ANNUAL REPORT 2015 - 2016

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Catholic Syrian Bank

CSB

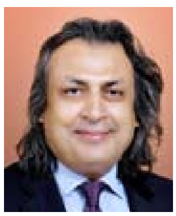
THE CATHOLIC SYRIAN BANK LIMITED
Registered Office: "CSB Bhavan", St.Mary's College Road,
Post Box No. 502, Thrissur - 680 020, Kerala.
Corporate Identity Number : U65191KL1920PLC000175
Tel: 0487 - 2333020 Fax: 0487 - 2338764
Website: www.csb.co.in Email: investors@csb.co.in

Board of Directors

S. Santhanakrishnan
Chairman

Anand Krishnamurthy
Managing Director & CEO

T.S. Anantharaman
Non-executive Director



Sumeer Bhasin
Independent Director

K. Subrahmanya Sarma
Non-executive Director

Bobby Jos C
Independent Director

S. Ramakrishnan
Independent Director

Radha Unni
Independent Director

M. Madhavan Nambiar
Independent Director

Ashish Ahluwalia
Non-executive Director

Alok Kochhar
Non-executive Director

V.G. Venkatachalapathy
Additional Director -RBI Nominee

Ravinder Bhookya
Additional Director -RBI Nominee

Senior Management

Antony P V
Chief Financial Officer & Head - Risk

Jiz P Kottukappally
Head - Operations

Kurian George
Business Head Kerala &
Overall charge - Chennai & Coimbatore Zone

Prem Kumar Thampi
Head - Wholesale Banking

Bharath Mani
Head - Retail Banking (Assets & Liabilities)

Sekhar Rao
Head - Strategy & Change Management

Mohan Menon T
Head - HR

Ajit Kumar K
Chief Credit Officer

Baby P V
Chief Compliance Officer

Thomas K George
D G M - Inspection, Audit & Vigilance

Sijo Varghese
Company Secretary

Board of Directors

Board of Directors on the date of approval of the Annual Financial Statements for 2015-16

Seated, from left to right:	Mr. M. Madhavan Nambiar, Mr. K. Subrahmanya Sarma, Mr. Anand Krishnamurthy, Mr. S. Santhanakrishnan, Mrs. Radha Unni, Mr. Ravinder Bhookya
Standing, from left to right:	Mr. S. Ramakrishnan, Mr. V. G. Venkatachalapathy, Mr. Sumeer Bhasin, Mr. C. K. Gopinathan, Mr. Bobby Jos C., Mr. T. S. Anantharaman, Mr. Ashish Ahluwalia

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CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of my colleagues on the Board, I place on record our heartfelt appreciation for the support and trust you have extended to the Bank. Details of the performance and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2015-16. Before I deliberate on the Bank's performance, I would like to share with you the economic and banking environment in which your Bank performed during the year 2015-16.

The global economy advanced at a moderate pace in 2015-16 with great dissimilarities across various economies. During the year, the world economy has struggled on a path to uniform and widespread economic stability. Global GDP growth remained passive during 2015-16 and is expected to face sustained challenges going forward.

India's growth story in the current year especially when compared to other developing countries, has been good. However, it has not translated itself into performance in the banking sector. Overall, improved business environment, lower oil prices and progressive policy measures helped the economy to gain momentum towards the latter part of the year. It is poised to recover further with industrial production gaining momentum in the current year.

During the period under review, Indian Banking Sector has undergone significant turbulence and the operating environment continued to be difficult. The year under review has been a challenging one for your Bank in line with the Industry. As a one time measure, your board had decided to accelerate the provisioning for certain losses ahead of the time granted by the Reserve Bank of India. This would help the bank to show better results in the coming period. While one can take the comfort that the requirements for NPA provisioning and the level of NPA were lower than in many banks, it has eroded the bank's profitability considerably. Your Bank has a great history of over 95 years. Often perceiving challenges as opportunities, it has weathered many a storm during this long journey and consequently built a reputation for bouncing back from the difficulties on each occasion with greater strength and determination. The Bank has substantially recovered from the risk of further NPA provisioning and stands on the threshold of a new era geared to battle challenges of the market place with renewed vigour and confidence. The bank could not proceed with the IPO as the prevailing market conditions were not conducive for bank stocks. This has curtailed the growth aspirations of the bank during the current year. The positive news is that the bank could raise over ₹ 100 Crores by way of issue of shares on preferential allotment basis to strengthen the capital base.

During the period under review, several steps were initiated in the organisation to recalibrate and consolidate our strengths. Persistent emphasis is being made towards building forward looking and technology aware Human Resources, who are aligned with the Digital Age in the twenty first century. CSB has always evolved with time to embrace new challenges and changing consumer attitudes. Your Bank also realises that modern banking is all about connecting people to their money more accurately and efficiently than ever before. The Bank is squarely focussed on the demands and aspirations of its existing and prospective customers, committed to embracing and evolving a digital business model, to provide an immersive experience over a multitude of channels, information and interaction stations and an excellent Call-Centre, for any assistance. The Bank's online banking platform provides robust and customer friendly net banking services to its retail and corporate customers. In providing banking through Mobile Phones, our customers are given low cost, round-the-clock, real time banking services focussed on convenience and security. Your Bank has launched its new corporate website to widen and strengthen its relationship with customers. Your bank has also provided an excellent ambience along with well-skilled teams of officials to serve the NRI customers.

As stated earlier, entire industry was under stress and your bank is not an exception and hence the increase in NPA provisioning and the muted credit growth, adversely affected our profitability. However, compared to other banks, the loss reported is minimal and is already contained. We believe that the downward spiralling is over and Bank is already on the trajectory of growth. We are confident that with infusion of fresh capital, the Bank can meet the projections set for the coming year and to achieve a higher trajectory of growth in the years to come and consolidate its position.

In CSR front, your Bank has implemented a slew of measures during the period under review. Your Bank is committed to increase its CSR reach and will spend over the coming years, supplemented by its continued focus towards sustainable development and responsible banking.

Your Bank continues to maintain high standards of Corporate Governance and upholds fairness, integrity & trust in all its dealings with stakeholders.

On behalf of my colleagues on the board, I place on record our gratitude for the support and guidance extended by the Government of India, RBI, SEBI, FIPB, IBA and other regulatory authorities. I would also like to place on record my appreciation to all employees, unions, our esteemed customers, shareholders and other stakeholders, for their dedication and support. Your Bank is committed to improving the efficiencies in its operations and differentiating itself in the market-place through customer focussed innovations in products and services, so as to build a stronger and sustainable future for your Bank.

S. Santhanakrishnan
Chairman

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

FY 2016, a year has passed by!

It is my privilege to connect with you once again.

During the last year Indian economy continued to exhibit its resilience and strength. Led by growth in manufacturing and allied activities in the primary sector, and policy push towards public investments, India's GDP growth in FY 2015-16 is estimated by the government to move higher to 7.6% from 7.2% in FY 2014-15. Further the anti–inflationary stance and the quality fiscal consolidation measures helped the Reserve Bank of India to contain core inflation below 5% levels.

For the Banking Industry, FY 16 was a tough year owing to a number of developments; most relevant of which was the incidence of NPAs. In FY 16, the industry witnessed an unprecedented surge in levels of NPAs –with most banks being impacted.

The year under review for CSB

As regards our business goals, we continued our focus on key areas like CASA, NRI business, SME, Retail, Fee income & NPA recovery.

Our CASA deposits registered a growth of 12% during FY 16. Our NR deposits have increased from ₹ 2,872 Cr to ₹ 3,362 Crs showing a 17% increase. We could also bring in substantial reduction in high cost bulk deposits and consolidate our retail deposits base. Though we deliberately attrited high cost bulk deposits to the extent of ₹ 1007 Cr, Bank's aggregate deposit position is almost stable with a marginal decrease of ₹ 36 Cr over FY 15.

The Retail loans business has been identified as a key growth area for the Bank. The said portfolio registered a growth of 16.69% in FY 16. The incremental business during this financial year was mainly added from the secured mortgage business. Other retail products including Education loans and Vehicle loans also contributed to the business growth during the year.

Priority Sector Advances extended by our Bank stood at ₹ 4,518.69 Crore at the end of March 2016, constituting 46.19% of Adjusted Net Bank Credit as on 31.03.2015. This is well above the target of 40%prescribed by Reserve Bank of India.

With strong partners in place, i.e. Edelweiss Tokio Life Insurance for life and ICICI Lombard for non-life, we could show a robust growth in Bancassurance business as is evident from the increase in the related commission income by 43% y-o-y.

We ended the year with a total Gross NPA number of ₹ 447 Cr which came to a gross NPA ratio of 5.62%.We are one among the few banks whose absolute NPA figure has come down. This is largely owing to efforts undertaken to rehabilitate accounts, effect cash recoveries and through sale of NPAs to asset reconstruction companies.

Our gross advances came down by 17% mainly due to the de-growth in gold portfolio by 31%, which was an industry wide phenomenon and can be attributed to adverse market conditions, LTV pressures and gold price volatility. On the SME front as well, pricing and cyclical issues impacted growth. Also as a conscious call, we wanted to strengthen underwriting & monitoring capabilities before pushing forward aggressively and growing our book so our approach to lending has been more cautious

Board and the management had taken decisive steps to recognize stressed and non-performing assets so that the bank can move forward more confidently in the future. Accordingly we opted to accelerate a few provisions/ write offs like loss on sale of assets, provisioning on NPA/ Fraud etc. As a result, the loss before tax for FY 16 was higher by approximately ₹ 79 Cr than would have been the case the normal course. The main motivation for this exercise was to put this legacy behind us so that we could emerge stronger and be able to focus on the future rather than the past. This was absolutely critical so that CSB can effectively exploit business opportunities.

We were however successful in raising ₹ 114 Cr through private placement during Q4 FY 16, which was the result of sustained effort by the Board and Senior Management team to keep the bank adequately capitalized on a continued basis. It is also a reflection of the confidence of investors in CSB at this crucial juncture. We were aiming to conclude the IPO in 2015-16. But pursuant to the discussions with the BRLMs evaluating the market conditions and other relevant factors, we have decided not to proceed with the IPO for the time being. However we will be exploring the various options for Capital raising in 2016-17 as well.

We should bear in mind that the banking environment in India is changing rapidly – posing a number of opportunities as well as threats. There is new competition emerging from newly licensed institutions and on-tap licensing norms that have been issued recently opens up the possibilities even further. However, CSB's relative strengths are that we have proceeded considerably on the path to cleaning up balance sheet compared to some existing players and also our franchise of loyal customers and an established network will help us face emerging competition.

With likely positive economic tailwinds and a clear strategy, I believe that CSB is well poised to grow and succeed to the benefit of all our stakeholders.

Where are we on the transformation journey?

In line with our strategy of Consolidate, Transform and Grow, we are substantially through with the consolidation phase which is very fundamental in any transformational journey. Now we are in the critical transformation phase of setting right platforms for growth. In this phase, technology will play a critical role in revitalizing our Bank. We look forward to significant up-gradation of our capabilities in re-engineering and automating core business process, data management, risk management & reporting and improving capability in the alternate channel space.

It's been our endeavour to continuously benchmark our offerings vis-à-vis peer group and to work on plugging gaps in our products/processes in order to ensure better customer experience. The launch of CASA Graded Products, with enhanced features, is a big step forward for the bank. On the process front, we have appointed CRISIL Risk and Infrastructure Solutions Limited to advise us on improving our capability with respect to credit underwriting, credit administration and monitoring/ recovery and this project is now in an advanced stage of implementation.

We are also in the process of implementing Loan Origination System (LOS) to further bolster the credit origination & underwriting across both SME & Retail portfolios. LOS for major retail products has already been rolled out. We have come a long way in culling out non value-added activities from the branches by way of centralization and making branches "sales & service outlets" of the bank. In the last 15 months, CSB also witnessed roll out of a few other key initiatives such as upgrade of internet banking, launch of full fledged mobile banking, launch of full-fledged call centre, e-learning module, tie up with Chillr payment app, introduction of Point of Sale & Unified Payment Interface pilot launch.

Road Ahead

As we move into FY 17, our focus will be on implementing all the planned initiatives, completing critical projects that are underway, while ensuring that the business numbers are on track as well. Some of the critical areas of action will be Capital Raising, Technology, Centralization of Process, expansion of product range, strengthening the brand & Upgrading the Branch infrastructure.

Our belief is that we are moving in the right direction wherein we will be focusing on growing our business sensibly for long-term benefits. I have the confidence that with the support, co-operation and encouragement from all stakeholders, CSB would achieve its organizational goals through a successful transformational journey.

I take this opportunity to extend my gratitude to Board members, shareholders, bondholders, customers, employees and all other stakeholders and well-wishers for their tremendous support.

Anand Krishnamurthy
Managing Director & CEO

DIRECTORS' REPORT

Dear Members,

We, the Directors of The Catholic Syrian Bank Limited present herewith the 95th Annual Report of our Bank along with the Audited Financial Statements for the financial year ended 31st March, 2016.

Global Economic Review

Global economic growth in 2015 continued to falter in advanced economies. While there is considerable divergence of performance across emerging market and developing economies, their overall growth remains below potential. Global economic prospects, weakness in the global economy has persisted and risks have become more pronounced. Among emerging market and developing economies (EMDEs), the divergence in economic conditions between commodity exporters and importers has widened. Some of the downside risks identified in this regard have materialized, including softer-than-expected growth in advanced economies and further decline in commodity prices that have only partially reversed in the end of the year. These developments have been accompanied by heightened political uncertainties, concerns about the effectiveness of monetary policy stimulus in some advanced economies, the pace of monetary policy normalization in the United States, and policy makers' ability or willingness to use expansionary fiscal policy if needed. In addition, for oil importers, the sizable positive terms of trade shock represented by falling prices has not translated into the large boost to growth initially expected, as other headwinds and uncertainties have held back activity. Subdued economic activity amid disinflationary conditions prompted many key central banks to further ease monetary policy through a combination of conventional tools. While few major central Banks extended their quantitative and credit easing measures, some of them like the European Central Bank and the Bank of Japan also pushed their monetary policy rate into negative territory.

Global growth this year is likely to remain unchanged relative to the disappointing pace of 2015. Growth for 2016 is now forecast at 2.4 percent by the World Bank, down 0.5 percentage point from earlier projections. EMDEs account for about half of this downward revision, in large part due to a significant downgrade to the growth forecasts for commodity exporters, amid heightened domestic uncertainties and a more challenging external environment. Advanced economies are expected to expand by 1.7 percent in 2016, 0.5 percentage point below January projections. Investment continues to be soft amid weaker growth prospects and elevated policy uncertainty, while export growth has slowed reflecting subdued external demand. Despite an expected boost from lower energy prices, and the ongoing improvement in labor markets, growth is projected to level off in 2016 rather than accelerate. The impact of UK's exit from the European Union and its cascading effect on the world's major economies will drag down global growth further.

Indian Economic Review

During the period under review, Indian economy continued to consolidate the gains achieved in the FY 2014-15 and exhibited resilience and its strength. That this has been attained, despite the highly tentative global economic environment that has not shown credible signs of improvement and despite sub-par monsoon rains that for the second year in succession resulted in low growth in agriculture sector, is an encouraging development. The improvement in India's economic fundamentals has accelerated with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. The economic growth appears to be recovering, albeit at varying speeds across sectors As per the Central Statistical Organization's advance estimate, the GDP for the FY16 is estimated to improve to 7.60% from 7.20% in FY15. At the sectoral level, the growth rate for agriculture & allied sectors, industry and services sector for FY16 are estimated to be 1.1%, 7.3% and 9.2% respectively.

Headline inflation, as measured by the Wholesale Price Index (WPI), remained in the negative territory throughout, averaging at -2.6 % during April-February 2015-16 vis-a' vis 2.5 % during April-February 2014-15. The Central Bank's anti-inflationary stance and quality fiscal consolidation bode well for core inflation, which remained below 5 % through the course of the year. India's forex reserves as on 25th March 2016 were at USD 355.56 billion compared to USD 341.38 billion as on 27th March 2015.

Economists in general express the view that the Indian Economy is set for further sustained growth in coming years IMF in its latest report has stated that India is expected to grow at 7.5% in the current financial year, underpinned by strong domestic consumption and lower energy prices. The government's push to boost capital spending could help crowd in private sector investments, which will help to accelerate the growth further. The economy is said to be on an accelerated path thanks to positive business sentiments, improved consumer confidence, controlled level of inflation and lower fiscal deficit. Downside risks include poor monsoon, possible increase in crude price, infrastructure bottlenecks and adverse global economic conditions.

Developments in the Indian Banking Sector

Indian Banking Sector has undergone significant turbulence during the period under review in view of mounting non-performing assets and a high incidence of assets being structured which dented the profitability of the Banks across, barring a very few. Despite these challenges, the Indian banking sector has displayed a high level of resilience by improved operational efficiency and effectiveness. Reserve Bank of India (RBI), in order to stimulate the economy and support the growth of banking sector, adopted a slew of policy measures. On the monetary front, the RBI has reduced repo rate by a cumulative of 75 bps to 6.75% during the course of FY 2015-16, after reducing it by 50bps in Q4 FY 2014-15. In the current financial year the central Bank opted for another cut of 25 bps in the repo rate to 6.5 % in April 2016. In the regulatory front, RBI has taken a number of steps in 2015-16. Some of them are stringent capital and liquidity measures for Commercial Banks and steps to build up Capital Conservation Buffers (CCB) and implementation of the Liquidity Coverage Ratio (LCR). RBI has also asked banks to Implement Marginal Cost based Lending Rate (MCLR), from 1st April, 2016, to benchmark the lending rate for the new borrowers The role of the Indian Government in expanding the banking sector is noteworthy. It is expected that the new guidelines issued by RBI will curb practices of impish borrowers and streamline the loan system in the country. In the coming years, India could see a rise in the number of banks in the country, a shift in the style of operation, which could also evolve by incorporating modern technology in the industry. The Information Technology Industry spend in BFSI vertical is expected to increase exponentially, as technology is seen as a driver of business value. Indian banking industry is expected to witness the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry.

In FY16, the growth rate of deposits and advances of the banking system have declined. Growth in aggregate deposits of the banking system declined to a historic low of 9.9% in FY16 (for the fortnight ended 18 March, 16), compared to 10.7% in FY15 (fortnight ended 20 March, 15). While, credit grew at a higher rate of 11.3% in FY16 (18 March, 16), compared to 9.0% in FY15 (20 March, 15), the incremental lending during the financial year has been mostly to the personal loan segment.

The banking industry is challenged by competitive pressures, changes in customer loyalty, stringent regulatory environment and entry of new players, all of which are pressuring the organizations to adopt new business models, streamline operations and improve processes. Public as well as private sector banks are underlining the importance of technology infrastructure, in order to improve customer experience and gain a competitive edge. Utilizing the popularity of internet and mobile banking, banks are increasingly adopting an integrated approach for asset–liability match, credit and derivatives risk management.

Financial Summary

The financial performance of the Bank for the fiscal 2015-16 is as given below:

(₹ in Crore)

Particulars	March 31st, 2016	March 31st, 2015
Deposits	14438.40	14474.49
Borrowings	41.80	45.45
Advances	7852.65	9469.40
Total Assets/Liabilities	15651.94	15759.71
Net Interest Income (NII)	323.61	355.98
Non Interest Income	104.68	127.34
Operating Profit/(Loss)	(3.75)	50.08
Provisions and Contingencies (Other than tax)	224.53	132.24
Profit / (Loss) before Tax	(228.28)	(82.16)
Provision for taxes	(78.56)	(28.99)
Net Profit /(Loss)	(149.72)	(53.17)
Add: Surplus/(Deficit) brought forward from last period	(67.01)	1.42
Amount available for appropriation	(216.73)	(51.75)
Appropriation		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	-	-
Capital Reserve	2.34	15.26
Balance carried over to Balance Sheet	(219.07)	(67.01)
Key Performance Indicators		
Capital Adequacy Ratio (CRAR)% Basel – II	10.59	11.05
Capital Adequacy Ratio (CRAR)% Basel – III	10.55	11.00
Earnings per share (in ₹)	(23.98)	(10.50)
Book value per share (in ₹)	124.50	147.25
Net Interest Margin%	1.99	2.27
Cost-Income Ratio%	100.87	89.64
Return on Assets (ROA)%	(0.92)	(0.34)
Return on Equity (ROE)%	(23.56)	(8.18)

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

Dividend

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

Transfer to Reserve

The Bank has transferred the following amounts to various reserves during the financial year ended March 31st, 2016.

(₹ in Crore)

Amount transferred to	March 31st, 2016	March 31st, 2015
Statutory Reserve	-	-
Capital Reserve	2.34	15.26

Material Changes and Commitments affecting the Financial Position of the Bank

There are no material changes and commitments, affecting the financial position of the bank which has occurred between the end of the financial year of the Bank i.e. March 31st, 2016 and the date of the Directors' Report i.e. June 29, 2016.

Paid-up Capital and Reserves

As on March 31st, 2016, the Paid-up Equity Capital of the Bank stood at ₹ 71.71Crore consisting of 7,17,07,982 shares of ₹ 10/- each.

The reserves and surplus stood at ₹ 821.03 Crore as on March 31st 2016 as against ₹ 828.10 Crore as on March 31st, 2015.

During the period under review, an amount of ₹ 2.74 Crore has been appropriated from the share premium account to write-off the expenses incurred in connection with the issue of shares in the same period. The appropriation from share premium was made as per Section 17(2) of the Banking Regulation Act, 1949 and Section 52(2)(c) of the Companies Act, 2013 and the same was reported to Reserve Bank of India.

Capital Adequacy

As per the Basel II Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2016, is 10.59%. This is as against the minimum CRAR of 9% stipulated by the Reserve Bank of India. The Tier I CRAR stood at 9.76%, well above the minimum of 6%. As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on 31st March 2016, is 10.55%. This is as against the minimum CRAR plus capital conservation buffer of 9.63 % stipulated by the Reserve Bank of India. The Tier I and Common Equity CRAR stood at 9.76%, well above the minimum of 7% and 6.13%.

Further Issue of Share Capital

Issue of Shares on Preferential Allotment Basis as Pre-IPO placement

On January 12, 2016, the Bank had allotted 55,00,000 Equity Shares @ ₹ 100/- per share (inclusive of premium of ₹ 90/- per share), aggregating ₹ 55,00,00,000/- to four investors, being the first allotment under Pre-IPO Placement.

On February 3, 2016, the Bank had allotted 48, 00,325 Equity Shares @ ₹ 100/- per share (inclusive of premium of ₹ 90/- per share), aggregating ₹ 48,00,32,500/- to five investors, being the second allotment under Pre-IPO Placement.

On February 18, 2016, the Bank had allotted 10,70,032 Equity Shares @ ₹ 100/- per share (inclusive of premium of ₹ 90/- per share), aggregating ₹ 10,70,03,200/- to three investors, being the third and final allotment under Pre-IPO Placement.

The above share allotments were made pursuant to the special resolution passed by postal ballot on December 15, 2015 and with the requisite permission / approval of the Reserve Bank of India, the Securities and Exchange Board of India and the Foreign Investment Promotion Board of Government of India.

The Bank has utilised the proceeds of the issue of equity shares to augment the long term Tier I capital base of the Bank to meet future capital adequacy requirements which are expected to arise out of growth in the Bank's assets, primarily loans/ advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines.

