANAPATHY

SOMANUR

KOVAIPUDUR

VADAVALLI

RAMANATHAPURAM

ANNUR

KUNIAMUTHUR

SULUR

METTUPALAYAM

AVINASHI ROAD

KALAPATTI

COIMBATORE- GOUNDAMPALAYAM

CHINNIYAMPALAYAM

COIMBATORE - SIVANANDA COLONY

VADASITHUR

COIMBATORE - THUDIYALUR

THEETHIPALAYAM

COIMBATORE - SINGANALLUR

COIMBATORE - SARAVANAMPATTI MAIN

KUNNATHUR

PERIYANAICKENPALAYAM

NALLATTIPALAYAM

VILANKURICHI

**CUDDALORE**

CHIDAMBARAM

VRIDHACHALAM

CUDDALORE

NEYVELI

CHIDAMBARAM-ANNAMALAI NAGAR

PANRUTI

**DHARMAPURI**

KAMBAINALLUR

DHARMAPURI

HARUR

PAPPIREDDIPATTI

**DINDIGUL**

DINDIGUL

BATLAGUNDU

CHINNALAPATTI

PALANI

NEIKARAPATTI

ODDANCHATRAM

VEDASANDUR

NILAKOTTAI

VILPATTI

KOOMBUR

**ERODE**

ERODE

GOBICHETTIPALAYAM

SATHYAMANGALAM

KAVINDAPADI

BHAVANI

PERUNDURAI

KOLATHUPALAYAM

METTUKADAI

PERUNDURAI - KEC NAGAR

SAMPATH NAGAR

SIVAGIRI

VEERAPPANCHATIRAM

CHENNIMALAI

ANTHIYUR

PUNJAIPULIYAMPATTI

KARUMANDAPALAYAM

ERODE- CHINNIAMPALAYAM

OTHAKADAI

MULLAMPARAPPU

KANAKAMPALAYAM

T. VELLODE

SAVANDAPUR

NAMBIYUR

KONGARPALAYAM

**KANCHEEPURAM**

CHENNAI - TAMBARAM

CHENNAI - ALANDUR

KANCHEEPURAM

CHENNAI - CHROME PET

ULLAVOOR

CHENNAI - St THOMAS MOUNT

CHENNAI - URAPPAKKAM

CHENNAI - SINGAPERUMAL KOIL

CHENNAI - SHOLINGANALLUR

CHENNAI - SRIPERUMPUDUR

CHENNAI - KELAMBAKKAM

CHENNAI - MEDAVAKKAM

CHENNAI - SELAYUR

CHENNAI - PALAVAKKAM

CHENGALPATTU

CHENNAI - MADIPAKKAM

CHENNAI - PALLAVARAM

GUDUVANCHERRY

CHENNAI - SITTALAPAKKAM

MADURANTHAKAM

PERUNGUDI

KUNDRATHUR

ACHARAPAKKAM

EAST - TAMBARAM

THORAIPAKKAM

CHEMMANCHERY

NANMANGALAM

**KANYAKUMARI**

NAGERCOIL

MARTHANDAM

**KARUR**

KARUR - MAIN

KULITHALAI

KARUR -CENTRAL

KARUR - WEST

VEERARAKKIYAM

GANDHIGRAMAM

VENGAMEDU

ARAVAKURICHI

THANTHONIMALAI

PADIRIPATTI

**KRISHNAGIRI**

KRISHNAGIRI

HOSUR

## NETWORK OF BRANCHES

BARGUR  
HOSUR - BATHALAPALLI  
SAMALAPATTI

### MADURAI

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

### NAGAPATTINAM

NAGAPATTINAM  
NEERMULAI  
MAYILADUTHURAI

### NAMAKKAL

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

### NILGIRIS

COONOOR  
UDHAGAMANDALAM

### PERAMBALUR

PERAMBALUR

### PUDUKOTTAI

KOTHAMANGALAM  
PUDUKOTTAI  
ARANTHANGI  
PONNAMARAVATHI  
KURIVIKONDANPATTI

### RAMANATHAPURAM

RAMANATHAPURAM  
PARAMAKUDI

### SALEM

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

### SIVAGANGAI

KARAIKUDI  
SINGAMPUNERI

### THANJAVUR

KUMBAKONAM  
THANJAVUR  
PATTUKOTTAI  
VILAR  
MADUKKUR  
PERAVURANI  
THIRUVIDAIMARUDUR  
THIRUPALATHURAI

### THENI

AUNDIPATTI  
BODINAYAKANUR  
CHINNAMANUR  
CUMBUM

GUDALUR  
KOMBAI  
PERIYAKULAM  
THENI  
KATHIRNARASINGAPURAM  
UPPUKOTTAI

### THIRUVALLUR

CHENNAI - TIRUVERKADU  
CHENNAI - VELAPPANCHAVADI  
CHENNAI - AMBATTUR  
CHENNAI - RED HILLS  
THIRUVALLUR  
PUTHAGARAM  
AVADI  
PODATHURPET  
SEETHANJERI  
PADI  
MADURAVOYIL  
TIRUTTANI  
NEMILICHERRY  
PORUR