Initial Public Offering (IPO) and Listing of Shares

The Bank had filed a draft red herring prospectus dated March 30, 2015 ("DRHP") with the Securities and Exchange Board of India ("SEBI") in connection with the proposed initial public offering of its equity shares and for which the SEBI had issued observations vide its letter bearing reference No. SRO/RA/OW/17196/2015 dated June 23, 2015.

Pursuant to discussions with the Book Running Lead Managers evaluating the market conditions and considering other relevant factors, the Board of Directors have decided not to proceed with the IPO for the time being and accordingly withdrew the DRHP filed by duly intimating SEBI in this regard. Bank, in future, after assessing the market conditions and other relevant factors, will take steps again once the bank decides on the new dates for IPO.

Issue of Equity Shares with Differential Voting Rights

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

Issue of Sweat Equity Shares

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

Employees Stock Option Scheme

CSB Employees Stock Option Scheme 2013 ("ESOS 2013" or "Scheme") will be administered by the Nomination & Remuneration Committee of the Board of Directors.

As on March 31st, 2016, 8,20,000 options have been granted under the Scheme, and all the options were granted during the financial year 2015-16 only. All options were granted for a term of 10 years (including vesting period) and an equal number of equity shares will be allotted to the beneficiary upon exercise of the option, within said period. As on date, no options vested have been exercised by the beneficiaries.

No stock options have so far been granted/ issued to the directors of the Bank.

The disclosure required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 in respect of the stock options granted by the Bank forms part of this report as Annexure - I.

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

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

CSBL Bonds

Bonds issued by the Bank [CSBL Bonds 2004 – Series –II and Option- II and CSBL Bonds – 2012 - Series I] are listed in the National Stock Exchange.

The Bank has appointed M/s. Indian Overseas Bank, Merchant Banking Division, Anna Salai, Chennai-600 002 as debenture trustees to the above said bonds.

During the period under review, there were no bonds falling due for redemption.

Subsidiary Company

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

Business Overview and State of the company's affairs

Total Deposits

Aggregate deposits of the Bank at the end of FY16 stood at ₹ 14,438.40 Crore, registering a negative growth to the tune of ₹ 36.09 Crore, compared to previous year level of ₹ 14474.49.

The negative growth is attributable to the conscious de-risking policy adopted by the Bank in FY16 of shedding high cost corporate deposits to the tune of ₹ 1006.70 Crore. The growth in retail deposits during the year under review was ₹ 968.40 Crores.

NR Deposits

NR deposits grew by ₹490.20 Crores in FY 16, to reach the level of ₹3362.20 Crores, which forms 23.39% of the total deposit mix, compared to 19.84% in the previous fiscal.

CASA position

CASA has grown by ₹ 306.70 Crores, registering 11.95% growth YoY, compared to ₹ 237.60 Crores in FY15 (10.20% YoY). CASA ratio has improved from 17.80% in FY15 to 19.98% at the end of FY16, showing an improvement of 2.18% YoY.

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

Credit Portfolio

During this period, the Bank's net advances decreased to ₹ 7,852.65 Crore against ₹ 9,469.40 Crore in the previous period. During this period, our Bank followed a cautious approach to lend to select, good quality customers to achieve sustainable credit growth. The CD Ratio of the Bank stood at 54.39% against 65.42% in the corresponding previous year.

Retail Assets Performance

The Retail Loans business has been identified as a key growth area for the Bank. This portfolio stands at ₹ 1100 Crore and comprises 13.50% of the Bank's total advances as on March 31, 2016. During this financial year, the retail business has shown a growth compared to the previous year by adding an incremental net volume of ₹ 157 Crore registering a growth rate of 16.69%. The incremental business during this financial year was mainly added from the secured mortgage business. Other retail products including Education Loans and Vehicle Loans also contributed to the business growth during the year. The retail portfolio is almost evenly spread across all ten Zones of the Bank and has an average yield of 12.29%.

Our Gold Loan book de-grew by 30.57% from ₹ 2,536.90 Crore as on March 31, 2015 to ₹ 1,761.40 Crore as on March 31, 2016 primarily on account of gold price volatility and general market conditions.

SME Lending

SME Business portfolio stands at ₹ 3806.5 Crores as on March 31, 2016, equal to 47% of the bank's total advance.

SME strategy continues to focus on balanced growth and maintenance of asset quality. Further, its growth has been driven by new customer acquisition along with increasing product penetration to existing customers In the FY 2015-16, the portfolio has witnessed stress due to slow down in the economy though it is to be noted that the overall portfolio continues to remain well collateralised.

The business has many relationships that have lasted many decades and has been able to deliver consistent personalised service. The bank intends to build on this service platform by bringing in newer products, improved processes and a more focussed approach.

Priority Sector Lending

Our Bank focuses on priority sector lending in adherence to the prescribed guidelines. Priority Sector Advances extended by our Bank stood at ₹ 4518.69 Crore at the end of March 2016, constituting 46.19% of Adjusted Net Bank Credit. This is against the mandated target of 40% prescribed by Reserve Bank of India. Total Agricultural Advances stood at ₹ 1597.73 Crore at the end of March 2016, constituting 16.33% of Adjusted Net Bank Credit for the previous year. This is against the mandated target of 18% as prescribed by RBI.

Financial Inclusion

Financial Inclusion denotes delivery of financial services at an affordable cost to the vast sections of the low income and disadvantaged groups. The Bank supports this initiative either through branch banking or branchless banking by using the business correspondent/facilitator model and Information and Communication Technology (ICT) devices. In line with the Government of India and Reserve Bank's initiatives for ensuring greater financial inclusion and increasing the outreach of the banking sector, the Bank appointed 19 Business Correspondents and 7 Financial Literacy and Credit Counselling Centers (FLCCs) in Kerala and Tamil Nadu.

Business Correspondents

The Bank has adopted 6 villages, one in Kerala and five in Tamil Nadu and has appointed Business Correspondents for providing banking services in these villages. The Bank also signed an MoU with M/s. CSC e-Governance India Ltd., Department of IT, Government of India on September 26,2014. Akshaya Centres, functioning under the Kerala State IT Mission, have been appointed as Banking Correspondents (BC)/ Kiosk Operator (KO) and have been provided with biometric devices. BCs will act as a micro unit of CSB and will be opening 'No Frill' SB accounts. 13 centres in Thrissur and Ernakulam have been activated so far.

Financial Literacy and Credit Counselling Centres

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

Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Hon'ble Prime Minister launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 15,2014, to strengthen the country's existing Financial Inclusion Programme and bring all households in the country within the fold of the banking sector.

The Bank has 1,61,812 BSBDAs (Basic Savings Bank Deposit Accounts), 601 KCC Accounts (Kisan Credit Card) and 529 GCC (General Credit Card) Accounts serviced through our branches and through Business Correspondent outlets. Out of the BSBDA accounts opened, 56409 accounts are opened under Pradhan Mantri Jan Dhan Yojana.

PMJJBY, PMSBY and APY

Three new social security schemes namely Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) were launched by Hon'ble Prime Minister on April 8, 2015. We have opened 6835 PMJJBY, 20383 PMSBY and 785 APY accounts.

Integrated Treasury Operations

In FY 2015-16, global market turmoil triggered bouts of volatility in the Indian financial markets. The devaluation of Chinese currency and slump in crude oil prices to twelve year lows triggered a massive portfolio rebalancing across emerging markets and Indian equity and foreign exchange markets were largely impacted by the same. Although, the financial year witnessed the first rate hike by the US Federal Reserve in almost a decade, the Reserve Bank of India continued the accommodative monetary policy stance in the backdrop of declining inflation. Interest rates in the economy moved along the downward trajectory proving effective monetary policy transmission. There was a steep fall in the profits of Banks mainly on account of higher NPA provisioning. Liquidity conditions in the system remained comfortable during the year.

The reduction in policy rates by the Central Bank and the assurance of fiscal discipline by the Government in the Union Budget supported lower bond yields and the Benchmark 10 year bond closed at 7.46% in March 2016. Our Bank made a profit of ₹ 5.69 Crore from the domestic treasury operations during the financial year compared to ₹ 39.22 Crore in the previous year.

International Banking

The global economic landscape is currently chartering a rough and uncertain terrain characterised by weak growth of world output, turbulent financial markets and volatile exchange rates. Major reasons for these include gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, lower prices for energy and other commodities and a gradual tightening in monetary policy in the United States. India's merchandise exports during the financial year 2015-16 at 261.11 billion dollar were 15.85% lower compared to the same period last year and imports registered a negative growth of 15.28%. Banks foreign exchange business was also lower compared to previous review period. The total income from Banks foreign exchange business was ₹ 33.70 Crores compared to ₹ 37.73 Crores during the previous year.

The International Banking Division initiated several measures to improve the foreign exchange business of the Bank. The forex sales and service initiative viz. the Corporate Desk, is working closely with the customer facing teams at Branches and Zones. Forex Trade Hub initiative, intended to promote export and import business is providing technical guidance and transaction processing support to branches. Centralised processing of foreign exchange transactions is planned keeping in mind the objectives of controlling operations risk, providing better customer service, ensuring better internal controls & compliance and relieving branches from work load so that they can concentrate on bringing more forex business.

NPA Management

The year under review continued to be a challenging one for the banking sector. Growth across all sectors in the economy remained subdued which severely impacted the overall profitability. This led to delinquencies in loan repayment which resulted in the increase in Non-Performing Assets (NPAs) for all banks. Our Bank continued its focus on improving the quality of assets, with an emphatic thrust on the recovery of NPAs by ensuring close monitoring and other control measures including invocation of the SARFAESI Act, compromise/ settlement, thrust on up-gradation of NPAs to standard assets, strategic asset sale to ARCs. In addition, our Bank has set up special Monitoring and Recovery teams to reduce NPAs, arrest fresh slippages, enhance monitoring. Our Bank recovered an aggregate amount of ₹ 302.50 Crore of which ₹ 155.31 Crore was from sale to ARCs, ₹ 57.35 Crore was by way of cash recovery and ₹ 89.84 Crore was by way of upgradation of accounts. Due to the coordinated and sustained efforts, the gross NPA level of the Bank decreased to ₹ 446.91 Crore as on March 31, 2016 from ₹ 474.81 Crore in the previous year. During the current financial year, bank's advance portfolio witnessed a de-growth due to economic slowdown which resulted in an increase in the Gross NPA ratio and Net NPA ratio to 5.62% and 4.40%, respectively as against 4.96% and 3.85% respectively in the previous year. The provision coverage ratio increased to 48.63% as on March 31, 2016 against the previous year's position of 42.25%.

Bancassurance Business

Life Insurance Business

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

General Insurance Business

For the general insurance business, the Bank presently has corporate agency arrangement with ICICI Lombard GIC to meet various general insurance requirements of our customers and to secure the loans and advances.

The Bank has received new Certificate of Registration as required by the new IRDAI (Registration of Corporate Agents) Regulations 2015, to act as Corporate Agent (Composite) for life insurance and non life insurance, which is valid for 3 years from 01.04.2016.

Branch Network

The Bank has been systematically expanding its presence across India, over the past nine decades. The Bank's branch network has a presence across 18 states and 2 Union Territories.

The Bank's branch and ATM network as on March 31, 2016 is given below:

Area	Branches	% to total	ATMs	% to total
Metro	55	13	43	18
Urban	100	23	88	37
Semi-Urban	225	53	106	44
Rural	49	11	3	1
Total	429	100	240	100

Technology Adoption and IT initiatives

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

The focus of the bank is on adding more technology initiatives in the areas of improving turn around times in bank's processing, meet regulatory and business continuity needs and enhance customer experience and convenience.

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

During the financial year, the following initiatives have been undertaken for the benefit of the customers:

1. CSB Mobile Banking

CSB Mobile Banking was launched to public during the month of August 2015 and is available on all major mobile OS. It has the latest IMPS facility through which fund transfer and receipt is possible, 24 x 7.

2. CSB ePassbook

CSB ePassbook is a digital version of our conventional passbook with smart updates and multi-language support that facilitates users to access their accounts from anywhere, anytime through their smart phones, both online & offline.

3. Call Centre

CSB is only a call away with the launch of our call centre. Our call centre works from 8 a.m. to 8 p.m. on all days. At present, our call centre addresses / assists all inquiries/queries from customers in English, Malayalam & Tamil.

4. Door Step Banking Services (DSBS)

In order to increase the number of relationships, we have come up with Door Step Banking Services. The services like pick up or delivery of cash/ cheque / draft can be offered at the address which has been explicitly mentioned in the agreement.

Risk Management Policy

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement and management of all material risks including but not limited to credit, market, operational, liquidity and other Pillar-II risks. The Bank has put in place an integrated risk management policy, which ensures independence of the risk governance structure. The policy is implemented in an uninterrupted, reliable and comprehensive manner across the entire Bank.

Risk Management and Basel II & III Compliance

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

The Bank is adopting and implementing an integrated approach to risk management. For this purpose, it has evolved a suitable risk management architecture. The Board of Directors remains at the helm of all risk management policies and strategies. It is supported by the Sub-committee of the Board for Risk Management (RMC), which in turn, is supported by Executive Level Committees, such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Asset Liability Management Committee (ALCO). These Committees ensure adherence to implementation of various risk management policies. The implementation of Basel II norms in our Bank commenced in FY 2007–08. Our Bank has been calculating capital ratios on a quarterly basis as per Basel III norms, along with Basel II norms since April 1, 2013. The Bank has also been in tune with the regulatory guidelines on Pillar I of Basel II and III norms.

Disclosures

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

Vigil Mechanism

The Bank has in place a Whistle Blower / Vigil Mechanism to report concerns about unethical behavioural, actual or suspected fraud and others As per the Mechanism, Directors and employees of the Bank, customers, stakeholders, Non Governmental Organizations (NGO) and members of general public can lodge complaints/disclosures under the scheme.

Besides, the Audit Committee of the Board shall oversee the vigil mechanism through the Committee processes and the Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns. The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/Vigil Mechanism of the Bank. Preventive measures for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees, preventive vigilance audits, vigilance workshops, circulation of modus operandi of frauds occurred in banking industry etc., are being taken/implemented.

Customer Service

Our Bank has put in place a well-defined Customer Grievances Redressal Machinery System, where customers can approach various levels for redressal of their grievances. Our Bank ensures that customer complaints received through various sources are resolved within the shortest possible time. Our Bank has always endeavoured to provide excellent service to customers and focuses on keeping up with industry trends. It will continue to look for avenues that will enable it to reach out to customers in the most cost effective and efficient way.

Our Bank strongly believes that customer service will continue to be the most important factor in maintaining and improving the Bank's role within the Banking sector.

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

Our Bank is wholly committed to adopt both the BCSBI codes viz. Code of Bank's Commitment to Customers as well as Code of Bank's Commitment to Micro and Small Enterprises. We are fully committed to implement the provisions of both codes. The area of Customer Service is given due importance by sensitizing our staff members through proper training especially to the front line staff at branches. Branches attempt to redress customer complaints at the first level and only if the complaint is beyond their purview, the matter is referred to the next level viz. the Nodal Officer at Zonal Office. If it is still beyond the purview of the Nodal Officer at Zonal Office, the matter is escalated to Branch Service Department at Head Office headed by a Principal Nodal Officer under Banking Ombudsman Scheme.

Human Resources

The Human Resources (HR) agenda of the Bank aims to create a team of empowered employees to realize the Bank's vision. Towards this aim, the Bank is committed to creating a congenial working environment where there is mutual trust and respect, duly recognizing the talents, rights and dignity of every employee. It is a continuous effort of the Bank to strengthen its HR practice. The well-structured HR Department of the Bank plays a major role in the performance of the Bank. The Bank also has a well-defined HR Management Policy governing selection, recruitment, training and promotion of staff members. Our Bank realizes people are its real strength, whether it is an insider (employee) or an outsider (customer and the public at large). People play a key role in enhancing the growth curve of the Bank. The total staff strength of our Bank at the end of FY 2015-16 is 2,906; comprising 1,679 officers, 1,068 clerks, 118 sub-staff and 41 permanent part-time employees. To meet the requirements of business growth, branch network expansion, attrition and retirements, the Bank has recruited 87 officers and 41 clerks across the country, over the past year. Lateral recruitment of 4 executives has also been made during the year. To recognize the efficiency of the employees and to meet the requirements at various levels, a promotion process of officers was also conducted during the year under review, for which the effective date of promotion was fixed as the first day of the current financial year.

The Staff Training College of the Bank, situated at Ollur, Thrissur, provides specialized training in newer areas of skills and wider exposure to executives and officers. The appointment of new incumbents at various levels calls for extensive training requirements. During the year, 53 training programmes were conducted at the Bank's Staff Training College exposing 1183 staff members at different levels to various trainings while 89 staff members were sent for external training programmes in different functional, managerial and behavioral areas. The Bank continues to lay added focus on imparting training to its employees to upgrade the knowledge base and skill in tune with the changing times and business requirements. Employees who qualify in certificate examination in KYC/AML conducted by IIBF are rewarded appropriately.

Inspection and Vigilance

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

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

The Vigilance Department of our Bank is headed by the Chief of Internal Vigilance (CIV). In compliance with RBI guidelines, the Board has designated a Deputy General Manager (Inspection, Audit & Vigilance) as Chief of Internal Vigilance. The Department operates as a channel to provide inputs to senior management by investigating vigilance related complaints and to suggest corrective measures for improving the control systems and compliance of the procedures laid down. It also carries out snap vigilance inspections at Branches, Zonal Offices and various Departments whenever required, with a focus on preventive vigilance.

KYC / Anti-Money Laundering / Combating Financing of Terrorism

The Bank has put in place a Board approved policy and procedural guidelines on Know Your Customer (KYC) / Anti Money Laundering (AML)/Combating of Financing of Terrorism (CFT) measures in line with the guidelines issued by Reserve Bank of India. A dedicated Compliance & PMLA Cell is functioning at the Head Office to oversee the compliance of KYC/AML/CFT measures. Internal Auditors and Concurrent Auditors, verify compliance of KYC norms as per instructions issued from time to time. With a view to implement and support quality monitoring of transactions, the Bank has acquired appropriate software which is processing all transactions handled by all branches of the Bank, on a day to day basis. Suspicious transactions are reported to FIU-IND wherever felt necessary. The Managing Director is the Designated Director and the Head of the Department, Compliance & PMLA Cell is the designated Principal Officer for the purpose of KYC/AML/CFT compliance in the Bank. KYC Nodal Officers have been appointed at all Branches so as to effectively implement the guidelines related to KYC/ AML/CFT . Training on KYC/AML/CFT is being imparted on an ongoing basis in the Banks Staff Training College. Staff awareness is also effectively enhanced through e-learning, Circulars, FAQ's etc.

The Compliance & PMLA Cell also envisages strict observance of all statutory provisions contained in various legislations such as the Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, etc. ensuring their effectiveness and compliance. It also ensures observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, FEDAI, FIMMDA, etc; as well as the Bank's internal policies and fair practices code. Compliance Officers have been appointed at all Departments/Offices so as to effectively ensure compliance and report to the Chief Compliance Officer of the Bank.

Internal Financial Control Systems and their Adequacy

The Bank has implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. The Bank also ensures that internal controls are operating effectively.

Particulars of Loans, Guarantees or Investments by the Bank

Not applicable being a banking company.

Particulars of contracts or arrangements with related parties

All transactions with related parties are in the ordinary course of business and on arm's length basis; and there are no material contracts or arrangements or transactions which are not on an arm's length basis and requiring disclosure in form AOC-2. Further, there were no related party transactions entered into by the Bank with Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Bank.

Corporate Social Responsibility (CSR)

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

The Corporate Social Responsibility Committee shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR activities of the Bank and (c) monitor the Corporate Social Responsibility Policy of the Bank from time to time.

The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities form part of this report as Annexure- II.

Auditors

a) Statutory Auditors

The Statutory Central Auditors viz. M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, who were appointed at the 94th Annual General Meeting held on September 22nd, 2015 are retiring at the ensuing Annual General Meeting. They are due for a change according to the RBI's policy of rotation and resting of Auditors upon completing a four years' continuous tenure as Statutory Central Auditors. Appointment of new auditors has to be made at the ensuing Annual General Meeting in place of the retiring auditors.

The Board places on record their appreciation and gratitude for the valuable services of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, as Statutory Central Auditors of the Bank.

There are no Audit qualifications in the Statutory Auditors' Report, which is annexed elsewhere in this Annual Report.

b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed M/s. SVJS & Associates, Company Secretaries, Kochi, as its Secretarial Auditors to conduct the secretarial audit of the Bank for the FY 2015-16. The Report of Secretarial Auditor for the FY 2015-16 is annexed to this report as Annexure III.

There are no Audit qualifications in the Secretarial Audit Report.

Investor Education and Protection Fund (IEPF)

As per Section 205 A(5) of the Companies Act, 1956, dividend transferred to Unpaid Dividend account and remaining unpaid or unclaimed for a period of seven years from the date of such transfer, has to be transferred to Investor Education and Protection Fund. On October 28, 2015, the Bank had transferred ₹ 12, 80,040/- to the above Fund, being the unclaimed dividend for the financial year 2007-08.

Nomination Policy

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Bank has adopted policies for appointment of Part-time Chairman, Managing Director & CEO, Directors, Key Managerial Personnel and Senior Management team in the Bank. As per the Policy, the Nomination & Remuneration Committee decides/ recommends on the directors'/KMPs' appointment, remuneration including criteria for appointment /re-appointment. The appointment of Directors is subject to due diligence process in compliance with the Banking Regulation Act, 1949, Reserve Bank of India directives on Fit & Proper Criteria, all other applicable provision of the Companies Act, 2013 including any amendments from time to time and Nomination Policy of the Bank.

The disclosures as per Section 178(3) and (4) of the Companies Act, 2013 are as given below:

(A) Appointment Criteria, Qualifications and Positive Attributes

1. Subject to the extent of RBI Guidelines as applicable, the Nomination & Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Bank shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of seventy years.
4. The Bank shall not appoint or re-appoint any person as Director if he/she has attained the age of seventy years.
5. The Bank shall appoint or re-appoint any person as its Part-time Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
6. Any other factors as the Committee may deem fit and in the best interests of the Bank and its stockholders.

(B) Criteria for determining Independence of a director

The Criteria of Independence of a director is determined based on conditions as laid down in the Companies Act, 2013. The independent director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence.

(C) Disqualification/Conflicts of Interest

1. The Bank's Directors shall be subject to the disqualifications/ prohibitions contained in the Companies Act 2013 and the Banking Regulation Act, 1949 with respect to directorship of companies in general or banking companies in particular.
2. Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank. A Director shall promptly inform the Board/Committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.
3. The terms and conditions of appointment of Independent Directors is disclosed on the website of the Bank and a web link thereto is http://www.csb.co.in/investor relations

Compensation/ Remuneration Policy

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

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

While formulating the Policy, the Committee has strived to ensure that -

I. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully;

II. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

III. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Remuneration of Managing Director & CEO / Executive Directors

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

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

Remuneration of Part-time Chairman

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

The remuneration payable to the Chairperson is subject to prior approval of the Reserve Bank of India (RBI). Therefore, payment of remuneration or any revision in remuneration of the Chairperson requires approval from RBI. The remuneration payable to the Part-time Chairman is also subject to approval of the shareholders as per section 196 of the Companies Act, 2013 and as per the Articles of Association of the Bank.

Our Bank is not paying any honorarium to the present Chairman Shri. S. Santhanakrishnan. However, the Bank is paying sitting fees to him for attending meetings of the Board and Committees thereof.

Remuneration of Non-Executive Directors/ Independent Directors

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

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

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

Remuneration of Key Managerial Personnel and Executives (IBA and Non-IBA Package) and other officers and staff (IBA Package) of the Bank

The remuneration of all Key Managerial Personnel and Executives (IBA and Non-IBA Package) and other officers and staff (IBA Package) of the Bank are also governed by the Compensation Policy.

The remuneration paid to the Directors and Key Managerial Personnel during the year ended 31.03.2016 is given in the extract of the Annual Return (Form MGT-9 – para no.6) appended to and forming part of the Directors' Report.

Corporate Governance

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

The compliance of Statutory and Regulatory requirements by the Bank has been prompt and up to date. The major means of communication with the shareholders are individual correspondence and newspaper releases. As part of the 'Green Initiative in Corporate Governance' programmes organised by the Ministry of Corporate Affairs (MCA), the Bank has already put in place mechanism for sending all notices/documents including notice of the shareholders' meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report and so on in electronic form.

The Bank's shares can be held either in physical or in dematerialised format, though not listed in any Stock Exchanges. However, Bonds issued by the Bank [CSBL Bonds 2004 – Series –II and Option- II and CSBL Bonds – 2012 - Series I] are listed in the National Stock Exchange. The shares of the Bank are widely held. Compliance of 'Fit and Proper' norms is ensured for major shareholders. The instructions of the RBI with regard to Corporate Governance Standards are complied with to the extent applicable to the Bank.

The Bank has complied with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extend as applicable to the Bank.

Board of Directors

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

The Bank, as on March 31, 2016, has a non-executive Part-time Chairman, Managing Director & CEO, and eleven (11) other directors on its Board including 2 RBI Nominee Directors of the total directors on Board, 1 Director is an Executive Director, 5 directors are Non-Executive Non-Independent Directors including Part-time Chairman, 5 Directors are Non-Executive Independent Directors and 2 are RBI Nominee Directors.

Re-appointment of Directors

At the 94th Annual General Meeting of the Bank held on September 22, 2015, Shri. T.S. Anantharaman (DIN: 00480136) (Non-Executive Non-Independent category) was re-appointed as Director of the Bank liable to retire by rotation. In the said meeting, Shri. Ashish Ahluwalia (DIN:03514036)(Non-Executive Non-Independent category) was appointed as Director of the Bank liable to retire by rotation.

Appointment of Part-time Chairman

Shri. S. Santhanakrishnan (DIN : 00032049) was appointed as Part-time Chairman of the Bank for a period of one year effective from December 1, 2015 as his earlier tenure as Part-time Chairman ended on August 16, 2015. The said appointment was approved by Reserve Bank of India vide letter dated October 13, 2015.

Appointment of Managing Director & CEO

The tenure of appointment of Shri. Anand Krishnamurthy (DIN : 01514838) as Managing Director & CEO of the Bank was revised to two years with effect from July 4, 2015, as against the appointment originally made for a one year tenure, with the approval of the Reserve Bank of India. Further, as part of austerity measures implemented and considering the lower profitability of the Bank, the remuneration of Managing Director & CEO was revised and re-fixed at a lower level with effect from February 1, 2016. The said revision of tenure of appointment of the Managing Director & CEO, and the revised lower remuneration payable to him, have been approved by the Reserve Bank of India vide letter dated March 3, 2016.

RBI Nominee Directors

The Reserve Bank of India has appointed Shri. Ravinder Bhookya (DIN - 07557054) as Additional Director (RBI Nominee) on the Board of the Bank with effect from May 13, 2016 in place of Shri. Neethi Ragavan K (DIN: 06617935) who was Additional Director (RBI Nominee) on the Board since May 23, 2013.

The Board places on record its appreciation of the valuable guidance and support extended by Shri. Neethi Ragavan K (DIN: 06617935), during his tenure as Additional Director (RBI Nominee).

Appointment of Additional Directors

Shri. Alok Kochhar (DIN 07336899) has been appointed as Additional Director (Non-Executive) effective from May 27, 2016. As per Section 161(1) of the Companies Act, 2013, he can hold the office only up to the date of the forthcoming Annual General Meeting of the Bank. He is, however, eligible for appointment as Director of the Bank at the Annual General Meeting subject to and in compliance of section 160 of the Companies Act, 2013.

Mr. Alok Kochhar is a Chemical Engineer from IIT, Delhi. He has also a Post Graduate Diploma in Management (MBA) from Indian Institute of Management, Ahmadabad. He has a long career spanning more than three decades in Bank of America Merrill Lynch, and is well experienced in all areas of banking.

Appointment of Independent Directors

The following persons hold office as independent directors of the Bank, who were appointed for a tenure of two years at the 93rd Annual General Meeting of the Bank held on September 26, 2014, pursuant to the provisions of section 149(4) of the Companies Act, 2013.

1. Shri. Bobby Jos C,
2. Shri. S. Ramakrishnan,
3. Smt. Radha Unni,
4. Shri. Sumeer Bhasin
5. Shri. M. Madhavan Nambiar

The performance of the Independent Directors is subject to evaluation as per Section 149(8) of the Companies Act, 2013 and read with Schedule IV to the said Act.

All Independent Directors have confirmed having complied with the criteria of independence as provided in 149(7) of the Companies Act, 2013.

Woman Director

In terms of the provisions of Section 149(1) of the Companies Act, 2013, the Bank is required to have at least one woman Director on the Board. Our Bank has appointed Ms. Radha Unni (DIN: 03242769) as a Director on the Board of the Bank since September, 2011.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Directors, Shri. K. Subrahmanya Sarma (DIN: 01505787) and Shri. C.K. Gopinathan (DIN: 01236752), being longest in office since their last re-appointments, shall retire at the ensuing Annual General Meeting. Shri. K. Subrahmanya Sarma, having completed 70 years of age, is not eligible for re-appointment as Director in terms of the extant RBI guidelines, and hence, is not seeking re-appointment on the Board. Shri. C.K. Gopinathan has also expressed his intention of not seeking re-appointment as Director as he would be completing the permissible tenure of a continuous period of eight years on the Bank's Board (vide section 10A (2A) (I) of the Banking Regulation Act, 1949) on September 25, 2016.

Appointment/ Changes in Key Managerial Personnel

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

There were no changes in the Key Managerial Personnel since the date of last year's report.

Board and Its Committees

Number of Meetings of the Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain decisions are taken by Board through circulation from time to time. The Board met sixteen (16) times (which includes four adjourned meetings) during the FY 2015-16.

Committees of the Board

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

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

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

The details with respect to the compositions, terms of reference, etc. of the committees, formed under the Companies Act, 2013 are given below:

Audit Committee

The Committee discharges the functions laid down in the Companies Act, and those prescribed by the Reserve Bank of India. It also discharges the functions delegated by the Board of Directors from time to time. The ACB, which held twelve meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up and compliance of inspection/audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system. It offers useful suggestions in the conduct and management of our Bank's business.

The composition of the Committee is in line with Section 177 of the Companies Act, 2013. The Committee consists of six members including two Additional Directors – RBI Nominees. The Committee is chaired by one Non-Executive Independent Director, who is also a Chartered Accountant. All the members of the Committee, other than RBI Nominee directors, are Non-Executive Independent Directors of the Bank.

The members of the Committee as on March 31, 2016 are:

Name of the Director	Category
Mr. S Ramakrishnan, Chairman	Non-Executive Independent Director
Mr. Bobby Jos C	Non-Executive Independent Director
Mr. Sumeer Bhasin	Non-Executive Independent Director
Mr. M Madhavan Nambiar	Non-Executive Independent Director
Mr. K Neethi Ragavan	Additional Director - RBI Nominee
Mr. V G Venkatachalapathy	Additional Director - RBI Nominee

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

Stakeholders Relationship Committee

The Stakeholders' Relationship Committee was originally constituted as the shareholders' / investors' grievance committee. It was subsequently reconstituted and re-designated as the Stakeholders' Relationship Committee pursuant to a resolution of our Board dated February 19, 2015. The Committee discharges the functions laid down in the Companies Act, inter alia, looks into the redressal of security holders' complaints like transfer of shares, non-receipt of Balance Sheet, non- receipt of dividend etc. This Committee enables to focus attention on security holders' grievances and sensitise the management to the redressal of the same.

The composition of the Committee is in line with Section 178 of the Companies Act, 2013. The members of the Committee as on March 31, 2016 are:

Name of the Director	Category
Mr. Bobby Jose C	Non-Executive Independent Director
Mr. Sumeer Bhasin	Non-Executive Independent Director
Mr. M Madhavan Nambiar	Non-Executive Independent Director

Nomination & Remuneration Committee

Terms of reference

Nomination & Remuneration Committee, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors, evaluation of performance of Directors, fix remuneration to Part-time Chairman, Director, MD & CEO and other Key Managerial Personnel of the Bank, monitoring of the compensation policy of the Bank, etc. CSB Employees Stock Option Scheme 2013("ESOS 2013" or "Scheme") will be administered by the Nomination & Remuneration Committee of the Board of Directors.

The composition of the Committee is in line with Section 178 of the Companies Act, 2013. The members of the Committee as on March 31, 2016 are:

Name of the Director	Category
Mr. S Ramakrishnan, Chairman	Non-Executive Independent Director
Mr. S Santhanakrishnan	Part time Chairman, Non-Executive Non-Independent Director
Mr. K Subrahmanya Sarma	Non-Executive Non-Independent Director
Mr. Bobby Jos C	Non-Executive Independent Director
Mr. Ashish Ahluwalia	Non-Executive Non-Independent Director
Ms. Radha Unni	Non-Executive Independent Director

The details with respect to the compositions, terms of reference, etc. of the Corporate Social Responsibility (CSR) Committee of the Board are incorporated in the Annexure –II, which forms part of this report.

Meeting of the Independent Directors

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

Terms of Reference:

a) Review the performance of non-independent directors and the Board as a whole;

b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

Declaration given by Independent Directors

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

Board Level Performance Evaluation

The Bank has laid down criteria for performance evaluation of individual Directors, Chairperson, Managing Director & CEO, Board Level Committees and the Board as a whole, and also the evaluation process for the same.

The performances of the members of the Board other than independent Directors and the Board as a whole were reviewed at the meeting of the Independent Directors.

The performance of the independent Directors will be evaluated by the Board as provided for under Section 149(8) read with Schedule IV of the Companies Act, 2013.

The Statement indicating the manner in which formal annual evaluation of the Directors and the Board are given below:

The process for performance evaluation is as under:

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

recommendation of Nomination & Remuneration Committee, Board will take appropriate decision / action.

The criteria for performance evaluation are as under:

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

Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Participation; Updation of Knowledge; Performance of the Bank; Recognition and awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.

Performance Evaluation of Independent Directors

Attendance at meetings of the Board and Committees, Knowledge & ethics, understanding of the roles, responsibilities and duties as Director/Chairman of the Committees; Contributions at Board/Committee meetings including on strategy and risk management, professional conduct, adherence to standards and fulfillment of responsibilities as laid down in the Code for independent directors as per Schedule IV to the Companies Act, 2013.

Performance Evaluation of Board

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

Performance Evaluation of the Board Level Committees

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

The flow of information to the Board and its Committees is generally good.

Registrar & Share Transfer Agents

M/s. SKDC Consultants Ltd., Coimbatore, is the Registrar & Share Transfer Agent of the Bank's shares. The shareholders may lodge their requests/complaints either with the Registrar and Share Transfer Agents or with the Bank in the following address:

SKDC Consultants Ltd.,
Kanapathy Towers, 3rd Floor, 1391/A-1,
Sathy Road, Ganapathy, Coimbatore – 641 006.
Ph: 0422 – 2539835, 2539836
E-mail: info@skdc-consultants.com
Fax: 0422 2539837

The Company Secretary
The Catholic Syrian Bank Limited,
P. B. No. 502, CSB Bhavan,
St. Mary's College Road, Thrissur – 680 020.
Ph: 0487 – 2333020, 6451640
E-mail: investors@csb.co.in
Fax: 0487 2338764

Dematerialisation of Shares

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

As on 31st March, 2016, 55.51 % of Bank shares were in demat mode as per the statement given below:

Category	No. of Shareholders	No. of Shares	% of holding
Physical Mode	24263	31,902,003	44.49
Demat Mode			
NSDL	1115	28,085,316	39.17
CDSL	554	11,720,663	16.34
Total	25932	71,707,982	100.00

General body meetings held during the last three years

No. of Meeting	Date of Meeting	Venue	Special Resolution passed
92nd AGM	Monday, 23rd September,2013 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	1. Issue of shares pursuant to Employees Stock Option Scheme. 2. Scheme Proposal to make further issue of shares by way of public issue.
93rd AGM	Friday, 26th September, 2014 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	Nil
EGM	Thursday, 19th February, 2015 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	1. Adoption of new set of Articles of Association 2. Re-classification of the Authorised Capital 3. Increase in the limits of investment by FIIs/ registered FPIs/ QFIs to 49% of the paid up equity share capital of the Bank 4. Increase in the limits of investment by NRIs to 24% of the paid up equity share capital of the Bank 5. Increase of Subscribed Capital by issue of further shares on Rights Basis 6. Issue of Bonds/ Non-Convertible Debentures (NCD) on a Private Placement basis 7. Further issue of shares
94th AGM	Tuesday, 22nd September 2015 at 10:00 AM	Kousthubham Auditorium, Shoranur Road, Thrissur – 680 001	Nil

Postal Ballot

During the year under report, a postal ballot resolution was passed pursuant to section 110 of the Companies Act, 2013 granting approval of the share holders by means of special resolution for Issue and allotment of Equity Shares on preferential basis as per Section 42 and 62 of the Companies Act, 2013 read with relevant Rules thereunder.

The date of passing of the postal ballot resolution –December 15, 2015

No Resolution in the notice of the proposed 95th Annual General Meeting is proposed to be passed by Postal Ballot.

CEO/CFO Certification

The certification by CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained.

Compliance with Mandatory Requirements

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

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

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

a) Conservation of Energy

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

b) Technology Absorption

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

c) Foreign Exchange Earnings and Outgo

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

Disclosures

1. The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its directors, management and/or their relatives, etc. other than the transactions carried out in the normal course of business.
2. During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and /or SEBI and/or any other statutory authorities on matters relating to capital market activities.
3. There are no relationships between the Directors of the Bank, inter-se.

Other Disclosures

a) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Bank's operations in future.

b) Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Our Bank has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman working in the Bank. As per the Act, we have taken steps for prevention of sexual harassment and protection of women from sexual harassment at the workplace and for prevention and for redressal of such complaints.

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

c) During the year under report, there were no instances of frauds reported / reportable by the Auditors, to the Audit Committee, the Board of Directors or the Central Government under Section 143(12) of the Companies Act, 2013.

Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31st, 2016 forms part of this report as Annexure IV.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

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

b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period.

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

d) The directors have prepared the annual accounts on a going concern basis.

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

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

Acknowledgements

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

The Board of Directors wishes to place on record its gratitude to the share holders, bondholders and all business associates for their unstinted support to the Bank. The Directors wish to pledge that they would continue to work so as to enhance and deliver value for the stakeholders.

The Board of Directors wishes to place on record its appreciation for the dedicated services rendered by the members of the staff at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support. The Board looks forward to their continued dedicated and sincere services to take the Bank to greater heights.

The Directors wish to record their deep sense of obligation and gratitude to all the customers and well-wishers of the Bank for their patronage and look forward to serving them to their utmost satisfaction in the days ahead.

Going forward, we as the Board, are confident that the downward spiraling is over and Bank is already on the trajectory of growth. We are confident that with infusion of fresh capital, the Bank can meet the projections set for the coming year and achieve a higher trajectory of growth in the years to come and consolidate its position. The Bank resolves to achieve versatile growth by making effective use of the strength and strategies amidst the competitive and challenging environment in the industry, in order to expand our market share and to improve values and returns to our customers, shareholders and employees.

By Order of the Board

Sd/-

S. Santhanakrishnan

Chairman

(DIN: 00032049)

Chennai

June 29, 2016

ANNEXURE I

Statutory Disclosure Regarding Employees Stock Option Scheme

Details of stock options granted, vested, exercised and lapsed as per "CSB Employees Stock Option Scheme 2013" during the period under review are as follows:

No. of options as at beginning of Fiscal Year	Nil
Options granted during the year	8,20,000
Total options vested	Nil
Options exercised	Nil
Total number of Equity Shares arising as a result of options	8,20,000
Options lapsed	Nil
Exercise price of options (in ₹)	147.25
Variations in terms of options	Nil
Money realized by exercise of options (in ₹)	Nil
Total no. of options in force	8,20,000
Employee wise details of options granted to :	

<table>
<tr><td>(i)</td><td>Key Managerial Personnel</td><td colspan="4">NIL *</td></tr>
<tr><td rowspan="4">(ii)</td><td rowspan="4">Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.</td><td>Sl. No</td><td>Name</td><td>No. of Options Granted</td><td>% of option granted</td></tr>
<tr><td>1</td><td>Mr. Sekhar Rao
Head - Strategy & Change Management</td><td>1,15,000</td><td>14.02</td></tr>
<tr><td>2</td><td>Mr. Bharath Mani
Head - Retail Banking (Assets & Liabilities)</td><td>1,40,000</td><td>17.07</td></tr>
<tr><td>3</td><td>Mr. Rabin Rajeev Stephen
Head - SME Strategy</td><td>1,40,000</td><td>17.07</td></tr>
<tr><td>(iii)</td><td>Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.</td><td colspan="4">NIL</td></tr>
</table>

*Nomination & Remuneration Committee on July 4, 2015 granted 3,50,000 options to Mr. Anand Krishnamurthy, present Managing Director & CEO, which is pertaining to the period he was holding the post of Head of Wholesale Banking & Treasury.

ANNEXURE II

The Annual Report on CSR Activities

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

(a) CSR policy

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

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

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

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

(c) Web-link to the CSR policy

http://www.csb.co.in/sites/default/files/CSR%20Policyfinal%20version.pdf

2. The Composition of the CSR Committee

The Bank has constituted a Corporate Social Responsibility Committee (CSR) to monitor the CSR activities. Members of the committee as on the date of the report are:

1	Shri. T. S. Anantharaman	Chairman of the Committee (Non Independent Director)
2	Shri. Anand Krishnamurthy	Managing Director & CEO
3	Shri. C. K. Gopinathan	Non-Independent Director
4	Shri. M. Madhavan Nambiar	Independent Director

3. Average Net Profit before tax of the Bank for the Last 3 Financial Years

₹ 0.16 Crore

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

₹ 0.32 Lakhs

5. Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year : ₹ 0.32 Lakhs

b) Amount unspent, if any : Nil

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

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1) Direct Expenditure on projects 2) or programs Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency *
1	Setting up homes for socially and economically backward groups in the society including for women and orphans	Slum area development	Local Area, Thrissur District, Kerala	₹6.5 Lakhs	₹6.5 Lakhs	₹6.5 Lakhs	Implementing agency - Slum Service Centre, Archdiocese of Thrissur, Kerala
2	Sponsoring the purchase of tables and cots for the inmates of the special school for the mentally challenged	Promoting Education	Local Area, Thrissur District, Kerala	₹0.20 Lakhs	₹0.20 Lakhs	₹0.20 Lakhs	Implementing agency - St.Joseph's School for mentally challenged, Cheroor, P.O., Thrissur-680 008
3	Sponsoring the training - to promote rural sports.	Training to Promote Rural Sports	Local Area, Thrissur District, Kerala	₹0.50 Lakhs	₹0.50 Lakhs	₹0.50 Lakhs	Implementing agency - M/s. Parapur Sports & Educational Trust, Thrissur

* Bank contributed to the project undertaken by the respective Implementing agency.

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

CSR spend during the period under review met the minimum requirement to spend as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013.

As part of the CSR initiative, the Bank will take steps to identify projects / proposals from institutions with an established track record of at least 3 financial years in undertaking similar projects or programs. Besides, the Bank is in the process of identifying more projects/ activities covered under Schedule VII, as part of the CSR policy adopted by the Bank.

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

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

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

Sd/-
T. S. Anantharaman
(Chairman-CSR Committee)
(DIN: 00480136)

ANNEXURE III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To

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

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

Based on our verification of the **M/s. The Catholic Syrian Bank Ltd.**'s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. The Catholic Syrian Bank Ltd.** ("the Company") for the financial year ended on 31.03.2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

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

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

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

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

   (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent applicable.

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

   (c) 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.

   (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable);

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

   1. The Banking Regulation Act, 1949 and Banking Regulation (Companies) Rules, 1949.
   2. Reserve Bank of India Act, 1934.
   3. The Bankers' Books Evidence Act, 1891.
   4. The Banking Companies (Period of Preservation of Records) Rules, 1985.

5. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002.

6. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.

7. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

8. The Industrial Disputes (Banking and Insurance Companies) Act, 1949.

9. The Information Technology Act, 2000.

10. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.

11. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993.

12. Credit Information Companies (Regulation) Act, 2005

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

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

We further report that

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

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

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

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

We further report that during the audit period there were no instances of public issue or rights issue of securities or preferential issue of debentures/sweat equity, redemption or buy back of securities, major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013, Merger / amalgamation / reconstruction, or Foreign technical collaborations.