### THIRUVARUR

MANARGUDI  
THIRUVARUR  
KOOTHANUR

### TIRUPUR

DHARAPURAM  
UDUMALPET  
TIRUPUR - MAIN  
MULANUR  
GANAPATHIPALAYAM  
KOLUMAM  
ERISANAMPATTI  
PAPPANKULAM  
TIRUPUR - OVERSEAS  
TIRUPUR - P.N.ROAD  
KANGEYAM  
PALLADAM  
VELLAKOIL  
AVINASHI  
MANNARAI  
MUDALIPALAYAM  
VELAMPALAYAM  
MUTHANAMPALAYAM  
P. KOMARAPALAYAM  
PATTANAM

## NETWORK OF BRANCHES

### TIRUNELVELI

PALAYAMKOTTAI  
TIRUNELVELI TOWN  
TENKASI  
SANKARANKOIL  
AMBASAMUDRAM  
SURANDAI  
KADAYANALLUR  
VALLIYUR

### 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  
SOBANAPURAM  
MOOVANUR

### TUTICORIN

TUTICORIN  
KOVILPATTI  
SEYDUNGANALLUR

### VELLORE

VELLORE

### KANIYAMBADI

VANIYAMBADI - NEW TOWN  
TIRUPATHUR  
ARAKKONAM  
SALAI  
SHOLINGUR  
BRAHMAPURAM  
GUDIYATHAM  
RANIPET

### VILLUPURAM

VILLUPURAM  
KADUVANUR  
THOTTIYAM  
TINDIVANAM  
GINJEE  
KALLAKURICHI  
ULUNDURPETTAI  
THIRUMANGALAM  
MURARBADU  
CHINNASALEM  
PRIDIVIMANGALAM  
TIRUKKOYILUR  
PANANKUPPAM

### VIRUDHUNAGAR

VIRUDHUNAGAR  
RAJAPALAYAM  
SIVAKASI  
ARUPPUKOTTAI

## TELANGANA

### ADILABAD

ADILABAD  
MANCHERIAL

### HYDERABAD

HYDERBAD - MAIN  
S R NAGAR  
NALLAKUNTA  
ABIDS  
KALYANAGAR  
JUBILLEE HILLS  
HIMAYATNAGAR  
MIYAPUR  
AMEERPET  
SANTOSH NAGAR  
SECUNDERABAD  
HYD-BANJARA HILLS  
HYD-DILSUKH NAGAR  
HYD-MEHADIPATNAM

### KARIMNAGAR

KARIMNAGAR  
JAGTIAL  
JAMMIKUNTA

### KHAMMAM

KHAMMAM  
PALONCHA (PALWANCHA)  
KOTHAGUDEM

### MAHABUBNAGAR

MAHABUBNAGAR

### NALGONDA

KODAD  
MIRYALAGUDA  
NALGONDA

### NIZAMABAD

NIZAMABAD\*  
KAMAREDDY

### RANGA REDDY

HYD - MANIKONDA  
HYD - MALKAJ GIRI  
HYD - A.S.RAO NAGAR  
HYD - KUKATPALLY  
HYD - PRAGATHI NAGAR  
HYD - BODUPPAL  
HYD - NIZAMPET  
HYD - MEERPET  
HYD - CHANDANAGAR  
HYD - HABSIGUDA  
HYD - KONDAPUR  
HYDERABAD - L.B. NAGAR  
HAYATHNAGAR  
VANASTHALIPURAM