During the period, the following issues have taken place:

Sl. No	Method of Issue	Mode of Approval	Date of publication of results	Number of shares issued/Amount
1	Preferential Issue/offer	Postal Ballot	Date of publication of results: 17.12.2015	12,500,000 equity shares (Actual shares allotted:11,370,357)

For SVJS & Associates
Company Secretaries

Sd/-
CS. Sivakumar P.
Managing Partner
CP No:2210, FCS:3050

Kochi
27.06.2016

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

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

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2016 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/ professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SVJS & Associates
Company Secretaries

Sd/-
CS. Sivakumar P.
Managing Partner
CP No:2210, FCS:3050

Kochi
27.06.2016

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014

I. Registration and Other Details

i)	CIN	U65191KL1920PLC000175
ii)	Registration Date	November 26th, 1920
iii)	Name of the Company	The Catholic Syrian Bank Limited
iv)	Category / Sub-Category of the Company	Public Company Limited by Shares
v)	Address of the Registered Office and contact details	'CSB Bhavan', St. Mary's College Road, Post Box No. 502, Thrissur – 680 020, Kerala, India. Tel.: 0487 2333020 Fax: 0487 2338764 Email: investors@csb.co.in Website: www.csb.co.in
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	S.K.D.C. Consultants Limited Category I Registrars and Share Transfer Agents CIN: U74140TZ1998PLC008301 Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Tel.: 0422 6549995, 2539835-836 Fax: 0422 2539837 Email: info@skdc-consultants.com Website: www.skdc-consultants.com

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

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

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

i. Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks/ FI	-	-	-	-	-	-	-	-	-
(f) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/ FI	-	-	-	-	-	-	-	-	-
(e) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/ FI	2785661	-	2785661	4.62	2785661	-	2785661	3.89	(0.73)
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	1000000	-	1000000	1.39	1.39
(g) FIIs and QFI	-	-	-	-	2500000	-	2500000	3.49	3.49
(h) Foreign Venture Capital Funds	-	-	-	-		-	-	-	-
(i) Others							-	-	-
(a) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
(b) Trust	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	**2785661**	**-**	**2785661**	**4.62**	**6285661**	**-**	**6285661**	**8.77**	**4.15**
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	15094825	1290621	16385446	27.15	15515657	1254707	16770364	23.40	(3.75)
(ii) Overseas	-	6256179	6256179	10.37	-	10752536	10752536	14.99	4.62
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1394758	8523239	9917997	16.44	1795577	8139509	9935086	13.85	(2.59)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7538609	2276249	9814858	16.26	7690826	1754930	9445756	13.17	(3.09)
(c) Others (specify)									
(c- i) Trusts	-	265144	265144	0.44	-	265144	265144	0.37	(0.07)
(c- ii) Directors & Relatives	3521439	66733	3588172	5.95	3965610	64645	4030255	5.62	(0.33)
(c- iii) Non Resident Indians	2261211	9004557	11265768	18.67	4502471	9670532	14173003	19.76	1.09
(c-iv) Hindu Undivided Families	58400	-	58400	0.10	50177	-	50177	0.07	(0.03)
Sub-total (B) (2)	**29869242**	**27682722**	**57551964**	**95.38**	**33520318**	**31902003**	**65422321**	**91.23**	**(4.15)**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**32654903**	**27682722**	**60337625**	**100.00**	**39805979**	**31902003**	**71707982**	**100.00**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**32,654,903**	**27,682,722**	**60,337,625**	**100.00**	**39,805,979**	**31,902,003**	**71,707,982**	**100.00**	**-**

ii. Shareholding of Promoters

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

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

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

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

Sl. No	For Each of the Top 10 Shareholders Name, Date & Reason for change			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**YUSUFF ALI M.A.**			3007722	4.985	3007722	4.985
	Add	03.02.2016	Pre IPO Placement of shares	510000	0.722	3517722	4.980
	Add	18.02.2016	Pre IPO Placement of shares	64000	0.089	3581722	4.995
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			-	-	3581722	4.995
2	**AGNUS CAPITAL LLP**			2081854	3.450	2081854	3.450
	Add	12.01.2016	Pre IPO Placement of shares	1000000	1.519	3081854	4.681
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			-	-	3081854	4.298
3	**THE FEDERAL BANK LIMITED**			2785661	4.617	2785661	4.617
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			-	-	2785661	3.885
4	**BRIDGE INDIA FUND**			Nil	N.A	Nil	N.A
	Add	12.01.2016	Pre IPO Placement of shares	2500000	3.797	2500000	3.797
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			-	-	2500000	3.486
5	**AIF CAPITAL DEVELOPMENT LTD**			2085393	3.456	2085393	3.456
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			N.A	N.A	2085393	2.908
6	**GPE III MAURITIUS DIRECT INVESTMENT LTD**			2085393	3.456	2085393	3.456
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			N.A	N.A	2085393	2.908
7	**SIGULER GUFF BRIC MAURITIUS**			2085393	3.456	2085393	3.456
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			N.A	N.A	2085393	2.908
8	**BRIGHTNESS CAPITAL AND ADVISORY SERVICES PTE LTD**			Nil	N.A	Nil	N.A
	Add	03.02.2016	Pre IPO Placement of shares	1693968	2.398	1693968	2.398
	Add	18.02.2016	Pre IPO Placement of shares	306032	0.427	2000000	2.789
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			-	-	2000000	2.789
9	**EDELWEISS FINANCE AND INVESTMENTS LTD**			1913452	3.171	1913452	3.171
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			N.A	N.A	1913452	2.668
10	**A T INVOFIN INDIA PVT LTD**			2498229	4.140	2498229	4.140
	Less	26.06.2015	Sale of shares	600000	0.994	1898229	3.146
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			-	-	1898229	2.647

v. Shareholding of Directors and Key Managerial Personnel

Sl. No	For Each of the Directors and Key Managerial Personnel - Name, Date & Reason for change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**S. Santhanakrishnan**	9066	0.015	9066	0.015
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2016)			9066	0.013
2	**Anand Krishnamurthy, Managing Director & CEO**	444444	0.737	444444	0.737
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			444444	0.620
3	**S.Ramakrishnan**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A
4	**C.K.Gopinathan**	2370724	3.929	2370724	3.929
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			2370724	3.306
5	**Bobby Jos C**	18156	0.030	18156	0.030
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			18156	0.025
6	**T.S.Anantharaman**	331520	0.549	331520	0.549
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			331520	0.462
7	**Sumeer Bhasin**	27000	0.045	27000	0.045
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			27000	0.038
8	**K.Subrahmanya Sarma**	10730	0.018	10730	0.018
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			10730	0.015
9	**Radha Unni**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A
10	**M. Madhavan Nambiar**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A
11	**Ashish Ahluwalia**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A
12	**V.G Venkatachalapathy, Addl. Director - RBI Nominee**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A
13	**K.Neethi Ragavan, Addl. Director - RBI Nominee**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A
14	**Ajay lal**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year) (resigned on 10.06.2015)			Nil	N.A
15	**P.V Antony, Chief Financial Officer**	533	0.001	533	0.001
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			533	0.001
16	**Sijo Varghese, Company Secretary**	Nil	N.A	Nil	N.A
	At the end of the year (or on the date of separation, if separated during the year)(31.03.2016)			Nil	N.A

V. Indebtedness

₹ in crore

		Secured Loans excluding Deposits	Unsecured Loans	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year					
i	Principal Amount	-	45.45	-	45.45
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	-	3.28	-	3.28
Total		**-**	**48.73**	**-**	**48.73**
Change in Indebtedness during the financial year					
	Addition	-	1.61	-	1.61
	Reduction (net)	-	3.65	-	3.65
Net Change		-	**(2.04)**	-	**(2.04)**
Indebtedness at the end of the financial year					
i	Principal Amount	-	41.80	-	41.80
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	-	4.89	-	4.89
Total		**-**	**46.69**	**-**	**46.69**

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

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. No	Particulars of Remuneration	Total Amount
	Name of Managing Director & CEO : Mr.Anand Krishnamurthy *	
1	**Gross Salary**	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	4,795,819.35
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	Nil
2	Stock Option (Nos)	Nil
3	Sweat Equity	Nil
4	Commission - as % of profit - Others, specify	Nil
5	Others - LFC	Nil
	- PF	306,116.13
	TOTAL	**5,101,935.48**
Ceiling as per the Act	Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.	

* For the period from 04.07.2015 to 31.03.2016.

B. Remuneration to other directors:

(₹)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
1	**Independent Directors**		
	• Fee for attending Board/ Committee Meetings	Sri. Bobby Jos C	530,000
		Sri. Sumeer Bhasin	370,000
		Smt. Radha Unni	800,000
		Sri. S Ramakrishnan	550,000
		Sri. Madhavan Nambiar M	440,000
	• Commission		-
	• Others, please specify		-
	TOTAL (1)		**2,690,000**
2	**Other Non-Executive Directors**		
	• Fee for attending Board/ Committee Meetings	Sri. S Santhanakrishnan	720,000
		Sri. Ajay Lal (Up to 10.06.2015)	50,000
		Sri. T.S. Anantharaman	600,000
		Sri C.K Gopinathan	500,000
		Sri. K. Subrahmanya Sarma	510,000
		Sri. Ashish Ahluwalia (From 21.08.2015)	150,000
		Sri. K. Neethi Ragavan (Addl. Director - RBI Nominee)	-
		Sri. V.G. Venkatachalapathy (Addl. Director - RBI Nominee)	-
	• Commission		-
	• Others, please specify		-
	TOTAL (2)		**2,530,000**
TOTAL (B) = (1)+(2)			**5,220,000**
Total Managerial Remuneration (A)+(B)			**10,321,935.48**
Overall Ceiling as per the Act	Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.		

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

Sr. No	Particulars of Remuneration	CFO	Company Secretary	Total Amount
1	**Gross Salary**	(₹)	(₹)	(₹)
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,202,911.64	1,489,698.29	**3,692,609.93**
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option (Nos)	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify			
	Incentive	25,000	25,000	50,000
	TOTAL	**2,227,911.64**	**1,514,698.29**	**3,742,609.93**

VII. Penalties / Punishment/ Compounding of Offences:

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

CEO / CFO CERTIFICATION

The Board of Directors,
The Catholic Syrian Bank Ltd,

Dear Sirs

We, Anand Krishnamurthy, Managing Director & CEO and P V Antony, Chief Financial Officer, of The Catholic Syrian Bank Limited hereby certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;

   ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.

d) We have indicated, to the Auditors and the Audit Committee:

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sd/-	Sd/-
Anand Krishnamurthy	**P. V Antony**
Managing Director & CEO	Chief Financial Officer
DIN: 01514838	

Place: Chennai
Date: 27.05.2016

INDEPENDENT AUDITOR'S REPORT

To
The Members of
The Catholic Syrian Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of The Catholic Syrian Bank Limited, ('the bank') which comprise the Balance Sheet as at 31 March 2016, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information contained in the notes to accounts. Incorporated in these financial statements are the returns of 29 branches/offices audited by us and 427 branches/offices audited by the branch auditors

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Bank as at 31st March, 2016, and its loss and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

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

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

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

ii. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches.

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

iv. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches.

v. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

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

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

viii. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule

11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note no 4.6.1 of Schedule 18 – Notes to Accounts

(b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts -Refer Note no. 9 of Schedule 18 – Notes to Accounts

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

For Sundaram & Srinivasan
Chartered Accountants
(Firm's Registration No. 004207S)

Sd/-
C. Naresh
Partner
Membership Number: 28684

Chennai
27.05.2016

Annexure A to the Independent Auditor's Report of Even Date on The Catholic Syrian Bank Limited

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

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

Management's Responsibility for Internal Financial Controls

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

The reports on the adequacy of internal financial controls over financial reporting at the branch offices of the Bank audited by branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Sundaram & Srinivasan
Chartered Accountants
(Firm's Registration No. 004207S)

Sd/-
C. Naresh
Partner
Membership Number: 28684

Chennai
27.05.2016

BALANCE SHEET

As on 31st March, 2016

(₹ in thousand)

		Schedule No अनुसूची	As on 31.03.2016	As on 31.03.2015
पूंजी और देयताएँ	CAPITAL AND LIABILITIES			
पूंजी	Capital	1	71 , 76 , 02	60 , 38 , 99
आरक्षितियाँ और अधिशेष	Reserves and Surplus	2	821 , 03 , 27	828 , 10 , 23
निक्षेप	Deposits	3	14438 , 40 , 49	14474 , 48 , 65
उधार	Borrowings	4	41 , 80 , 00	45 , 44 , 77
अन्य देयताएँ और प्रावधान	Other Liabilities and Provisions	5	278 , 94 , 39	351 , 28 , 59
योग	**Total**		**15651 , 94 , 17**	**15759 , 71 , 23**
संपत्तियाँ	ASSETS			
नकदी और भारतीय रिज़र्व बैंक में जमाराशियाँ	Cash and Balances with Reserve Bank of India	6	676 , 43 , 45	688 , 47 , 04
बैंकों में जमाराशियाँ और माँग तथा अल्प सूचना पर प्राप्य धनराशि	Balances with banks and money at call and short notice	7	49 , 85 , 77	110 , 11 , 91
निवेश	Investments	8	5986 , 68 , 93	4427 , 08 , 16
अग्रिम	Advances	9	7852 , 64 , 56	9469 , 39 , 99
स्थिर संपत्तियाँ	Fixed assets	10	215 , 09 , 34	175 , 10 , 71
अन्य संपत्तियाँ	Other assets	11	871 , 22 , 12	889 , 53 , 42
योग	**Total**		**15651 , 94 , 17**	**15759 , 71 , 23**
आकस्मिक देयताएँ	CONTINGENT LIABILITIES	12	832 , 15 , 18	839 , 55 , 72
संग्रहण के लिये बिल	Bills for collection		76 , 29 , 02	77 , 03 , 04
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा सम्बन्धी टिप्पणीयाँ	Notes to Accounts	18		
अनुसूचीयाँ ऊपर बैलेंस शीट का एक अभिन्न अंग के रूप में	The Schedules referred to above form an integral part of the Balance Sheet			

Financial Statements

Sd/
S. Santhanakrishnan, Chairman
(DIN : 00032049)

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

Sd/
Ashish Ahluwalia, Director
(DIN : 03514036)

Sd/
C. Bobby Jos, Director
(DIN : 03270042)

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

Sd/
K. Subrahmanya Sarma, Director
(DIN : 01505787)

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

Sd/
Sijo Varghese
Company Secretary

Sd/
P.V.Antony
Chief Financial Officer

Chennai
27.05.2016

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

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

PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2016

(₹ in thousand)

		Schedule No अनुसूची	Year Ended 31.03.2016	Year Ended 31.03.2015
I. आय	I. INCOME			
अर्जित ब्याज	Interest earned	13	1482 , 88 , 54	1544 , 55 , 43
अन्य आय	Other income	14	104 , 68 , 10	127 , 34 , 13
योग	**Total**		**1587 , 56 , 64**	**1671 , 89 , 56**
II. व्यय	II. EXPENDITURE			
व्ययकिया गया ब्याज	Interest expended	15	1159 , 27 , 15	1188 , 57 , 64
परिचालन व्यय	Operating expenses	16	432 , 04 , 11	433 , 23 , 58
प्रावधान और आकस्मिक व्यय	Provisions and contingencies		145 , 97 , 82	103 , 24 , 85
योग	**Total**		**1737 , 29 , 08**	**1725 , 06 , 07**
III. लाभ / हानि	III. PROFIT/LOSS			
वर्ष के लिए शुद्ध लाभ / (हानि)	Net Profit/(Loss) for the period / year		(149 , 72 , 44)	(53, 16, 51)
पिछले अवधि / वर्ष के अग्रनीत लाभ / (हानि)	Profit/(Loss) brought forward from previous period/ year*		(67 , 01 , 10)	1 , 41 , 52
योग	**Total**		**(216 , 73 , 54)**	**(51 , 74 , 99)**
IV. विनियोजन	IV. APPROPRIATIONS			
पूंजीगत आरक्षितियों को अन्तरण	Transfer to Capital Reserve		2 , 33 , 47	15 , 26 , 11
वैधानिक आरक्षितियों को अन्तरण	Transfer to Statutory Reserve		Nil	Nil
राजस्व आरक्षितियों को अन्तरण	Transfer to General Reserve		Nil	Nil
विशेष आरक्षितियों को अन्तरण (आय-कर अधिनियम, १९६१ की धारा ३६(१)(viii)	Transfer to Special Reserve (Section 36 (1) (viii) of IT Act,1961)		Nil	Nil
विनिधान आरक्षित खाते को अन्तरण	Transfer to Investment Reserve		Nil	Nil
दान कोष अन्तरण	Transfer to Charity Fund		Nil	Nil
प्रस्तावित लाभांश के लिए प्रावधान	Provision for Proposed Dividend		Nil	Nil
प्रस्तावित लाभांश पर कर के लिए प्रावधान	Provision for tax on dividend		Nil	Nil
तुलनपत्र में ले जाई गई शेषराशि	Balance carried over to Balance Sheet		(219 , 07 , 01)	(67, 01, 10)
योग	**Total**		**(216 , 73 , 54)**	**(51 ,74 , 99)**

		Schedule No अनुसूची	Year Ended 31.03.2016	Year Ended 31.03.2015
प्रति शेयर अर्जन (रु) (अंकित मूल्य रु १०/- प्रत्येक)	Basic and diluted Earnings Per Equity Share (₹) (Face value ₹ 10 per share)		(23.98)	(10.50)
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting policies	17		
लेखा सम्बन्धी टिप्पणीयाँ	Notes to Accounts	18		
अनुसूचीयाँ ऊपर लाभ हानि लेख के एक अभिन्न अंग के रूप में	The Schedules referred to above form an integral part of the Profit and Loss account			
* शुद्ध रु ५५५२/- प्रतिनिधित्व करता है; ०१.०४.२०१४ को जिन स्थिर संपत्तियो को जीवन-काल नहीं हैं, उनके सम्बन्धी कंपनी अधिनियम, २०१३, अनुसूची II के अन्तर्गत परिवर्तित समायोजन	* Net of ₹ 5552 representing transitional adjustment in respect of fixed assets which have no remaining useful life as on 01.04.2014 as per Schedule II of the Companies Act, 2013			

Sd/
S. Santhanakrishnan, Chairman
(DIN : 00032049)

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

Sd/
Ashish Ahluwalia, Director
(DIN : 03514036)

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C. Bobby Jos, Director
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C.K. Gopinathan, Director
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K. Subrahmanya Sarma, Director
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Managing Director & CEO
(DIN : 01514838)

Sd/
Sijo Varghese
Company Secretary

Sd/
P.V.Antony
Chief Financial Officer

Chennai
27.05.2016

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

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

Financial Statements

CASH FLOW STATEMENT

For the year ended 31st March, 2016

(₹ in thousand)

	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	**(228 , 27 , 59)**	**(82 , 16 , 10)**
Adjustments for:		
Depreciation on Fixed Assets	11 , 51 , 73	9 , 30 , 50
Amortisation of Intangible Assets	2 , 18 , 56	1 , 63 , 69
Provisions and Contingencies	224 , 52 , 96	132 , 24 , 44
Interest Paid on Tier II Bonds	5 , 02 , 61	6 , 19 , 39
Others	41 , 20	(85 , 91)
Operating Profit before Working Capital Changes	**15 , 39 , 47**	**66 , 36 , 01**
Adjustments for:		
Investments	(1574 , 44 , 44)	311 , 34 , 03
Advances	1430 , 14 , 45	(905 , 84 , 12)
Other Assets	72 , 22 , 95	(222 , 23 , 51)
Deposits	(36 , 08 , 16)	800 , 62 , 48
Borrowings	(3 , 64 , 77)	(444 , 39 , 53)
Other Liabilities	(65 , 49 , 54)	36 , 06 , 44
Cash generated from Operating Activities	**(161 , 90 , 04)**	**(358 , 08 , 20)**
Direct Taxes Paid (Net of refunds)	(3 , 61 , 02)	1 , 84 , 13
Net Cash flow from Operating Activities (A)	**(165 , 51 , 06)**	**(356 , 24 , 07)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Intangible Assets	(13 , 14 , 66)	(16 , 44 , 95)
Sale of Fixed Assets	42 , 66	25 , 12
Net Cash Used in Investing Activities (B)	**(12 , 72 , 00)**	**(16 , 19 , 83)**

	Year Ended 31.03.2016	Year Ended 31.03.2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	11 , 37 , 04	18 , 49 , 05
Proceeds from Share Premium	99 , 58 , 90	155 , 02 , 65
Redemption of Tier II Bonds	Nil	(65 , 70 , 00)
Interest Paid on Tier II Bonds	(5 , 02 , 61)	(6 , 19 , 39)
Dividend paid (including Tax on Dividend)	Nil	(4 , 89 , 59)
Net Cash (used)/generated from Financing Activities (C)	**105 , 93 , 33**	**96 , 72 , 72**
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(72 , 29 , 73)	(275 , 71 , 18)
Cash and Cash Equivalents at the Beginning of the Year	798 , 58 , 95	1074 , 30 , 13
Cash and Cash Equivalents at the End of the Year	726 , 29 , 22	798 , 58 , 95
NET INCREASE AS DISCLOSED ABOVE	**(72 , 29 , 73)**	**(275 , 71 , 18)**

Notes to Cash Flow Statement

1. The Cash Flow Statement has been prepared under the Indirect Method and figures has been regrouped wherever necessary
2. Cash and Cash equivalents includes Cash in Hand, Balance with RBI & Other Banks and Money at Call and Short Notice

BREAKUP OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	676 , 43 , 45	688 , 47 , 04
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	49 , 85 , 77	110 , 11 , 91
Cash and cash equivalents at the end of the year	726 , 29 , 22	798 , 58 , 95

Financial Statements

Sd/
S. Santhanakrishnan, Chairman
(DIN : 00032049)

Sd/
S. Ramakrishnan, Chairman-Audit Committee
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Company Secretary

Sd/
P.V.Antony
Chief Financial Officer

Chennai
27.05.2016

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

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

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2016		As on 31.03.2015	
SCHEDULE 1 - CAPITAL				
Authorized Capital :				
12,00,00,000 (Previous year 12,00,00,000) Equity shares of ₹ 10/- each		120 , 00 , 00		120 , 00 , 00
Issued Capital				
7,17,07,982 (Previous Year 6,03,37,625) equity shares of ₹ 10/- each fully paid - up		71 , 70 , 79		60 , 33 , 76
Subscribed, Called up and Paid - up Capital				
7,17,07,982 (Previous Year 6,03,37,625) equity shares of ₹ 10/- each fully paid - up		71 , 70 , 79		60 , 33 , 76
Add: Forfeited Shares (1,93,743 Number of shares forfeited)*		5 , 23		5 , 23
		71 , 76 , 02		**60 , 38 , 99**

SCHEDULE 2 - RESERVES AND SURPLUS				
I Statutory Reserves				
Opening balance	146 , 36 , 72		146 , 36 , 72	
Additions during the year	-		-	
sub total	146 , 36 , 72		146 , 36 , 72	
Deductions during the year	-		-	
		146 , 36 , 72		**146 , 36 , 72**
II Capital Reserves				
Opening balance	68 , 23 , 02		52 , 96 , 91	
Additions during the year	2 , 33 , 47		15 , 26 , 11	
sub total	70 , 56 , 49		68 , 23 , 02	
Deductions during the year	-		-	
		70 , 56 , 49		**68 , 23 , 02**
III Revaluation Reserves				
Opening balance	123 , 97 , 97		125 , 31 , 09	
Additions during the year	43 , 06 , 58		-	
sub total	167 , 04 , 55		125 , 31 , 09	
Deductions during the year	1 , 26 , 45		1 , 33 , 12	
		165 , 78 , 10		**123 , 97 , 97**
IV Share Premium				
Opening balance	445 , 69 , 25		290 , 66 , 60	
Additions during the year	102 , 33 , 32		155 , 95 , 22	
sub total	548 , 02 , 57		446 , 61 , 82	
Deductions during the year	2 , 74 , 42		92 , 57	
		545 , 28 , 15		**445 , 69 , 25**
V Revenue and other Reserves				
a) General Reserves				
Opening balance	87 , 03 , 18		87 , 03 , 18	
Additions during the year	1 , 26 , 45		-	
sub total	88 , 29 , 63		87 , 03 , 18	
Deductions during the year	-		-	
		88 , 29 , 63		**87 , 03 , 18**

SCHEDULES
to Balance Sheet

(₹ in thousand)

	As on 31.03.2016		As on 31.03.2015	
b) Investment Reserve				
Opening balance	-		-	
Additions during the year	-		-	
sub total	-		-	
Deductions during the year	-		-	
		-		-
c) Special Reserve (Section 36 (1)(viii) of IT Act,1961)				
Opening balance	23 , 76 , 19		23 , 76 , 19	
Additions during the year	-		-	
sub total	23 , 76 , 19		23 , 76 , 19	
Deductions during the year	-		-	
		23 , 76 , 19		**23 , 76 , 19**
VI Contingency Reserve				
Opening balance	5 , 00		5 , 00	
Additions during the year	-		-	
sub total	5 , 00		5 , 00	
Deductions during the year	-		-	
		5 , 00		**5 , 00**
VII Balance in Profit and Loss Account				
Opening balance	(67 , 01 , 10)		1 , 41 , 52	**
Additions during the year	(149 , 72 , 44)		(53 , 16 , 51)	
sub total	(216 , 73 , 54)		(51 , 74 , 99)	
Deductions during the year	2 , 33 , 47		15 , 26 , 11	
		(219 , 07 , 01)		**(67 , 01 , 10)**
TOTAL		**821 , 03 , 27**		**828 , 10 , 23**

* 2,19,520 shares were forfeited and 25,777 shares have been reissued.

** Net of Rs.5552 representing transitional adjustment in respect of fixed assets which have no remaining useful life as on 01.04.2014 as per Schedule II of the Companies Act, 2013

	As on 31.03.2016		As on 31.03.2015	
SCHEDULE 3 - DEPOSITS				
A. I. Demand Deposits				
[i] From banks	48 , 28		30 , 91	
[ii] From others	385 , 19 , 20		375 , 99 , 88	
		385 , 67 , 48		376 , 30 , 79
II. Savings Bank Deposits		2506 , 35 , 24		2229 , 33 , 77
III. Term Deposits				
[i] From banks	76 , 91 , 47		412 , 77 , 77	
[ii] From others	11469 , 46 , 30		11456 , 06 , 32	
		11546 , 37 , 77		11868 , 84 , 09
TOTAL [I,II, and III]		**14438 , 40 , 49**		**14474 , 48 , 65**
B [i] Deposits of branches in India		14438 , 40 , 49		14474 , 48 , 65
[ii] Deposits of branches outside India		-		-
TOTAL		**14438 , 40 , 49**		**14474 , 48 , 65**

Financial Statements

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2016		As on 31.03.2015	
SCHEDULE 4 - BORROWINGS				
I. Borrowings in India				
[i] Reserve Bank of India	-		-	
[ii] Other banks	-		-	
[iii] Other institutions and agencies	-	-	3 , 64 , 77	
TOTAL of I		**-**		**3 , 64 , 77**
II. Borrowings outside India		-		-
TOTAL (I and II)		**-**		**3 , 64 , 77**
Secured borrowings included in I and II		-		-
III. Capital Instruments				
Subordinated debts raised for Tier II Capital		41 , 80 , 00		41 , 80 , 00
TOTAL (I,II and III)		**41 , 80 , 00**		**45 , 44 , 77**

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		15 , 98 , 76		14 , 70 , 06
II. Inter-office adjustments (net)		5 , 72 , 48		7 , 31 , 28
III. Interest accrued		66 , 84 , 70		66 , 16 , 49
IV. Contingent provisions against standard assets		41 , 82 , 26		49 , 58 , 06
V. Others		148 , 56 , 19		213 , 52 , 70
TOTAL		**278 , 94 , 39**		**351 , 28 , 59**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		71 , 82 , 36		76 , 99 , 65
II Balances with Reserve Bank of India				
[i] in Current Account	604 , 61 , 09		611 , 47 , 39	
[ii] in Other Accounts	-		-	
		604 , 61 , 09		611 , 47 , 39
TOTAL (I AND II)		**676 , 43 , 45**		**688 , 47 , 04**

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE				
I. In India				
[i] Balances with banks				
(a) in Current Accounts	11 , 64 , 88		10 , 95 , 37	
(b) in Other Deposit Accounts	-		-	
		11 , 64 , 88		10 , 95 , 37
[ii] Money at call and short notice				
(a) with banks	-		-	
(b) with other Institutions	-		49 , 91 , 81	
		-		49 , 91 , 81
TOTAL (i and ii)		**11 , 64 , 88**		**60 , 87 , 18**
II. Outside India				
(i) in Current Accounts	38 , 20 , 89		49 , 24 , 73	
(ii) in Other Deposit Accounts	-		-	
(iii) Money at call and short notice	-		-	
TOTAL		38 , 20 , 89		49 , 24 , 73
GRAND TOTAL (I and II)		**49 , 85 , 77**		**110 , 11 , 91**

(₹ in thousand)

	As on 31.03.2016		As on 31.03.2015	
SCHEDULE 8 INVESTMENTS				
I. Investments in India (Gross)		6019 , 06 , 97		4448 , 21 , 09
Less Provision for depreciation & diminution		32 , 38 , 04		21 , 12 , 93
Net Investment in India		5986 , 68 , 93		4427 , 08 , 16
BREAK - UP				
[i] Government securities		4887 , 14 , 44		4043 , 84 , 36
[ii] Other approved securities		-		-
[iii] Shares		2 , 62 , 42		4 , 34
[iv] Debentures and Bonds		129 , 77 , 59		182 , 44 , 54
[v] Subsidiaries and/or joint ventures		-		-
[vi] Others [Certificate of Deposits etc]		967 , 14 , 48		200 , 74 , 92
TOTAL		**5986 , 68 , 93**		**4427 , 08 , 16**
II. Investments outside India		-		-
GRAND TOTAL (I and II)		**5986 , 68 , 93**		**4427 , 08 , 16**

SCHEDULE 9 - ADVANCES				
A [i] Bills purchased and discounted		351 , 95 , 92		750 , 64 , 12
[ii] Cash credits, overdrafts and loans repayable on demand		4869 , 62 , 88		5875 , 23 , 15
[iii] Term loans		2631 , 05 , 76		2843 , 52 , 72
TOTAL		**7852 , 64 , 56**		**9469 , 39 , 99**
B [i] Secured by tangible assets (Includes advances against book debts)		7165 , 42 , 40		8253 , 26 , 28
[ii] Covered by Bank/Government guarantees		389 , 19 , 70		894 , 90 , 43
[iii] Unsecured		298 , 02 , 46		321 , 23 , 28
TOTAL		**7852 , 64 , 56**		**9469 , 39 , 99**
C. I. Advances in India				
[i] Priority sector		3871 , 42 , 26		3613 , 97 , 60
[ii] Public sector		84 , 53 , 08		364 , 58 , 05
[iii] Banks		-		-
[iv] Others		3896 , 69 , 22		5490 , 84 , 34
TOTAL		**7852 , 64 , 56**		**9469 , 39 , 99**
II. Advances outside India		-		-
GRAND TOTAL (C.I and II)		**7852 , 64 , 56**		**9469 , 39 , 99**

SCHEDULES

to Balance Sheet

(₹ in thousand)

	As on 31.03.2016		As on 31.03.2015	
SCHEDULE 10 - FIXED ASSETS				
1. Premises				
At cost as on 31 st March of the	6 , 98 , 54		6 , 94 , 65	
preceding year				
Appreciation on revaluation till date	178 , 09 , 24		135 , 02 , 66	
Additions during the year	20 , 58		3 , 89	
Sub total	185 , 28 , 36		142 , 01 , 20	
Deductions during the year	-		-	
Depreciation to date	16 , 15 , 28		14 , 71 , 92	
		169 , 13 , 08		**127 , 29 , 28**
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the				
preceding year	121 , 88 , 28		110 , 81 , 59	
Additions during the year	9 , 03 , 50		13 , 89 , 01	
Sub total	130 , 91 , 78		124 , 70 , 60	
Deductions during the year	3 , 39 , 84		2 , 82 , 32	
Depreciation to date	81 , 55 , 68		74 , 06 , 85	
		45 , 96 , 26		**47 , 81 , 43**
TOTAL (I, and II)		**215 , 09 , 34**		**175 , 10 , 71**

SCHEDULE 11 - OTHER ASSETS				
I. Interest accrued		99 , 69 , 95		86 , 99 , 81
II. Tax paid in advance/tax deducted at source (Net of provisions)		30 , 00 , 35		26 , 39 , 33
III. Stationery and stamps		1 , 10 , 65		1 , 05 , 61
IV. Non-banking assets acquired in satisfaction of claims		20 , 95 , 46		20 , 58 , 28
V. Deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending		523 , 58 , 84		626 , 31 , 52
VI. Deferred tax asset		125 , 94 , 29		47 , 39 , 14
VII. Unamortised loss on sale of Financial Assets to ARC		-		29 , 82 , 00
VIII. Others		69 , 92 , 58		50 , 97 , 73
TOTAL		**871 , 22 , 12**		**889 , 53 , 42**

SCHEDULE 12 - CONTINGENT LIABILITIES				
I. Claims against the bank not acknowledged as debts		37 , 22 , 59		6 , 83 , 57
II. Liability for partly paid investments		-		-
III. Liability on account of outstanding forward exchange contracts		422 , 73 , 44		474 , 74 , 73
IV. Guarantees given on behalf of constituents				
(a) In India		251 , 75 , 35		207 , 58 , 13
(b) Outside India		-		-
V. Acceptance, endorsements and other obligations		70 , 13 , 17		108 , 35 , 74
VI. Other items for which the bank is contingently liable		50 , 30 , 63		42 , 03 , 55
TOTAL		**832 , 15 , 18**		**839 , 55 , 72**

SCHEDULES
to Profit & Loss Account

(₹ in thousand)

		Year ended 31.03.2016		Year ended 31.03.2015
SCHEDULE 13 - INTEREST EARNED				
I. Interest/discount on advances / bills		1051 , 21 , 82		1168 , 22 , 24
II. Income on investments		394 , 45 , 25		349 , 19 , 41
III. Interest on balances with Reserve Bank of India and other inter -bank funds		5 , 41 , 29		7 , 74 , 09
IV Others		31 , 80 , 18		19 , 39 , 69
TOTAL		**1482 , 88 , 54**		**1544 , 55 , 43**

SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		19 , 48 , 75		19 , 40 , 78
II. Profit on sale of investments	8 , 57 , 63		43 , 33 , 16	
Less: Loss on sale of investments	2 , 88 , 20		4 , 11 , 21	
		5 , 69 , 43		39 , 21 , 95
III. Profit on revaluation of investments	-		-	
Less: Loss on revaluation of investments	-		-	
		-		-
IV. Profit on sale of land, buildings and other assets	8 , 58		8 , 91	
Less: Loss on sale of land, buildings and other assets	47 , 26		50 , 79	
		(38 , 68)		(41 , 88)
V. Profit on exchange transactions (Net)		11 , 23 , 77		13 , 62 , 56
VI. Income earned by way of dividends etc. from subsidiaries/ companies and/or joint ventures abroad/in India		-		-
VII. Miscellaneous Income (includes recovery of Bad debts written off in earlier years Rs 17.36 Crores, previous year Rs 0.49 Crores and processing fee of ₹ 23.53 Crores, previous year ₹ 26.57 Crores)		68 , 64 , 83		55 , 50 , 72
TOTAL		**104 , 68 , 10**		**127 , 34 , 13**

SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on deposits		1135 , 68 , 67		1150 , 00 , 37
II. Interest on Reserve Bank of India/ inter -bank borrowings		16 , 04 , 93		25 , 99 , 28
III. Others		7 , 53 , 55		12 , 57 , 99
TOTAL		**1159 , 27 , 15**		**1188 , 57 , 64**

SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and provisions for employees		296 , 80 , 65		307 , 76 , 71
II. Rent, taxes and lighting		45 , 46 , 89		42 , 17 , 81
III. Printing and Stationery		3 , 42 , 43		3 , 72 , 52
IV. Advertisement and publicity		1 , 11 , 37		1 , 13 , 85
V. Depreciation on bank's property (including amortisation / write off of intangible assets)		13 , 70 , 30		10 , 94 , 19
VI. Directors' fees, allowances and expenses		93 , 47		1 , 04 , 95
VII. Auditors' fees and expenses (including branch auditors fees and expenses)		1 , 40 , 63		1 , 74 , 70
VIII. Law charges		1 , 58 , 33		85 , 84
IX. Postages, Telegrams, Telephones etc.		7 , 79 , 88		6 , 71 , 18
X. Repairs and maintenance		6 , 14 , 67		6 , 34 , 59
XI. Insurance		15 , 46 , 78		14 , 14 , 63
XII. Other expenditure		38 , 18 , 71		36 , 62 , 61
TOTAL		**432 , 04 , 11**		**433 , 23 , 58**

Significant Accounting Policies

SCHEDULE 17

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

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

b) Historical cost convention and Accrual basis of accounting have been consistently applied while preparing and presenting the financial statements, except as stated in para10 –"Recognition of Revenue and Expenditure".

2. USE OF ESTIMATES

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

3. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

a) Monetary assets and liabilities including contingent liabilities have been translated at the exchange rates prevailing at the close of the year as advised by FEDAI and the effect is accounted in Profit & Loss Account

b) Income and Expenditure items denominated in foreign currencies have been accounted at the exchange rates prevailing on the date of transaction.

c) Outstanding foreign exchange forward contracts are revalued at the rates applicable on the closing date as advised by FEDAI. The resultant profit/loss is taken into Profit and Loss Account.

d) Contingent Liabilities on guarantees, letters of credit, acceptances and endorsements are reported at the exchange rates prevailing at the close of the year.

4. INVESTMENTS

a) Accounting and classification

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

b) Cost of acquisition

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

c) Basis of Classification

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

d) Transfer between categories

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

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

e) Valuation of Securities:

(i) Investments in "Held to Maturity" category are accounted for at acquisition cost or at amortized cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortized over the period remaining to maturity using Constant Yield Method. Such amortization of premium is adjusted against income under the head “Income on Investments”. Where the face value is higher than the cost, the discount is ignored and is accounted only on maturity date of the instrument.

(ii) Securities classified as “Available for Sale” are marked to market scrip-wise on a quarterly basis other than shares which is done on a weekly basis and net depreciation in each category is provided for, while net appreciation is ignored.

(iii) Individual scrips in “Held for Trading” category are marked to market at daily intervals and net depreciation in each category is provided for, while net appreciation is ignored.

(iv) Treasury Bills and Certificate of Deposits are valued at carrying cost.

(v) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company / Securitization Company

(vi) Profit on sale of investments in ‘Held to Maturity’ category is recognized in the Profit and Loss Account and an equivalent amount net of taxes is appropriated to Capital Reserve.

(vii) Investments are also classified as Performing and Non Performing as per the guidelines of RBI and provisions on Non Performing investments are made as per the provisioning norms of RBI.

5. ADVANCES

a) Advances have been classified as ‘Performing’ and ‘Non-performing Advances’ (NPA) in accordance with the applicable regulatory guidelines. NPAs are further classified in to Sub-standard, Doubtful and Loss assets in terms of applicable regulatory guidelines.

b) Provision for NPAs are made as per RBI Guidelines which is at the rate given as under:

Category of NPAs	% of the Net outstanding advance
Sub Standard	
a. Exposures which are unsecured *abinitio*	25%
b. Others	15%
Doubtful	
a. Secured portion (period for which advance has remained in doubtful category)	
- upto 1 year	25%
- one year to three years	40%
- more than three years	100%
b. Unsecured portion	100%
Loss	100%

c) The amount of advances shown in the Balance Sheet is net off provisions, interest suspense, ECGC claims received and discount on assignment transactions.

d) Provision on Standard Assets including restructured advances classified as standard, is maintained as per RBI guidelines and the same is included in Item No. IV ‘Others’, of Schedule 5 – Other Liabilities & Provisions.

e) In respect of Rescheduled/ Restructured Advances, provision is made for the diminution in the fair value of restructured advances measured in present value terms as per RBI Guidelines .The said provision is reduced to arrive at net advances

f) Amounts recovered against debts written off in earlier years are recognised as revenue.

g) The sale of financial assets (including Non Performing Advances) to Reconstruction Company (RC)/ Securitisation Company (SC) are accounted as per the extant guidelines of Reserve Bank of India from time to time.

h) Policy on Managing Currency induced credit risk**:** As per Credit Policy of the bank Forward exchange cover is insisted on all Foreign Currency loans of USD 0.25 Mio or above unless there is natural hedge by way of export/other earnings. For foreign currency loans of less than USD 0.25 Mio, forward exchange cover is optional to the borrower subject to furnishing of an unconditional undertaking to bear the exchange loss if any.

i) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure, wherever applicable and in accordance with RBI Guidelines

6. FIXED ASSETS AND DEPRECIATION

a) Fixed Assets other than premises are carried at cost less accumulated depreciation. Cost includes cost of purchase and all directly attributable costs of bringing the asset to its working condition for its intended use.

b) Premises are stated at revalued amount. Appreciation on revaluation of premises is credited to Revaluation Reserve. The additional depreciation on the revalued portion of buildings is charged to Profit and Loss Account and an equivalent amount is withdrawn from Revaluation Reserve and credited to General Reserve.

c) Subsequent expenditure incurred on fixed assets put to use is capitalized only when it represents an improvement which increases the future benefits from the existing asset beyond its previously assessed standard of performance or an extension which becomes an integral part of the asset.

d) Depreciation on additions to fixed assets is provided on pro rata basis. No depreciation is charged on the fixed assets sold/discarded during the year, except for premises and motor vehicles which are depreciated on a pro-rata basis.

e) The bank has adopted the revised useful life of assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II.

Type of Fixed Asset	Useful Life Considered	Useful Life as per Schedule II	Depreciation Method
Premises	58 Yrs	60 Yrs	Written Down Value
Servers & Networks	3 Yrs	6 Yrs	Straight Line
ATMs	8 Yrs	15 Yrs	Straight Line

7. INTANGIBLE ASSETS

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

a) Application Software purchased is amortised over a period of 5 years on pro rata basis under Straight Line Method.

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

8 . NON BANKING ASSETS

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

9. EMPLOYEE BENEFITS

9.1 Short Term Employee Benefits

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

9.2 Long term Employee Benefits

a) Defined Contribution Plan - Provident Fund and New Pension Scheme (Contributory) are the defined contribution plans of the bank. In addition to contribution for the period, shortfall, if any, in the Income and Expenditure account of the Provident Fund is charged to Profit and Loss Account of the bank.

b) Defined Benefit Plans - Liabilities towards Gratuity, Pension and Leave benefits to employees are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year. Projected Unit Credit Method is used by the actuary for valuing the obligations in case of Pension, Gratuity and Long term Compensated Absences and other long term employee benefits. Discount rate used to arrive at the present value of estimated future cash flows is arrived at by reference to market yields on balance sheet date on government bonds of term consistent with estimated term of the obligations as per para 78 of AS 15 Employee Benefits. Actuarial Gains/Losses are immediately taken to the profit and loss account and are not deferred.

Brief description of the defined benefit plans:

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

ii) Gratuity - Gratuity is payable to all employees on termination of employment due to retirement, death or resignation, provided that the employee has served the bank for a minimum period of 5 years

iii) Long term compensated absences and other long term employee benefits viz:

a. Privilege Leave
b. Leave fare concession
c. Sick Leave

are based on actuarial valuation at the end of next financial year

9.3 Employee Stock Options (ESOP)

The accounting for shares granted under Employee Stock Option Scheme is done as per the ICAI Guidance note on ESOP. The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Compensation cost so determined is amortised over the vesting period of the option granted.

10. RECOGNITION OF REVENUE AND EXPENDITURE

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

a. Interest/discount on advances/bills is recognised on accrual basis except on non-performing assets in which case the income is recognised as per prudential norms issued by RBI. Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.

b. Income on Investments (other than dividend on shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognized when the right to receive payment is established.

c. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts, sale to Asset Reconstruction Companies and accounts under One Time Settlement where recovery is appropriated based on the court decree/terms of agreement.

d. In the case of purchase of loans from other banks/ NBFCs through direct assignment of cash flows, bank recognizes interest income on the basis of original IRR/actual collection record of the pool. The discount, if any, on such purchase is recognised in proportion to the principal received.

e. In case of Asset Sale to ARCs, where the sales is at a price higher than the net book value (NBV), (i.e. outstanding less provision held) and consideration is received in cash, the excess provision on NPA is credited to Profit and loss account. If consideration is other than cash, the excess provision is retained. If the sale is at a price below the NBV, the shortfall is debited to Profit & Loss Account, as per the option given by RBI.

f. Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

11. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the Profit and Loss Account.

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

12. SEGMENT INFORMATION

Bank has adopted RBI's revised guidelines on segment reporting issued in April 2007 and accordingly 4 business segments viz. Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations have been considered as reportable segments. Advances classified as corporate as per Basel II norms are grouped in Corporate/ Wholesale Banking assets while all other advances are grouped as Retail Banking Assets. Deposits of ₹ 1 crore and above are classified as corporate/wholesale banking liabilities (to conform to ALM classification adopted by the bank) and all other deposits are grouped as retail banking liabilities. Deposits of borrowers classified as corporate as per Basel II norms are treated as wholesale deposits regardless of amount. For arriving at segment results, income and expenditure that cannot be directly identified with a particular segment are allocated on appropriate basis.

13. IMPAIRMENT OF ASSETS

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

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

b) Contingent assets are not recognized in the financial statements.

c) While computing the provision requirement pertaining to fraud accounts, adjustment is made for "financial collateral eligible under BASEL III Capital regulations-Capital charge for credit risk (standardized approach)", if available and amount so arrived at is charged fully to P&L account, as per the option given by RBI.

15. EARNINGS PER SHARE

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

16. SHARE ISSUE EXPENSES

The share issue expenses are adjusted from share premium account in terms of Section 52 of Companies Act, 2013

17. NET PROFIT / LOSS

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

(i) provision for taxes

(ii) provision for standard, restructured and non performing assets as per the prudential norms.

(iii) provision for depreciation on investments and

(iv) other usual and necessary provisions.

Notes to Accounts

SCHEDULE 18 - NOTES TO ACCOUNTS

1.1 Capital Infusion

(a) On 12.01.2016, the Bank has allotted 55,00,000 Equity Shares on Preferential basis for an issue price of ₹ 100/- per share (₹ 10/- towards share capital & ₹ 90/- towards share premium) as part of its Pre-IPO Placement of shares and mobilized ₹ 55,00,00,000/- (Rupees Fifty five Crores only). An amount of ₹ 5,50,00,000/- has been collected towards Share Capital and ₹ 49,50,00,000/- towards Share Premium out of the Issue.

(b) On 03.02.2016, the Bank has allotted 48,00,325 Equity Shares on Preferential basis for an issue price of ₹ 100/- per share (₹ 10/- towards share capital & ₹ 90/- towards share premium) as part of its Pre-IPO Placement of shares and mobilized ₹ 48,00,32,500/- (Rupees Forty eight Crores thirty two thousand and five hundred only). An amount of ₹ 4,80,03,250/- has been collected towards Share Capital and ₹ 43,20,29,250/- towards Share Premium out of the Issue.

(c) On 18.02.2016, the Bank has allotted 10,70,032 Equity Shares on Preferential basis for an issue price of ₹ 100/- per share (₹ 10/- towards share capital & ₹ 90/- towards share premium) as part of its Pre-IPO Placement of shares and mobilized ₹ 10,70,03,200/- (Rupees Ten Crores seventy lakhs three thousand and two hundred only). An amount of ₹ 1,07,00,320/- has been collected towards Share Capital and ₹ 9,63,02,880/- towards Share Premium out of the Issue.