### WARANGAL

WARANGAL - MAIN  
WARANGAL - HANAMAKONDA  
WARANGAL - KHAZIPET

### MEDAK

SANGAREDDY  
MEDAK

## NETWORK OF BRANCHES

### UTTARPRADESH

**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  
KOLKATA - DAKSHINESHWAR  
KOLKATA - N.S.ROAD  
JOKA

**PASCHIM MEDINIPUR**  
KHARAGPUR

**NORTH 24 PARGANAS**  
SALT LAKE

**SOUTH 24 PARGANAS**  
BARUIPUR  
GARIA

## PRINCIPAL CORRESPONDENT BANKS

**OUR SWIFT CODE KVBLINBBIND**  
**CHIPS UID: 154137**

### Name of the Bank and Address

<p><b>USD</b>  Wells Fargo Bank NA  NY 4080  375 Park Avenue  New York NY-10152  Ac.No. 2000193005826  SWIFT : PNBpus3nnyyc  FEDWIRE ROUTING NUMBER  026005092  Chips ABA No. 0509</p>	<p><b>EURO</b>  Commerz Bank AG  Theodor-Heuss-Allee 50  60489 Frankfurt AM Main  Germany  Ac. No. 400875119000EUR  SWIFT : COBADEFF</p>	<p><b>JPY</b>  Standard Chartered Bank  30-16, Ogikubo 4-chome,  Suginami-ku  Tokyo 167-8530, Japan  Ac.No. 0219600 - 1110  SWIFT:SCBLJPJT</p>	<p><b>GBP</b>  Standard Chartered Bank  1 Alderman bury Square  London EC2V 7SB  United Kingdom  Ac.No. GBP 01 265520901  SWIFT : SCBLGB2L  I-BAN NO  GB94SCBL60910412655209</p>
<p><b>USD</b>  Standard Chartered Bank  One Madison Avenue  New York, NY 10010-3603  USA   Ac.No.3582069922001  SWIFT : SCBLUS33  FEDWIRE ROUTING NUMBER  026002561</p>	<p><b>EURO</b>  Standard Chartered Bank Gmbh  Postfach 110162  Theodor-Heuss-Allee 112  D-60036, Frankfurt am Main,  GERMANY  Ac.No.18021504  SWIFT : SCBLDEFX  I-BAN NO  DE39512305000018021504</p>	<p><b>AUD</b>  Australia &amp; Newzealand  Banking Corporation  55 Collins Street  Melbourne, Victoria  AUSTRALIA   Ac.No. 237776-00001  SWIFT : ANZBAU3M  BSB Number: 013024</p>	<p><b>CHF</b>  ZUERCHER KANTONAL BANK  ZURICH  SWITZERLAND   Ac.No.0700-01283278  SWIFT :ZKBKCHZZ80A  I-BAN NO  CH5200700070001283278</p>
<p><b>USD</b>  Citi Bank, N A  111,Wall Street  New York City ,  NY 10018, USA   Ac.No.36844037  SWIFT : CITIUS33  FEDWIRE ROUTING NUMBER  021000089</p>	<p><b>SGD</b>  Indian Overseas Bank  64, Cecil Street,  IOB Building,  SINGAPORE 049711   Ac.No. 4916210132  SWIFT:IOBASGSG</p>	<p><b>CAD</b>  Citi Bank, N A  Canadian Branch  123 Front St.West,  Toronto, Ontario-M5J2M3  CANADA  Ac.No.2017517009 CAD  SWIFT:CITICATTBCH</p>	<p><b>SEK</b>  Skandinaviska Enskilda Banken  S-106, 40 Stockholm  SWEDEN   Ac.No.5201-85-335-84  SWIFT:ESSESESS</p>
<p><b>AED</b>  Commercial Bank of Dubai  Po Box 2668,  Al Ittihad street  Dubai,UAE  A/c.No.1001361656  I-BAN NO  AE590230000001001361656</p>	<p><b>OMR</b>  Bank Muscat SAOG  62, Po BOD No:134  Postal code : 112  RUWI, Sultanite of oman  United Arab Emirates  A/c No. 0001043042220013  SWIFT : BMUSOMRXXXX</p>		

### NOSTRO ACCOUNT FOR NRI / FCNR DEPOSIT

<p><b>USD</b>  Wells Fargo Bank  New York   A/c.No.2000191007059  Swift: PNBpus3nnyyc  FEDWIRE routing number: 026005092  Chips ABA NO. 0509</p>	<p><b>GBP</b>  Wells Fargo Bank  London  A/c.No.07515036  Swift: PNBpGB2L  Sort Code 16-56-71  IBAN GB34PNBP16567 107 515036</p>	<p><b>EUR</b>  Wells Fargo Bank  London   A/c.No.07515168  Swift : PNBpGB2L  IBAN GB59PNBP16567 107 515168</p>
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Donation of two Auto Rickshaws to the Guild of Service (Central), Chennai,

Donation to Kumbakonam Sourashtra School, Kumbakonam run by Kumbakonam Sourashtra Mahajana Sabha for 2nd floor building construction.





**BANGALORE - J P NAGAR**  
- Inaugurated by Dr. N Sundarajan,  
Vice Chancellor of Jain University,  
Bangalore.

**CHENNAI - PADI**  
- Inaugurated by  
Smt. K Maragathamani, MBA,  
Vice Chairman & Correspondent,  
Bhaktavasalam Memorial Trust.