(d) The expenses relating to issue of Equity shares on preferential basis amounting to ₹ 2.74 Crores has been debited to Share Premium Account.

Consequent to the above the paid up equity capital of the bank increased from ₹60.39 Crores to ₹71.76 Crores and Share Premium Account from ₹ 445.69 Crores to ₹ 545.28 Crores.

1.2 Investments

a) The profit on sale of investments under Held to Maturity category amounting to ₹ 3.57 Crores (previous year ₹ 23.12 Crores) and loss on sale of investments under Held to Maturity category amounting to ₹0.02 Crore(Previous Year ₹1.52 Crores) has been taken to Profit and Loss account. A sum of ₹ 2.33 Crores (previous year - ₹ 15.26 Crores), being net of taxes of such profit, has been transferred to Capital Reserve Account.

b) In respect of Investments in Held to Maturity category, the amount of amortization of excess of acquisition cost over face value is ₹ 15.88 Crores (previous year ₹ 17.04 Crores) which is netted against Income on Investments (Schedule 13, Item II).

c) Provision for depreciation on investments in the Available for Sale category amounting to ₹14.84 Crores is debited to Profit & Loss account. (Previous year - ₹ 13.00 Crores)

d) During the financial year 2015-16, the bank has not transferred any securities from Held to Maturity to Available for Sale . (previous year ₹ 414.31 Crores).

1.3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2016. Steps for elimination of outstanding entries are in progress. In the opinion of the management, since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4 Taxation

Claims against the bank not acknowledged as debt under contingent liabilities (Schedule 12) include disputed income tax liabilities of ₹ 27.21Crores (Previous Year – ₹ 25.61Crores) of which ₹ 18.51 Crores (Previous Year – ₹ 18.26 Crores) has been paid/adjusted and included under other assets (Schedule 11).In respect of these claims, provision for tax is not considered necessary based on various judicial decisions on such disputes. Management does not envisage any liability in respect of such disputed issues.

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

Notes to Accounts

1.5 Reclassification of Investments to Other Assets

Pursuant to RBI CircularDBR.BP.BC.No.31/21.04.018/2015-16 dated July16,2015, the Bank has, included its deposits placed with NABARD, SIDBI, and NHB on account of shortfall in lending to priority sector amounting to ₹523.59 Crores (Previous year ₹626.32 Crores) under 'Other Assets' which was hitherto included under 'Investments'. Consequently, interest income amounting to ₹29.87Crores (Previous year ₹ 18.80Crores) is included under "Interest Earned-Others" as against 'interest earned on investments' in the previous year.

1.6 Effect of Changes in the Basis of Accounting and Accelerated Provisioning

a) Note No.2.4.3 on Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:
RBI had given the bank option to spread over the loss on sale of assets to ARCs over a period of 2 years from the quarter in which the sale was made in respect the assets sold upto March 31, 2016.In FY15, bank opted to spread over the loss in line with the general permission resulting in an unamortized loss of ₹29.82 Crores outstanding as on 31.03.2015. While arriving at the results for FY 16, as a matter of prudence, bank has opted to accelerate the charge pertaining to sale of assets to ARCs made in FY 15 & FY 16 to profit and loss account and accordingly ₹82.93 Crores (representing aforesaid unamortized loss of ₹29.82 Crores and loss of ₹53.11 Crores relating to sales during FY 16) has been charged to Profit & Loss account. Had the bank followed the earlier practice of amortizing the loss, loss before tax for FY 16 would have been lower by ₹42.58 Crores.

b) Note No.5.1 on Details of Provisions and Contingencies debited in Profit and Loss Account during the year:
Bank as a prudential measure decided to accelerate the provision against a large NPA exposure of ₹57.79 Crores. Though the provision requirements as on March 31, 2016 as per asset classification laid down by RBI guidelines is ₹24.48 Crores, considering the uncertainties about the recoverability within a reasonable timeframe, as a prudential measure bank has opted to accelerate the entire provisioning in the current financial year. Had the bank not accelerated the provisioning, provisions for NPA/write offs would have been lower by ₹33.31 Crores and loss before tax would have been lower by ₹33.31 Crores

c) Note No.10 on Disclosure for frauds:
As per RBI Circular DBR. No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016, in respect of provisioning pertaining to frauds, bank has the option to make the provisions over a period, not exceeding four quarters commencing from the quarter in which the fraud has been detected and debit other reserves in respect of amount remaining unprovided at the end of the financial year. However as a prudential measure, Bank has opted to charge the entire amount of such provisioning required to profit & loss account. Had the bank exercised the option to debit other reserves, loss before tax would have been lower by ₹3.01 Crores.

As a cumulative effect of accelerated provisioning as mentioned in the items a), b) and c), loss before tax is higher by ₹78.90 Crores (Net Loss after tax for the year is higher by ₹51.59Crores) with consequential impact on Reserves and Surplus, Advances and Other Assets.

d) Note No.5.1 on Details of Provisions and Contingencies debited in Profit and Loss Account during the year:
The appreciation in value as on 31.03.2016 amounting to ₹17.55 Crores in respect of a Security Receipt held by the bank has not been reckoned while arriving at net depreciation of the portfolio as a prudential measure and the sustainability of the valuation will be examined and the appreciation will be appropriately accounted in the quarter ending June 30, 2016. Had the bank accounted the said appreciation, loss before tax would have been lower by ₹ 17.55 crore.

e) Note No.3.3.3 on Other Long term Employee Benefits:
As per RBI directions, bank has started to provide for sick leave benefits of employees from the current financial year and accordingly an amount of ₹3.26 Crores has been charged to the profit and loss account based on actuarial valuation. Had the bank followed the earlier practice, loss before tax would have been lower by ₹3.26 Crores.

f) Note No.3.1 on Accounting Standard 5- Net profit or loss for the period, Prior period items and changes in Accounting Policies:
The bank has changed the method of providing depreciation pertaining to revalued component of its premises in accordance with "Guidance Note on Accounting for Depreciation in Companies in the context of Schedule II to the Companies Act, 2013"issued by the Institute of Chartered Accountants of India, as against the earlier practice of crediting the said amount to profit and loss account. Had the bank followed the earlier practice, loss before tax would have been lower by ₹1.26 Crores.

As a result of items mentioned in Sl.nos (d), (e) and (f) above, loss before tax is higher by ₹ 22.07 Crores (net loss after tax is higher by ₹ 14.43 Crores) with consequential impact on Investment, Reserves and Surplus, Other Assets and Other Liabilities.

2. Disclosures in terms of Reserve Bank of India Guidelines

2.1 Capital

Particulars		BASEL III	
		31.03.2016	31.03.2015
i)	Common Equity Tier 1 capital ratio (%)	9.76	9.26
ii)	Tier 1 Capital ratio (%)	9.76	9.26
iii)	Tier 2 Capital ratio (%)	0.79	1.74
iv)	Total Capital ratio (CRAR) (%)	10.55	11.00
v)	Percentage of the shareholding of the Government of India in public sector banks	N A	N A
vi)	Amount of equity capital raised during the year	₹113.70 Crore	₹ 174.44 Crore
vii)	Amount of Additional Tier 1 capital raised (during the year); of which		
	PNCPS:	Nil	Nil
	PDI:	Nil	Nil
viii)	Amount of Tier 2 capital raised (during the year); of which		
	Debt capital instrument:	Nil	Nil
	Preference Share Capital Instruments:	Nil	Nil
	[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

Particulars		BASEL II	
		31.03.2016	31.03.2015
i)	Common Equity Tier 1 capital ratio (%)	9.76	9.27
ii)	Tier 1 Capital ratio (%)	9.76	9.27
iii)	Tier 2 Capital ratio (%)	0.83	1.78
iv)	Total Capital ratio (CRAR) (%)	10.59	11.05
v)	Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi)	Amount of equity capital raised during the year	₹113.70 Crore	₹174.44 Crore
vii)	Amount of Additional Tier 1 capital raised (during the year); of which		
	PNCPS:	Nil	Nil
	PDI:	Nil	Nil
viii)	Amount of Tier 2 capital raised (during the year);of which		
	Debt capital instrument:	Nil	Nil
	Preference Share Capital Instruments:	Nil	Nil
	[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

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Notes to Accounts

2.2 Investments (₹ in Crore)

Particulars	31.03.2016	31.03.2015
(1) Value of Investments		
(i) Gross Value of Investments	6019.07	4448.21
(a) In India	6019.07	4448.21
(b) Outside India.	Nil	Nil
(ii) Provisions for Depreciation/Diminution	32.38	21.13
(a) In India	32.38	21.13
(b) Outside India.	Nil	Nil
(iii) Net Value of Investments	5986.69	4427.08
(a) In India	5986.69	4427.08
(b) Outside India.	--	--
(2) Movement of provisions held towards depreciation/ diminution on investments		
(i) Opening balance	21.13	8.13
(ii) Add: Provisions made during the year	15.25	13.00
(iii) Less: Write-off/ write-back of excess provisions during the year	4.00	Nil
Closing balance	**32.38**	**21.13**

2.2.1 Repo Transactions (In Face Value terms) (₹ in Crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2016
Securities sold under Repo / Term Repo				
i. Government Securities	Nil	539.00	215.55	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	Nil	174.00	23.49	75.00
ii Corporate debt securities	Nil	Nil	Nil	Nil

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

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments (₹ in Crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	93.16	63.13	Nil	36.58	63.13
(ii)	FIs	2.00	2.00	Nil	Nil	2.00
(iii)	Banks	673.92	337.80	5.00	Nil	Nil
(iv)	Private Corporate	7.76	2.61	0.78	Nil	0.91
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others (Security receipts, SGS Non SLR &Reverse Repo)	535.68	535.68	Nil	39.95	280.08*
(vii)	Provision held towards depreciation	32.38	Nil	Nil	Nil	Nil
	Total	1280.14	941.22	5.78	76.53	346.12

* Excluding Reverse Repo

ii) Non performing Non-SLR investments (₹ in Crore)

Particulars	31.03.2016	31.03.2015
Opening balance	4.86	4.86
Additions during the year	Nil	0.36
Reductions during the above period	4.00	0.36
Closing balance	0.86	4.86
Total provisions held	0.86	4.86

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

(₹ in Crore)

Particulars	Backed by NPAs/ SMA/ SMA2 sold by the bank as underlying		Backed by NPAs/ SMA/ SMA2 sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Book value of investments in security receipts	280.08	216.90	---	---	280.08	216.90

2.2.4 Sale and transfers to/from HTM Category:

The value of sales from HTM category in 2015-16 exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year requiring the following disclosures:

(₹ in Crore)

Market value of investments held in the HTM Category :	3215.66
Excess of book value over market value for which provision is not required to be made as per RBI guidelines.	33.13

2.3. Derivatives : Nil

2.3.1 Forward Rate Agreement/ Interest Rate Swap : Nil

2.3.2 Exchange Traded Currency and Interest Rate Derivatives : Nil

2.3.3 Disclosures on risk exposure in derivatives : Nil

2.3.4 Qualitative & Quantitative Disclosure : Not Applicable

2.4. Asset Quality

2.4.1 Non-Performing Asset (₹ in Crore)

Particulars	31.03.2016	31.03.2015
(i) Net NPAs to Net Advances (%)	**4.40%**	**3.85%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	474.81	333.55
(b) Additions during the year	403.09	464.76
(c) Reductions during the year	430.99	323.50
(d) Closing balance	**446.91**	**474.81**
(iii) Movement of Net NPAs		
(a) Opening balance	364.59	193.24
(b) Additions during the year	337.09	373.74
(c) Reductions during the year	356.53	202.39
(d) Closing balance	**345.15**	**364.59**
(iv)Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	106.02	135.14
(b) Provisions made during the year	134.45	90.07
(c) Write-off/ write-back of excess provisions	142.34	119.19
(d) Closing balance	**98.13**	**106.02**

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2.4.2 PARTICULARS OF ACCOUNTS RESTRUCTURED/RESCHEDULED AS ON 31.03.2016

(₹in crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April 1 (opening figure)	No. of Borrower	1	Nil	2	Nil	3	Nil	Nil	Nil	Nil	Nil	28	3	10	Nil	41	29	3	12	Nil	44
		Amount outstanding-Restructured facility	68.99	Nil	99.04	Nil	168.03	Nil	Nil	Nil	Nil	Nil	264.26	63.37	1.61	Nil	329.24	333.25	63.37	100.65	Nil	497.27
		Other facility	Nil	Nil	2.01	Nil	2.01	Nil	Nil	Nil	Nil	Nil	49.72	0.3	0.2	Nil	50.22	49.72	0.3	2.21	Nil	52.23
		Total	68.99	Nil	101.05	Nil	170.04	Nil	Nil	Nil	Nil	Nil	313.98	63.67	1.81	Nil	379.46	382.97	63.67	102.86	Nil	549.50
		Provision thereon	-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.96	1.66	0.07	Nil	3.69	1.96	1.66	0.07	Nil	3.69
2	Fresh restructuring during the year	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	Nil	Nil	1	Nil	1	Nil	Nil	1
		Amount outstanding-Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.70	Nil	Nil	0.70	Nil	0.70	Nil	Nil	0.70
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.90	Nil	Nil	Nil	0.90	0.90	Nil	Nil	Nil	0.90
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.90	0.70	Nil	Nil	1.60	0.90	0.70	Nil	Nil	1.60
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.03	Nil	Nil	0.03	Nil	0.03	Nil	Nil	0.03
3	Upgradations to restructured standard category during theYear.	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Amount outstanding-Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next year.	No. of Borrower	Nil				Nil	Nil				Nil	(2)				(2)	(2)				(2)
		Amount outstanding-Restructured facility	Nil				Nil	Nil				Nil	(4.88)				(4.88)	(4.88)				(4.88)
		Other facility	Nil				Nil	Nil				Nil	(0.20)				(0.20)	(0.20)				(0.20)
		Total	Nil				Nil	NIl				Nil	(5.08)				(5.08)	(5.08)				(5.08)
		Provision thereon	Nil				Nil	Nil				Nil	(0.02)				(0.02)	(0.02)				(0.02)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
5	Down gradations of restructured accounts during theYear.(Net)	No. of Borrower	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(7)	2	5	Nil	0	(7)	2	5	Nil	0
		Amount outstanding-Restructured facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(36.30)	(19.14)	55.44	Nil	0.00	(36.30)	(19.14)	55.44	Nil	0.00
		Other facility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(1.40)	1.10	0.30	Nil	0.00	(1.40)	1.10	0.30	Nil	0.00
		Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil				(37.70)	(18.04)	55.74	Nil	0.00	(37.70)	(18.04)	55.74	Nil	0.00
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(0.06)	(0.04)	0.10	Nil	0.00	(0.06)	(0.04)	0.10	Nil	0.00
6	Write-offs / Sale /Closed of restructured accounts during the FY.	No. of Borrower	Nil	Nil	(2)	Nil	(2)	Nil	Nil	Nil	Nil	Nil	(4)	(1)	(3)	Nil	(8)	(4)	(1)	(5)	Nil	(10)
		Amount outstanding-Restructured facility	Nil	Nil	(99.04)	Nil	(99.04)	Nil	Nil	Nil	Nil	Nil	(123.95)	(43.27)	(0.10)	Nil	(167.32)	(123.95)	(43.27)	(99.14)	Nil	(266.36)
		Other facility	Nil	Nil	(2.01)	Nil	(2.01)	Nil	Nil	Nil	Nil	Nil	0.00	0.00	0.00	Nil	0.00	0.00	0.00	(2.01)	Nil	(2.01)
		Total	Nil	Nil	(101.05)	Nil	(101.05)	Nil	Nil	Nil	Nil	Nil	(123.95)	(43.27)	(0.10)	Nil	(167.32)	(123.95)	(43.27)	(101.15)	Nil	(268.37)
		Provision thereon	Nil	Nil	Nil	Nil	0.00	Nil	Nil	Nil	Nil	Nil	(0.02)	(1.57)	(0.00)	Nil	(0.02)	(0.02)	(1.57)	(0.00)	Nil	(1.60)
7	Changes in the account balance	Amount outstanding-Restructured facility	8.19	Nil	Nil	Nil	8.19	Nil	Nil	Nil	Nil	Nil	2.74	0.01	(1.26)	Nil	1.47	10.93	Nil	(1.26)	Nil	9.66
		Other facility	0.00	Nil	Nil	Nil	0.00	Nil	Nil	Nil	Nil	Nil	(0.06)	0.02	1.60	Nil	1.54	(0.06)	Nil	1.60	Nil	1.54
		Total	8.19	Nil	Nil	Nil	8.19	Nil	Nil	Nil	Nil	Nil	2.68	0.03	0.34	Nil	3.02	10.87	Nil	0.34	Nil	11.21
		Provision thereon	0.00	Nil	Nil	Nil	0.00	Nil	Nil	Nil	Nil	Nil	(0.51)	0.00	0.01	Nil	(0.50)	(0.51)	0.00	0.01	Nil	(0.50)
8	Restructured accounts as on March 31st 2016 (closing figures*)	No. of Borrower	1	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	15	5	12	Nil	32	16	5	12	Nil	33
		Amount outstanding-Restructured facility	77.18	Nil	Nil	Nil	77.18	Nil	Nil	Nil	Nil	Nil	101.87	1.66	55.68	Nil	159.22	179.05	1.66	55.68	Nil	236.40
		Other facility	0.00	Nil	Nil	Nil	0.00	Nil	Nil	Nil	Nil	Nil	48.96	1.42	2.11	Nil	52.48	48.96	1.42	2.11	Nil	52.48
		Total	77.18	Nil	nil	Nil	77.18	Nil	Nil	Nil	Nil	Nil	150.83	3.08	57.79	Nil	211.70	228.01	3.08	57.79	Nil	288.88
		Provision thereon	0.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.35	0.09	0.17	Nil	1.61	1.35	0.09	0.17	Nil	1.61

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

Note: - Additional/fresh sanctions made to an existing restructured borrower SA Encon (P) Ltd (2 facilities)amounting to ₹ 0.90 crore

Notes to Accounts

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

		12 months ended 31.03.2016	12 months ended 31.03.2015
(i)	No. of accounts	12	7
(ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC (₹in Crore)	142.11	159.53
(iii)	Aggregate consideration (₹in Crore)	89.00	108.95
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/(loss) over net book value (₹in Crore)	(53.11)	(50.58)

The Bank had during the current year changed the basis of charging off the loss on account of sale of assets to ARCs by fully writing off the said loss as against the earlier practice of amortizing it over a period of 2 years from the quarter in which the sale was made as per the option given by RBI. Due to this change, the loss after tax for the year is higher by ₹27.84 Crores with consequential impact on Reserves and Surplus and Other Assets

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

2.4.5 Provisions on Standard Assets (₹ in Crore)

Particulars	31.03.2016	31.03.2015
Provisions held towards Standard Assets	41.82	49.58

2.5 Business Ratio

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

Particulars	12 Months ended 31.03.2016	12 Months ended 31.03.2015
(i) Interest Income as a percentage to Working Funds	9.13	9.85
(ii) Non-interest income as a percentage to Working Funds	0.64	0.81
(iii) Operating Profit as a percentage to Working Funds	(0.02)	0.32
(iv) Return on Assets (%)	(0.92)	(0.34)
(v) Business (Deposits plus advances) per employee	₹775.35 Lac	₹789.45 Lac
(vi) Profit /(Loss) per employee	₹(5.23) Lac	₹(1.78) Lac

2.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(As compiled by the management and relied upon by the auditors) (₹ in Crore)

As on 31.03.2016	Day 1	2-7 Days	8 - 14 Days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	77.80	168.74	170.94	228.84	69.48	177.00	665.62	770.50	3191.26	344.21	8574.02	14438.40
Advances	21.87	83.99	119.13	132.15	276.56	295.50	625.24	1513.81	3504.45	613.03	666.92	7852.64
Investments	0.00	322.09	136.33	147.17	562.80	589.88	367.04	285.05	705.65	601.89	2268.79	5986.69
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.80	0.00	41.80
Foreign Currency assets	86.66	77.62	6.96	28.86	38.20	52.04	57.34	17.47	6.63	43.07	0.00	414.85
Foreign Currency liabilities	60.13	25.85	1.16	44.37	23.48	56.29	62.28	41.03	83.73	17.00	0.15	415.47

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(As compiled by the management and relied upon by the auditors) (₹ in Crore)

Category	31.03.2016	31.03.2015
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	252.55	256.95
b) Non priority sector	170.57	151.44
(Of which staff housing loans)	(71.26)	(70.16)
c) Total	423.12	408.39
(ii) Commercial Real Estate	556.75	599.82
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
Total Exposure to Real Estate Sector	**979.87**	**1008.21**

2.7.2 Exposure to Capital Market

(As compiled by the management and relied upon by the auditors) (₹ in Crore)

Sl No	Items	31.03.2016	31.03.2015
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	0.13	0.13
2	Advances against shares/bonds/debentures of other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.09	0.06
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil
6	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
7	Bridge loans to companies against expected equity flows/issues	Nil	Nil
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
9	Financing to stock brokers for margin trading	Nil	Nil
10	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**0.22**	**0.19**

Notes to Accounts

2.7.3 Risk category wise country exposure *

(As compiled by the management and relied upon by the auditors) (₹ in Crore)

Risk Category	Exposure (Net) as at 31.03.2016	Provision held as at 31.03.2016	Exposure (Net) as at 31.03.2015	Provision held as at 31.03.2015
Insignificant	32.41	Nil	33.91	Nil
Low	4.34	Nil	8.47	Nil
Moderately Low	Nil	Nil	0.35	Nil
Moderate	Nil	Nil	Nil	Nil
Moderately High	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Total	36.75	Nil	42.73	Nil

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

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

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

Name of Borrower	Maximum Exposure during the year			Exposure as on 31.03.2016		
	Advance Exposure	Investment Exposure	Total Exposure	Advance Exposure	Investment Exposure	Total Exposure
Ajmer Vidyut Vitran Nigam Ltd	105.65	33.81	139.46	Nil	19.15	19.15
Phoenix Trust	Nil	144.94	144.94	Nil	140.74	140.74

2.7.5 Unsecured Advances

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

2.8 Miscellaneous

Amount of Provisions made for Income-tax during the year (₹ in Crore)

Particulars	31.03.2016	31.03.2015
Provision for Income Tax(including Deferred Tax)	(78.55)	(29.00)

2.8.1 Disclosure of Penalties imposed by RBI -

The RBI had imposed penalty of ₹ 3,000/- on account of discrepancies detected during examination of soiled notes received in the remittance

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

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

The bank provides for depreciation on revalued properties at their carrying cost inclusive of revaluation component. The depreciation amount on revaluation component upto 31.03.2015 was debited to Revaluation reserve and credited to Profit and Loss Account. In accordance with 'Guidance Note on Accounting for Depreciation in Companies in the context of Schedule II to the Companies Act, 2013' issued by The Institute Of Chartered Accountants of India, the bank has changed its policy of crediting the depreciation on revalued component directly to General reserve during the year as against the practice of crediting the same to Profit and Loss account in earlier year. As a result, the depreciation charged to Profit & Loss account is higher by ₹1.26 Crore with consequential impact on the loss for the year.

3.2 Accounting Standard 9 – Revenue Recognition

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

3.3 Accounting Standard 15 (Revised) –Employee Benefits

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

Contributions to employee provident fund and new pension scheme (contributory), debited to Profit & Loss Account during the year amounts to ₹5.54 Crore (Previous Year- ₹4.18 Crore). There is no deficit in the Income & Expenditure of the provident fund.

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

3.3.2.1 Amount recognised in Balance Sheet and Profit & Loss Account

The amount recognised in the balance sheet is as follows: (₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of Obligations – Closing	320.48	304.66	85.70	80.22	33.37	48.09
Add: Adhoc provision for expected escalation in retirement benefits due to wage revision	N.A	9.00	N.A	1.00	N.A.	N.A.
Fair Value of Plan Assets - Closing	287.55	291.84	71.06	85.66	N.A.	N.A.
Funded Status	32.93	21.82	14.64	(4.44)	33.37	48.09
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil
Net Liability (Asset) recognised in Balance Sheet (included in Item No IV- Others of Schedule 5 – Other Liabilities & Provisions)	32.93	21.82	14.64	(4.44)	33.37	48.09

The amount recognised in the statement of profit and loss account is as follows: (₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current Service Cost	62.64	54.57	4.33	3.04	7.57	3.57
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest Cost	20.22	19.46	5.56	5.99	3.16	3.58
Expected Return on Plan Assets	(23.35)	(24.61)	(6.85)	(6.74)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	17.82	18.57	16.04	1.32	(8.39)	0.91
Total, (included in Item I. “Payment to and provisions for employees” of Schedule 16 – Operating Expenses)	77.33	67.99	19.08	3.61	2.34	8.06

3.3.2.2 Changes in Fair Value of Plan Assets (₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Fair Value of Plan Assets at the beginning of the year	291.84	261.22	85.66	76.81	N.A.	N.A.
Expected Return on Plan Assets	23.35	24.61	6.85	6.74	N.A.	N.A.
Contributions	66.22	74.18	Nil	14.17	17.06	9.45
Contribution – New Optees*	7.61					
Benefits Paid	103.68	73.98	21.34	14.13	17.06	9.45
Actuarial (Loss)/Gain	2.21	5.81	(0.11)	2.07	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	287.55	291.84	71.06	85.66	N.A.	N.A.

* Contribution - New optees (Employees who opted for defined benefit pension scheme from defined contribution pension scheme in FY 2014-15) includes provision of ₹3.97Crore created in FY 2014-15 and ₹3.64 Crore transferred to pension fund from other sources (₹ 3.05 crore transferred from NPS to defined benefit pension scheme and ₹ 0.59 Crore collected from employees) during the current year.

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3.3.2.3 Changes in Present Value of Obligations

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of Obligations at the beginning of the year	304.66	280.23	80.22	81.93	48.09	49.48
Interest Cost	20.22	19.46	5.56	5.99	3.16	3.58
Current Service Cost	62.64	54.57	4.33	3.04	7.57	3.57
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	103.68	73.98	21.34	14.13	17.06	9.45
Actuarial Loss/(Gain)	36.64	24.38	16.93	3.39	(8.39)	0.91
Present Value of Obligations at the end of the year	320.48	304.66	85.70	80.22	33.37	48.09

3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Net Liability at the beginning of the period	21.82	20.06	(4.44)	1.96	48.09	49.48
Add Expenses Charged to Profit & Loss Account	77.33	75.94	19.08	7.77	2.34	8.06
Less Contributions	66.22	74.18	Nil	14.17	17.06	9.45
Net Liability (Asset) at the end of the period	32.93	21.82	14.64	(4.44)	33.37	48.09

3.3.2.5 Actual Return on Plan Assets

(₹ in Crore)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Expected Return on Plan Assets	23.35	24.61	6.85	6.74	N.A.	N.A.
Actuarial Gain (Loss)	2.21	5.81	(0.11)	2.07	N.A.	N.A.
Actual Return on Plan Assets	25.56	30.42	6.74	8.81	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Discount Rate (p.a.)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected Return on Plan Assets (p.a.)	8.00%	9.42%	8.00%	8.78%	N.A.	N.A.
Future Salary Increases (p.a.)	5.00%	5.50%	5.00%	5.50%	5.00%	5.50%
Mortality	In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).		In accordance with the standard table LIC (1994-96).	

3.3.2.7 Investment Percentage maintained by Pension & Gratuity Trust

	Pension		Gratuity	
	As on 31.03.2016	As on 31.03.2015	As on 31.03.2016	As on 31.03.2015
Life Insurance Companies	85.23%	80.75%	49.53%	58.32%
Central Govt. Securities	3.76%	3.96%	23.07%	18.75%
State Govt. Securities	5.74%	6.52%	11.48%	9.52%
Other Trust Securities (PSU)/Deposits with Banks etc.	5.27%	8.77%	15.92%	13.41%
Total	100.00%	100.00%	100.00%	100.00%

3.3.2.8 Experience Adjustments

(i) Pension (Amount in Crores)

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined Benefit Obligations	320.48	304.66	280.23	249.1	222.6
Plan Assets	287.55	291.84	261.22	170.01	148.15
Surplus/(Deficit)	(32.93)	(21.82)	(20.06)	(63.20)	(50.61)
Experience adjustments on Plan Liabilities	(44.83)	(12.11)	(31.30)	(12.19)	(8.93)
Experience Adjustments on Plan Assets	6.29	6.34	2.16	4.87	5.11

(ii) Gratuity (Amount in Crores)

	As on 31.03.2016	As on 31.03.2015	As on 31.03.2014	As on 31.03.2013	As on 31.03.2012
Defined Benefit Obligations	85.70	80.22	81.93	81.30	77.52
Plan Assets	71.06	85.66	76.82	65.57	58.14
Surplus/(Deficit)	(14.64)	4.44	(1.96)	(7.43)	(6.94)
Experience adjustments on Plan Liabilities	(18.77)	(0.86)	(7.99)	(4.41)	(3.65)
Experience Adjustments on Plan Assets	0.53	2.29	(0.83)	1.65	(0.80)

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in FY 2016-17are as follows:

Pension : ₹ 75 Crore

Gratuity : ₹ 25 Crore

3.3.3 Other Long term Employee Benefits

- As per RBI directions, bank has started providing for sick leave based on actuarial valuation from Financial Year 2015-16. Accordingly, ₹ 3.26 Crore (Previous year - Nil) has been charged to Profit & Loss account. Due to this change, the loss for the year is higher by ₹ 2.14 Crores (net of tax) with consequential impact on Reserves & Surplus and Other liabilities& provisions - others.
- As on 31.03.2016, the Bank holds provision of ₹ 0.70 Crore (Previous Year - ₹ 0.50 Crore) towards provision for Leave Fare Concession based on actuarial valuation.

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3.4 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(As compiled by the management and relied upon by the auditors) (₹ in Crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Business		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014- 15	2015-16	2014-15
Revenue	418.33	410.73	323.68	363.64	826.84	879.52	18.72	18	1587.57	1671.89
Result	(161.88)	(137.09)	(0.34)	15.88	158.66	169.44	(0.19)	1.85	(3.75)	50.08
Unallocated expenses									Nil	Nil
Operating profit									(3.75)	50.08
Provisions other than tax									224.52	132.25
Provision for Tax									(78.55)	(29.00)
Extraordinary profit/ loss									Nil	Nil
Net profit/ (Loss)									(149.72)	(53.17)
OTHER INFORMATION										
Segment assets	7383.26	4494.37	2841.15	3341.49	4616.74	7179.65	10.31	7.07	14851.46	15022.58
Unallocated assets									800.48	739.69
Total assets									15651.94	15762.27
Segment liabilities	120.67	81.21	3884.04	3914.46	11435.13	11478.92	15.99	14.7	15455.83	15489.29
Unallocated liabilities									196.11	272.98
Total liabilities									15651.94	15762.27

Part B: Geographic segments

The Bank has no branches outside India.

3.5 Accounting Standard 18 – Related Party disclosures

Name of the Party	Nature of Relationship
Mr. Anand Krishnamurthy (Managing Director & CEO)	Key Management Personnel (Appointed as Managing Director & CEO of the Bank w.e.f. 04.07.2015)

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

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

3.7 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2016 , computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 125.94 Crore, which is included in Item No.5 “Others” of Schedule 11-Other Assets.

Components of Net Deferred Tax Asset as on 31.03.2016 are as follows: (₹ in Crore)

	31.03.2016	31.03.2015
Deferred Tax Asset		
Provision for Employee Benefits	11.79	16.82
Provision for Standard Assets	14.47	17.16
Carry Forward Loss	109.80	50.01
Others	2.83	3.28
Total Deferred Tax Asset	**138.89**	**87.27**
Deferred Tax Liability		
Depreciation on Fixed Assets	4.73	4.72
Interest accrued but not due	--	26.94
Special Reserve u/s 36 (1)(viii)	8.22	8.22
Total Deferred Tax Liability	**12.95**	**39.88**
Net Deferred Tax Asset	**125.94**	**47.39**

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

Not Applicable

3.9 Accounting Standard 24 - Discontinuing Operations - Not Applicable

3.10 Accounting Standard 25 - Interim Financial Reporting

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

4 Other Accounting Standards

4.1 Accounting Standard 10 – Accounting for Fixed Assets

Previously, the land and buildings owned by the bank were revalued in 1990-91,1993-94,1998-99, 2004-05,2006-07,2007-08&2012-13 and appreciation credited to revaluation reserve.

During the year, the land and buildings owned by the Bank were revalued as on 31.03.2016 by two independent valuers and the resultant appreciation of ₹ 43.07 Crores has been credited to Revaluation Reserve.

Depreciation for the year on net addition to value on revaluation of assets of ₹1.26 Crore has been transferred from Revaluation Reserve to General Reserve (Previous Year - ₹ 1.33Crore transferred from revaluation reserve to Profit & Loss account - Refer Note No 3.1)

4.2 Accounting Standard 19 – Leases

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

4.3 Accounting Standard 20 – Earnings per Share

Particulars	2015-16	2014-15
EPS-Basic /Diluted	₹ (23.98)	₹ (10.50)
Amount used as numerator- Profit / (Loss)after Tax (in crore)	**(149.72)**	**(53.17)**
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	62426232	50656236

4.4 Accounting Standard 26 – Intangible Assets (₹ in Crore)

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

	31.03.2016	31.03.2015
a) Acquired Application Software		
Opening Balance at cost	10.82	9.18
Add Additions during the year	2.88	1.64
Less Disposals during the year	Nil	Nil
Less Amortisation to date	7.76	6.29
Net Carrying Amount	**5.94**	**4.53**
b) Internally Generated Software		
Opening Balance at cost	10.72	9.84
Add Additions during the year	1.03	0.88
Less Disposals during the year	Nil	Nil
Less Amortisation to date	9.36	8.64
Net Carrying Amount	**2.39**	**2.08**
Total Carrying Amount	**8.33**	**6.61**

4.5 Accounting Standard 28 - Impairment of Assets

In the opinion of the Bank's management, there is no material impairment to the fixed assets as at 31.03.2016 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

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

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

4.6.1 Description of Contingent Liabilities

a) Claims against the bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by Income tax and other statutory authorities and disputed by the bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, (currency swaps, Forward exchange contracts and currency futures) on its own account and forward exchange contracts for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.

c) Guarantee given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligation.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes income tax appeals filed by the bank, capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

f) The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Refer schedule 12 for amounts relating to contingent liability.

5. Additional Disclosures as per RBI Guidelines

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

(₹ in Crore)

		31.03.2016	31.03.2015
a	Provisions towards NPA/write offs	217.89	110.83
b	Drawal from Counter Cyclical Provisioning Buffer	--	(2.54)
c	Depreciation and write off of investments	14.84	13.00
d	Provision for Income tax (Including Deferred Tax)	(78.55)	(29.00)
e	Provision for Standard Assets	(7.76)	6.69
f	Provision for diminution on Restructured Advances	(1.46)	3.13
g	Other provisions	1.02	1.13
	Total	**145.98**	**103.24**

a) In respect of a large NPA exposure of ₹ 57.79 Crores, though the provision requirements as on March 31, 2016 as per asset classification laid down by RBI guidelines is ₹24.48 Crores, considering the uncertainties about the recoverability within a reasonable timeframe, as a prudential measure bank has opted to accelerate the entire provisioning in the current financial year. Had the bank not accelerated the provisioning, provisions for NPA/write offs would have been lower by ₹ 33.31 Crores and loss after tax would have been lower by ₹ 21.78 Crores

b) The appreciation in value as on 31.03.2016 amounting to ₹ 17.55 Crores in respect of a Security Receipt held by the bank has not been reckoned while arriving at net depreciation of the portfolio as a prudential measure. Had the bank accounted the said appreciation, loss after tax would have been lower by ₹ 11.48 Crore.

5.2 Floating Provisions

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

5.3 Draw Down from Reserves –

The Bank has not drawn from Reserves any amount other than from share premium and general reserves as detailed in paragraphs 1.1 (d).

5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

	31.03.2016	31.03.2015
a) No. of complaints pending at the beginning of the year	22	11
b) No. of complaints received during the year	253	275
c) No. of complaints redressed during the year	253	264
d) No. of complaints pending at the end of the year	22	22

B. ATM Complaints

	31.03.2016	31.03.2015
a) No. of ATMs complaints pending at the beginning of the year	Nil	Nil
b) No. of ATMs complaints received during the year	1599	2075
c) No. of ATMs complaints redressed during the year	1599	2075
d) No. of ATMs complaints pending at the end of the year	Nil	Nil

C. Awards passed by the Banking Ombudsman

	31.03.2016	31.03.2015
a) No. of unimplemented Awards at the beginning of the year	Nil	Nil
b) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
c) No. of Awards implemented during the year	Nil	Nil
d) No. of unimplemented Awards at the end of the year	Nil	Nil

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

Not applicable since the bank has no subsidiaries.

5.6 Provisioning Coverage Ratio

	As on 31.03.2016	As on 31.03.2015
Provisioning Coverage Ratio	48.63%	42.25%

5.7 Income from Bancassurance (₹ in Crore)

Sl.No.	Nature of Income	12 months ended 31.03.2016	12 months ended 31.03.2015
1.	From Selling Life Insurance Policies	3.72	2.17
2.	From Selling Non Life Insurance Policies	0.23	0.60
3.	From Selling Mutual Fund Products	0.00	0.00
4.	Others	Nil	Nil
5.	Total	3.95	2.77

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2016	As on 31.03.2015
Total Deposits of twenty largest depositors (₹ in Crore)	1264.10	1784.66
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	8.76%	12.33%

5.8.2 Concentration of Advances

	As on 31.03.2016	As on 31.03.2015
Total Advances of twenty largest borrowers (₹ in Crore)	990.33	1157.95
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	10.33%	10.59%

5.8.3 Concentration of Exposures

	As on 31.03.2016	As on 31.03.2015
Total Exposures to twenty largest borrowers/customers (₹in Crore)	1190.28	1379.54
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	11.69%	11.67%

5.8.4 Concentration of NPAs

	As on 31.03.2016	As on 31.03.2015
Total Exposures to top four NPA Accounts (₹in Crore)	95.49	162.01

5.9 Sector-wise advances

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

	Sector	As on 31.03.2016		
		Outstanding Total Advances ₹ in Crore	Gross NPAs ₹ in Crore	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	1235.05	8.19	0.66
2	Advances to industries sector eligible as priority sector lending	1590.41	96.43	6.06
3	Services	744.34	97.29	13.07
4	Personal loans	372.99	26.26	7.04
	Sub-total (A)	**3942.79**	**228.17**	**5.79**
B	**Non Priority Sector**			
1	Agriculture and allied activities			
2	Industry	986.37	57.72	5.85
3	Services	1056.64	122.62	11.60
4	Personal loans	1970.74	38.40	1.95
	Sub-total (B)	**4013.75**	**218.74**	**5.45**
	Total (A+B)	**7956.54**	**446.91**	**5.62**

5.10 Movement of NPA (₹ in Crore)

Particulars	2015-2016	2014-2015
Opening Balance of Gross NPA	474.81	333.55
Additions (Fresh NPAs) during the year	403.09	464.76
Sub-total (A)	**877.90**	**798.31**
Less:-		
(i) Upgradations	89.84	129.48
(ii) Recoveries (excluding recoveries made from upgraded accounts)	198.81	83.18
(iii) Technical/ Prudential Write-offs	128.49	109.39
(iv) Write-offs other than those under (iii) above	13.85	1.45
Sub-total (B)	**430.99**	**323.50**
Closing balance of Gross NPA (A – B)	**446.91**	**474.81**

5.11 Movement of technical write offs and recoveries (₹ in Crore)

Particulars	2015-2016	2014-2015
Opening balance of technical/prudential written off accounts	156.52	47.42
Add: Technical/Prudential write-offs during the year	128.49	109.39
Sub-total(A)	**285.01**	**156.81**
Less-Recoveries/ write off made from previously technical/Prudential written off accounts during the year (including sale to ARCs)(B)	59.98	0.29
Closing balance (A-B)	**225.03**	**156.52**

5.12 Overseas Assets, NPAs and Revenue (₹ in Crore)

Particulars	31.03.2016	31.03.2015
Total Assets	38.21	49.24
Total NPAs	Nil	Nil
Total Revenues	0.21	0.11

5.13 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms) **Nil**

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5.14 Disclosure on Remuneration

Qualitative disclosures	(a)	Information relating to the composition and mandate of the Remuneration Committee. **Composition** The Nomination & Remuneration Committee of the Board comprises of independent directors. **Function and mandate** The Nomination & Remuneration Committee of the Board inter alia, oversee the framing, review and implementation of compensation policy of the Bank including ESOS of the bank on behalf of the Board. The Committee should ensure that:- • the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio; • the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully; • relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and • remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. **Process** The Nomination & Remuneration Committee works in close co-ordination with the Risk Management Committee of the Board to review the compensation practices every year in order to achieve effective alignment between remuneration and risks. The Nomination & Remuneration Committee will study the business and industry environment, analyze and categorize the risks and streamline the components of the compensation plan like proportion of the total variable compensation to be paid to MD & CEO,WTD's and Senior executives to ensure financial stability of the organization.
		Authority to invoke clawback arrangement The Nomination & Remuneration Committee of the Board also have the authority to ascertain whether the decision taken by the MD& CEO, WTD, Senior executives/ officers (Non IBA Package) have brought forth a negative contribution to the Bank. The Committee has vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable.
		Objectives The objectives of the remuneration policy are four fold: • To align compensation with prudent risk taken. • To ensure effective governance of the compensation in the organization. • To ensure effective supervisory oversight and stakeholder engagement in compensation. • To attract and retain talent.
		Key features • To actively oversee the compensation systems design and operation. • To monitor and review the compensation system to ensure that the system operates as intended. • Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm. • Supervisory review of compensation practices must be rigorous and sustained and deficiencies must be addressed promptly with supervisory action. • Firms must disclose clear comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.

	(c)	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. For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the institution are arranged under the following five categories. 1) Managing Director & CEO/Whole time directors 2) Senior Executives (Risk control and compliance staff) -Non IBA Package 3) Senior Executives (Chief General Manager) -Non IBA Package 4) Senior / Other Officers - Non IBA Package 5) Other officers and staff -on IBA package
		Clawback Arrangement/Compensation Recovery A clawback arrangement or a compensation recovery is provided in the policy [MD & CEO ,WTD's and Senior executives/ officers (Non IBA Package)] which will entail the Bank to recover proportionate amount of variable compensation paid to the functionaries on account of an act or decision taken by the official which has brought forth a negative contribution to the bank at a prospective stage. The clawback arrangement is subject to the relevant statutory and regulatory stipulations as applicable.
		Limit on variable pay The variable compensation offered to an official would not exceed 70% of the total fixed compensation in a year.
		Severance pay and guaranteed bonus Severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the organization except in those cases where it is mandatory by statute. Sign on bonus or joining bonus is limited to the first year and is paid only as Employee stock options.
		Hedging No compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and clawback arrangements) embedded in their compensation arrangement.
		Committees to mitigate risks caused by an individual decision In order to further balance the impact of market or credit risks caused to the organization by an individual decision taken by a senior level executive, MD & CEO or a whole time director, the bank, as a promoted practice, has constituted various committees to take decisions on various aspects. Credit limits are sanctioned by committee at different levels. Investment decisions of the Bank are taken and monitored by Investment Committee and there is an upper limit cut in treasury dealings where individual decisions can be taken. Interest rates on Asset and liability products for different buckets are decided and monitored by the ALCO. Banks' exposure to liquidity risk are also monitored by ALCO.
		Compensation of risk control staff Members of staff engaged in financial and risk control would be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation.
	(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. **Compensation of MD & CEO, whole time directors and senior executives (Non IBA), performance linkage** The compensation paid out to the referred functionaries is divided into three components 1. The fixed compensation is determined based on the industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span. 2. The variable compensation for MD & CEO and senior executives on Non – IBA package basis are fixed based on performance and responsibility in the bank. The Bank's performance is based on the various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance. 3. Employees Stock options as per the CSB Employees Stock Option Scheme 2013 (CSBESOS-2013) as approved by the Board. Approval from RBI is to be obtained to decide compensation for MD & CEO/ whole time directors. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to the Bank's Articles of Association read with the Section 197 of the Companies Act, 2013.

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		Compensation paid to Other Officers and staff members on IBA package The compensation paid to other officials that include Award staff, Officers coming under Scale I to III and Senior executives coming under Scale IV to VII is fixed based on the periodic industry level settlements with Indian Bank Association. The variable compensation paid to functionaries is based on the Performance/Target Linked incentive scheme which has been formulated on the basis of performance parameters. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However , the grant of stock option is as per CSB Employees Stock Option Scheme.		
	(e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting. **Deferred compensation and Performance Linkage (Non-IBA)** In case of deferral arrangements of variable pay to MD & CEO, WTD's, Senior/other executives (Non IBA Package), the deferral period should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis.		
		Clawback and deferral arrangements The provisions of clawback and deferral arrangements applicable to the referred functionaries (all Non IBA Package) are subject to relevant statutory and regulatory stipulations as applicable.		
	(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. Bank uses an optimum mix of cash, ESOPS and variable pay to decide the compensation to MD & CEO /WTD and senior executives on Non – IBA package. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments. The Officers in Scale I-VII as well as Award staff come under the purview of IBA package that is as per the Industry wide settlements. The variable compensation paid to functionaries is based on the Target/ Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time. The ESOP scheme may be extended to the employees referred herein and form part of the overall performance management program at the discretion of the Board. However , the grant of stock option is as per CSB Employees Stock Option Scheme		
Quantitative disclosures			Current Year (FY 2015-16)	Previous Year (FY 2014-15)
(The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)	Number of meetings held by the Nomination & Remuneration Committee during the year and remuneration paid to its members.	6 ₹2,40,000	3 ₹1,30,000
	(h)	(i) Number of employees having received a variable remuneration award during the year.	0	1
		(ii) Number and total amount of sign-on awards made during the year.	Nil	Nil
		(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
		(vi) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	Nil
		(ii) Total amount of deferred remuneration paid out in the year.	Nil	Nil
	(j)	Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non-deferred (on payment basis).	₹ 51,01,935 (Fixed)* Nil (Variable) Nil (Deferred)	₹ 67,07,143 (Fixed)* 300000 (Variable) Nil (Deferred)
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
		(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
		(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

* For the period from 04.07.2015 to 31.03.2016

* Fixed remuneration includes salary, consolidated benefit allowance, residential accommodation, Leave travel concession and Bank's contributions towards Provident fund.