**PUTTUR**  
- Lighting of the Gayathri Lamp  
by our Director Shri A.J. Suriyanaraya  
along with Shri D. Mahendran,  
Prop.Om Shakthi Lorry Service.



**CHENNAI RAMAPURAM**  
- Lighting of the Gayathri Lamp  
by Shri Ravi Pachamoothoo,  
Chairman/Prochancellor,  
SRM University.



**THORAIPAKKAM**  
- Lighting of the Gayathri Lamp by  
Dr. G. Sujatha, M.B.B.S, DFPC, FCIP,  
S. V. Hospital, Thoraipakkam.



**MADURAVOYAL**  
- 600th Branch,  
Lighting of the Gayathri Lamp  
by Er.A C S Arun Kumar, President,  
M G R Educational and  
Research Institute University.



**PERIYANAICKENPALAYAM**  
- Inaugurated by  
Smt. Vanitha Mohan,  
Vice Chairman,  
M/s Pricol Limited, Coimbatore.

**OMALUR**  
- Inaugurated by  
Shri R. P. Sarathy,  
Founder and Chairman,  
Narasus Sarathy Institute.



**IRINJALAKUDA**  
- Lighting of the Gayathri Lamp  
by Smt. Suma A. M, Administrator,  
Koodal Manikkyam Temple.



**MARTHANDAM**

- Inaugurated by  
Shri P. P. K Sindhu Kumar,  
M/s PPK Jewellery, Marthandam.

**MANGALAGIRI**  
- Inaugurated by  
Shri Murugudu Hanumantha Rao,  
APCO Chairman , AP State.



**MAYALURU**

- Inaugurated by  
Shri Pocha Bramhanada Reddy,  
MD, M/s Bharathi Group of Industries,  
Nandyala.



**MEDAK**

- Inaugurated by  
Shri Venkataramana Rayulu,  
Hon'ble VIII Addl District &  
Sessions Judge, Medak.

**PAPPIREDDIPATTI**  
- Inaugurated by  
Shri G. Prabakaran, Chairman,  
Sri Venkateswara Educational Trust,  
Goundampati.



**MADURAI NORTH**

- Inaugurated by  
Shri K. A. Chilhambaram, President,  
The Tamilnad Motor Parts  
Dealers Association, Madurai.





Construction of 20 Toilets at Vallalapatti - handed over to the beneficiaries by Smt. S. Jayanti, Karur District Collector

Donation of 10 wheel chairs to the Southern Railways, Trichy Division, for the benefit of the differently-abled and aged people.



## A DECADE OF PROGRESS

(₹ in Crore)

Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Paid up Capital	17.98	49.49	53.94	53.95	54.44	94.49	107.18	107.18	107.18	121.63
Reserves	853.65	1013.67	1136.06	1296.21	1565.54	2020.04	2601.04	2978.01	3219.16	4124.40
Owned funds	871.63	1063.16	1190.00	1350.16	1619.98	2114.53	2708.22	3085.19	3326.34	4246.03
CRAR - Basel II	—	NOT APPLICABLE	—	14.92%	14.49%	14.41%	14.33%	14.41%	12.77%	14.63%
Basel III	—	—	—	NOT APPLICABLE	—	—	—	—	12.60%	14.62%
Deposits	7576.83	9340.29	12549.99	15101.39	19271.85	24721.85	32111.59	36852.98	43757.68	44690.27
Advances	5700.89	7194.37	9568.84	10562.90	13675.00	18052.41	24205.11	29705.89	34225.98	36690.77
Investments	2298.13	2873.95	3526.33	4715.98	6649.44	7776.30	10581.27	13668.85	13445.45	12833.03
Total Income	771.45	986.55	1289.33	1711.30	2004.92	2482.03	3620.52	4694.99	5680.41	5976.72
Net Profit	135.35	160.01	208.33	235.84	336.03	415.59	501.72	550.32	429.60	464.28
Dividend (%)	120	100	120	120	120	120	140	140	130	130*
Branches (No.)	238	269	288	312	335	369	451	551	572	629
EPS (₹)	28.29	32.80	38.62	43.71	62.23	44.90	46.81	51.35	40.08	39.86
Return on Assets (%)	1.65	1.53	1.63	1.49	1.76	1.71	1.56	1.35	0.86	0.88
Book Value (₹)	484.80	197.09	220.61	250.25	297.60	193.04	252.68	287.85	308.91	348.42
No of Employees	2908	3286	3560	3941	4175	4574	5673	6730	7339	7197

\* Proposed