$ Bank has not paid variable pay during the reporting period.

@ During the period under review , the Bank agreed to grant 1,02,532 options to Managing Director & CEO , subject to the approval of Reserve Bank of India as per Section 35 B of the Banking Regulation Act, 1949. (previous year: NIL).

** During the period under review , the Bank granted 8,20,000 options to senior executives comes under Non-IBA package as hiring grant in accordance with the CSB Employees Stock Option Scheme 2013 (CSBESOS-2013). (Previous year: NIL).

5.15 Disclosures relating to Securitisation – Not applicable to the Bank at this stage.

5.16 Credit Default Swaps – Nil

5.17 Intra-Group Exposures – NA

5.18 Transfers to Depositor Education and Awareness Fund (DEAF)

Unclaimed liabilities where amount due has been transferred to DEAF is reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the financial statements.

(₹in Crores)

Particulars	2015-16	2014-15
Opening balance of amounts transferred to DEAF	15.49	Nil
Add : Amounts transferred to DEAF during the year	1.62	15.49
Less : Amounts reimbursed by DEAF towards claims	0.15	Nil
Closing balance of amounts transferred to DEAF	16.96	15.49

5.19 Unhedged Foreign Currency Exposure

(A) Provisioning

In terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular DBOD No.BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, based on the available data, available financial statements and declarations from borrowers wherever received, the bank is holding a provision of ₹ 0.84 Crore (Previous Year - ₹1.19 Crore) towards Unhedged Foreign Currency Exposures.

(B) Capital Held

In terms of the aforementioned circulars, an additional capital of ₹ 2.17Crore (Previous Year - ₹ 1.51 Crore) has been held towards unhedged foreign currency exposures.

6 Liquidity Coverage Ratio

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

a) Quantitative Disclosures (₹in Crores)

	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		2824.99
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	10928.30	1082.77
(i) Stable deposits	201.25	10.06
(ii) Less stable deposits	10727.05	1072.71
3 Unsecured wholesale funding, of which:	1022.13	269.79
(i) Operational deposits (all counterparties)	0.00	0.00
(ii) Non-operational deposits (all counterparties)	1022.13	269.79
(iii) Unsecured debt	0.00	0.00
4 Secured wholesale funding	126.33	0.00
5 Additional requirements, of which	955.62	96.38
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00
(ii) outflows related to loss of funding on debt products	0.00	0.00
(iii) Credit and liquidity facilities	955.62	96.38
6 Other contractual funding obligations	0.00	0.00

Notes to Accounts

	Total Unweighted Value (Average)	Total Weighted Value (Average)
7 Other contingent funding obligations	272.14	9.93
8 TOTAL CASH OUTFLOWS		**1458.88**
Cash Inflows		
9 Secured Lending (e.g. reverse repos)	43.00	0.00
10 Inflows from fully performing exposures	420.36	221.39
11 Other cash inflows	0.00	0.00
12 TOTAL CASH INFLOWS	**463.36**	**221.39**
		Total Adjusted value
13 TOTAL HQLA		**2824.99**
14 TOTAL NET CASH OUTFLOWS		**1237.48**
15 LIQUIDITY COVERAGE RATIO (%)		**228.29%**

b) Qualitative disclosures

(i) Main drivers of LCR and evolution of contribution of inputs

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario, by which time it is assumed that proper corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(ii) Intra period changes

The intra period changes are mainly on account of changes in unencumbered excess SLR positions.

(iii) The composition of High Quality Liquid Assets (HQLA)

Banks' High Quality Liquid Assets consists of the following

i. Cash
ii. Balance with RBI in excess of CRR requirement
iii. Unencumbered portion of investments in Government securities in excess of SLR requirement.
iv Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility (MSF)
v. Investment in Government Securities held up to 10% of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

(iv) Concentration of funding

Bank's concentration from top 20 depositors stood at 8.76% of total deposits as on31st March 2016 .

(v) Derivative exposure and potential collateral calls

Bank does not have derivative business except forward contracts.

(vi) Currency Mismatch in LCR

The bank does not have aggregate liabilities denominated in any foreign currency of 5 per cent or more of the bank's total liabilities and hence LCR in other currencies is not computed.

(vii) Centralisation of liquidity management

Bank's liquidity management and monitoring is centralized. Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines.

(viii) Other Inflows and outflows in the LCR calculation that are not captured in the template but which the bank considers relevant for its liquidity profile

Inflows and outflows are comprehensively captured in LCR template

7 Employee Stock Option Scheme (ESOS)

The shareholders of the Bank in the 92nd Annual General meeting of the Bank held on 23.09.2013 accorded sanction to frame and implement the Employees Stock Option Scheme and grant/issue options to eligible present and future employees of the Bank, such that the offer, issue and allotment of such shares pursuant to the option shall not exceed 5% of issued equity shares of the Bank from time to time. Accordingly, the Bank formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013"("ESOS 2013" or "Scheme") as per Board resolution dated April 8, 2014 and the same has been approved by shareholders vide postal ballot on August 18, 2014.The ESOS is equity settled where the employees will receive one equity share per option. The period of vesting shall range from a minimum of three years from the date of Grant and normally shall not exceed a maximum of five years ("Vesting Period"), unless the Remuneration & Compensation Committee decides for a longer/ shorter vesting period, subject to applicable laws. The Committee may, at its sole discretion, decide the proportion of shares, which shall vest each year during the vesting period ("Vesting Schedule"). The Stock option granted to employees vest over the period as decided by the Remuneration & Compensation Committee. The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.

Stock option activity under the scheme during the year ended 31.03.2016 has been as follows:

Outstanding at the beginning of the year	**Nil**
Granted during the year	820000
Forfeited during the year	Nil
Exercised during the year	Nil
Outstanding at the end of the year	820000
Options exercisable at the end of the year	Nil

Options granted during the year carry an exercise price of ₹147.25.

Under intrinsic value method, since exercise price of the stock options granted under the ESOS is more than the underlying value of the shares, it has not resulted in any charge to the Profit and Loss Account for the year. If the bank had adopted the Black-Scholes model based fair valuation, staff cost and loss before tax for the year ended 31.03.2016 would have been higher by ₹ 1.65crore.

The fair value of options granted during the period has been estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Average Dividend Yield	0%
Expected Volatility	32.58%
Risk free interest rate	7.62%
Expected life of options	10 yrs
Expected forfeiture	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of returns on the shares over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in CNX Bank Nifty over the last 10 years.

Impact of fair value method on net profit and EPS

Particulars	12 months ended 31.03.2016
Net Profit (Loss) as reported (₹ in Cr)	(149.72)
Proforma Net Profit (Loss)based on fair value approach (₹ in Cr)	(151.38)
Basic/Diluted EPS as reported (₹)	(23.98)
Basic/Diluted EPS (Proforma) (₹)	(24.25)

Notes to Accounts

8. Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

9. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements

10. Disclosure for frauds

Amount in Crores

No of frauds reported during FY 2015-16	15
Amount involved in such frauds	9.18
Balance outstanding as on 31.03.2016	7.96
Quantum of provision made by debiting P&L	7.78
Financial Collaterals held	0.18

The bank has fully provided for frauds reported during the financial year 2015-16 instead of spreading it over a period of 4 quarters (starting from the quarter in which fraud is detected) as per the option given by RBI.

11. Comparative Figures

The previous year's figures have been regrouped and recast wherever necessary to conform to current year's classification.

Sd/
S. Santhanakrishnan, Chairman
(DIN : 00032049)

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

Sd/
Ashish Ahluwalia, Director
(DIN : 03514036)

Sd/
C. Bobby Jos, Director
(DIN : 03270042)

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

Sd/
K. Subrahmanya Sarma, Director
(DIN : 01505787)

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

Sd/
Sijo Varghese
Company Secretary

Sd/
P.V.Antony
Chief Financial Officer

Chennai
27.05.2016

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

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

Basel III Pillar 3 Disclosures

1. Scope of Application

The Catholic Syrian Bank Ltd is a commercial bank formed on 26th November 1920 with Registered Office at Thrissur. In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934.The bank has no subsidiaries.

2 Capital Structure

Qualitative Disclosures:

Bank's capital structure consists of Tier 1 and Tier 2 capital. The major components of Tier 1 capital are equity share capital, equity share premium, statutory reserves, general reserves, special reserve (Section 36(i)(viii) of Income Tax Act) and capital reserves (other than revaluation reserves). Tier 2 capital consists of subordinated debt (Lower Tier 2), revaluation reserves and provision for standard assets. Bank has not issued any Upper Tier 2 bonds or perpetual debt or other innovative instruments.

Quantitative Disclosures:

The break up of capital funds is as follows: (₹ in million)

	As on 31.03.2016	As on 31.03.2015
Tier 1 Capital		
Paid up Share capital	717.60	603.90
Share Premium	5,452.82	4,456.92
Statutory Reserves	1,463.67	1,463.67
Capital Reserves	705.65	682.30
Special Reserve (36 (i) (viii))	237.62	237.62
Other eligible reserves	883.46	870.82
Revaluation Reserves after discounting	746.01	
Total Tier 1 Capital (Gross)	10,206.83	8,315.23
Add: Credit balance in Profit and Loss account	(2,190.70)	(670.11)
Less Deferred Tax Assets and Other Intangible Assets	1,096.25	846.52
Less unamortised pension gratuity	-	-
Total Tier 1 Capital (Net) [A]	**6,919.88**	**6798.60**
Tier 2 Capital		
Subordinated debt (eligible for inclusion in Lower Tier 2 capital)	418.00	575.00
(Of which amount raised during the current year)		
Less Discount	250.80	324.20
Subordinated debt eligible to be reckoned as capital funds	167.20	250.80
Revaluation Reserves after discounting		557.91
Provision for Standard Assets	418.23	495.81
Investment Reserve		
Less reciprocal cross holding	20.00	30.00
Total Tier 2 Capital (Net) [B]	**565.43**	**1274.52**
Total Eligible capital [A] + [B]	**7,485.31**	**8,073.12**

3. Capital Adequacy

Qualitative Disclosures:

In accordance with the guidelines of RBI, the bank has adopted standardized approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk for computing capital adequacy. Basel III Capital regulations are applicable to Banks in India from 1st April, 2013 and will be fully phased in by 31st

March, 2019. Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations July 2015.

Transitional Arrangements for minimum Basel III capital ratio are given below

Transitional Arrangements-Scheduled Comercial Banks (excluding LABs and RRBs)

Minimum Capital Ratio	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier 1 (CET1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	Nil	Nil	Nil	0.625	1.25	1.875	2.5
Minimum CET 1+ CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 Capital	6	6.5	7	7	7	7	7
Minimum Total Capital*	9	9	9	9	9	9	9
Minimum Total Capital +CCB	9	9	9	9.625	10.25	10.875	11.5
Phase - in of all deduction from CET1 (in%)#	20	40	60	80	100	100	100

* The difference between the minimum total capital requirement of 9% and Tire 1 requirement can be met with Tire 2 and higher forms of capital

The same transaction approach will apply to deductions from Additional Tier 1 and Tier 2 capital.

Regulatory Capital Adequacy position (as per Basel II & Basel III norms as made applicable by RBI) is assessed periodically. Besides, the bank also assessed its own internal estimate of risk capital based on its Board approved ICAAP policy and Stress Testing Policy to cover the Pillar 2 risks. Risks are assumed in line with the Bank's risk bearing capacity and capability in order to generate yields, taking risk - return frontier into account. This aims to ensure that risks that could jeopardize the Bank's existence are avoided.

Quantitative Disclosures:

a) Capital Requirement for Credit Risk – Standardised Approach (₹in million)

Portfolios	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2016	**31.03.2015**	**31.03.2016**	**31.03.2015**
On Balance Sheet				
Cash & Balance with RBI	6,764.35	6,884.70	-	-
Inter Bank Deposits	498.58	1,101.19	19.29	33.12
Investments (HTM)	32,487.88	38,545.69	8.28	121.29
Advances	78,526.46	94,719.62	4,360.24	4841.60
Fixed Assets & Other Assets	10,863.14	4,383.26	396.54	246.31
Total	**129,140.41**	**145,634.46**	**4,784.34**	**5,242.32**
Off Balance Sheet				
Letter of Credit & Guarantees	3,218.85	3,159.39	64.95	76.76
Undrawn Credit Commitments	9,888.16	11,497.62	154.92	165.91
Forward Exchange Contracts	4,227.34	4,747.47	4.54	4.79
Total	**17,334.55**	**19,404.48**	**224.41**	**247.46**
Total On & Off Balance Sheet	**146,474.76**	**165,038.94**	**5,008.75**	**5,489.78**

b) Capital Requirement for Market Risk – Standardised Duration Approach

(₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Interest Rate Risk	27407.55	12,056.86	534.69	432.15
Foreign Exchange Risk	138.65	138.70	12.48	12.48
Equity Risk	26.24	0.43	7.09	0.12
Total	**27572.44**	**12,195.99**	**554.26**	**444.75**

c) Capital Requirement for Operational Risk – Basic Indicator Approach

(₹ in million)

Particulars	As on 31.03.2016
Capital Requirement	667.93
Equivalent Risk Weighted Assets	8,349.17

d) Total Capital Requirement (As on 31.03.2016)

(₹ in million)

Type of Risk	Capital Requirement	Capital Requirement	Risk Weighted Assets	Risk Weighted Assets
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Credit Risk	5008.75	5,489.78	55652.80	60,997.52
Market Risk	554.26	444.75	6928.18	4,941.66
Operational Risk	667.93	671.05	8349.17	7,456.07
Total	**6230.94**	**6,605.57**	**70930.15**	**73,395.26**
Total Net Tier 1 Capital			6919.88	6798.60
Tier 1 Capital Ratio			9.76%	9.26%
Tier 2 Capital Ratio			0.80%	1.74%
Total CRAR			**10.55%**	**11.00%**

4. Credit Risk: General Disclosure

Qualitative Disclosures

a) Definition of past due and impaired loans

Bank strictly adheres to RBI norms regarding definitions of past due and impaired loans, as under (in brief):

i) interest and or installment of principal remain overdue for a period of more than 90 days in respect of term loan accounts

ii) the account remains 'out of order' (the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, in cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period) in respect of Overdraft/Cash credit accounts. If the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as NPA.

iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted

iv) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.

v) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

b) Credit Risk Management Policy

The bank has in place a Credit Risk Management Policy which is reviewed periodically to bring in refinements triggered by evolving concepts and actual experience.

The Executive level committee – Credit Risk Management Committee (CRMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of credit risk in the bank. Credit Risk Management Department and Credit Monitoring Department at Head Office level act as the secretariat of CRMC.

Basel III Pillar 3 Disclosures

Credit approvals are subject to a well established and time tested system of competencies, which act as a framework within which decision making individuals or committees are authorised to enter into lending transactions. Responsibility for the approval of loans is dependent on size, security and type of the loan.

Credit rating system is in force using various CRA formats, developed by the Bank to measure the risk involved in each borrowal account. All borrowers with an aggregate credit limit of ₹ 25 lakh and above are subjected to borrower rating. Gold loans, Loans against Deposit Receipts, Housing Loans, Loans against NSC & Insurance policies and staff loans are subjected to portfolio rating. Limits above ₹ 2 crore are subject to Facility Rating in addition to borrower rating.

Operations in all credit exposures of ₹ 50 lakh and above are monitored on a monthly basis by Credit Monitoring department to detect delinquency signals at an early date and nurse the account.

Rating migration studies are conducted at regular intervals.

Pricing of corporate exposures is subjected to RAROC analysis based on bank's Board approved Risk Adjusted Return On Capital (RAROC) policy.

Both regulatory capital and economic capital requirements are assessed at the time of credit appraisal of corporate exposures.

Quantitative Disclosures

a) Gross Credit Risk Exposure – Banking Book (₹ in million)

	Loans	Loans	Investments	Investments
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Fund Based	78,526.46	94,719.62	32,487.88	38,545.69
Non Fund Based	3,218.85	3,159.39	Nil	Nil
Total	**81,745.31**	**97,879.01**	**32,487.88**	**38,545.69**

b) Industry type distribution – Banking Book (₹ in million)

	Advances, Letter of Credit & Guarantees		Investments	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Central Government			29,282.91	30,325.46
State Governments			2,904.68	1,656.65
Public Sector	849.65	2,825.98	300.29	300.43
Manufacturing Industries				
a) Cotton Textiles	5,114.05	6,206.68		
b) Other Textiles	1,140.78	1,004.81		
c) Chemicals	1,472.98	1,535.52		
d) All Engineering	664.87	1,132.89		
e) Food Processing	-	2,865.44		
f) Other Industries	12,445.29	15,636.64		
Agriculture	12,547.36	8,431.03		
Residential Mortgage	4,231.20	3,382.32		
Commercial Real Estate	5,582.17	4,854.97		
Consumer Credit	11,663.65	18,251.34		
Students	1,907.80	1,811.00		
Wholesale & Retail Trade	14,857.31	18,733.15		
Banks	-	-		
RIDF, RHF, MSME Fund	-	-	-	6,263.15
NBFCs	307.67	835.89		
Own Staff	1,901.17	2,035.09		
All Others	7,059.35	8,336.24		
Total	**81,745.31**	**97,879.01**	**32,487.88**	**38,545.69**

c) Residual contractual maturity breakdown of assets (₹ in million)

	Cash & Balance with RBI	Balance with Banks and money at call and short notice	Advances	Investments	Fixed assets and other assets
Next Day	947.14	113.09	218.68	1,500.00	Nil
2 - 7 days	Nil	383.49	839.90	2,518.00	Nil
8 - 14 days	0.00	Nil	1,191.33	2,500.00	Nil
15 - 30 days	267.63	Nil	1,321.45	2,745.00	Nil
31days ≤ 2M	15.01	Nil	2,765.60	500.00	Nil
2M ≤3M	32.25	Nil	2,955.04	12,992.00	6.30
3M ≤ 6M	244.81	Nil	6,252.40	3,620.20	644.50
6M ≤1Y	329.37	Nil	15,138.06	2,800.40	957.48
1 ≤ 3Y	1,291.72	0.70	35,044.49	50.40	1,616.47
3 ≤5 Y	161.51	0.00	6,130.27	200.00	524.95
> 5 Yr	3,474.90	1.30	6,669.19	30,440.89	7,113.45
Total	**6,764.34**	**498.58**	**78,526.42**	**59,866.89**	**10,863.15**

d) Disclosures regarding Non Performing Assets (₹ in million)

	As on 31.03.2016	As on 31.03.2015
Amount of NPAs (Gross)		
Substandard	2,209.45	2,216.44
Doubtful 1	1,527.11	917.77
Doubtful 2	327.82	1,182.04
Doubtful 3	328.71	364.10
Loss	76.04	67.79
Total Gross NPAs	4,469.14	4,748.14
Net NPAs	3,451.48	3,645.90
NPA Ratios		
Gross NPAs to Gross Advances	5.62%	4.96%
Net NPAs to Net Advances	4.40%	3.85%
Movement of provisions for NPAs		
Opening balance	1,060.22	1,351.43
Provisions made during the period	1,344.55	900.75
Write-off	1,284.95	1,093.92
Write back of excess provisions	138.52	98.04
Closing balance	981.31	1,060.22
Write-offs that have been booked directly to the income statement	24.19	14.49
Recoveries that have been booked directly to the income statement	**812.59**	**236.80**

Major Industry breakup of NPA (₹ in million)

	31.03.2016		31.03.2015	
Industry	Gross NPA	Specific Provision	Gross NPA	Specific Provision
NPA in top 5 Industries	1,192.71	163.06	2,185.33	224.12

Geography	31.03.2016		31.03.2015	
	Gross NPA	Specific Provision	Gross NPA	Specific Provision
Domestic	4,469.14	981.31	4,748.14	1,060.22
Overseas	Nil	Nil	Nil	Nil

Amount of Non-Performing Investments	8.62	48.62
Amount of provisions held for non performing investments	8.62	48.62
Movement of provisions for depreciation on investments		
Opening balance	211.30	81.30
Provisions made during the period	152.5	130.00
Write-off & Write back of excess provisions/diminution	40.00	0
Closing balance	323.80	211.30

5. Credit Risk: Disclosures for portfolios subject to standardised approach

Qualitative Disclosures

In accordance with RBI guidelines, the bank has adopted standardised approach for computation of capital for credit risk.

Bank Loan Ratings of CRISIL, CARE, ICRA and India Ratings are considered for arriving at the capital requirement.

Bank extends external rating of other issues of the borrower to unrated claims only when the issue specific rating maps to Risk Weight higher than that of the unrated exposure.

Quantitative Disclosures

Risk weight wise classification of exposures

	Gross Credit Exposure	Gross Credit Exposure	Capital Deductions	Capital Deductions	Exposure after Capital Deductions	Exposure after Capital Deductions
	(A)	(A)	(B)	(B)	(C) = (A) – (B)	(C) = (A) – (B)
	31.03.2016	**31.03.2015**	**31.03.2016**	**31.03.2015**	**31.03.2016**	**31.03.2015**
Advances, Letter of Credit & Guarantees						
Below 100% risk weight	44,809.33	51,940.93	Nil	Nil	44,809.33	51,940.93
100% risk weight	21,593.59	23,539.71	Nil	Nil	21,593.59	23,539.71
More than 100% risk weight	15,342.39	22398.36	Nil	Nil	15,342.39	22398.36
Total	**81,745.31**	**97,879.01**	**Nil**	**Nil**	**81,745.31**	**97,879.01**
Investments						
Below 100% risk weight	32,487.88	38,545.69	Nil	Nil	32,487.88	38,545.69
100% risk weight			Nil	Nil	-	-
More than 100% risk weight	-	-	Nil	Nil	-	-
Total	**32,487.88**	**38,545.69**	Nil	Nil	**32,487.88**	**38,545.69**

6. Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

Following items are considered for on and off balance sheet netting:

a) Deposits with specific lien to the facility
b) Subsidies received (for priority sector advances)
c) Claims received (for NPA accounts)

Of the eligible financial collaterals, the types of collateral taken by the bank are gold ornaments and bank's own deposit receipts. Gold ornaments are accepted as collateral by branches after due scrutiny and are marked to market value on a daily basis. Bank has made an assessment of market liquidity risk involved in liquidating gold ornaments and is considering a holding period of 21 days for advance against pledge of gold ornaments. In Pillar 1 capital adequacy computations, bank considers a haircut of 22% (after scaling up the standard supervisory haircut of 15% to a 21 day holding period). In addition to this, bank is maintaining extra capital for its gold loan portfolio in Pillar 2 capital computations.

The types of guarantees recognized for credit risk mitigation are guarantee by central government, state government, ECGC and banks (in the form of bills purchased/discounted under Letter of credit).

Collaterals other than financial collaterals that secure the credit portfolio of the bank are land & building, plant & machinery and current assets of the counter party. Land and Building includes commercial building, residential property and vacant land.

Quantitative Disclosures

a) Exposures Covered by Eligible Financial Collateral (After Haircuts) (₹ in million)

	As on 31.03.2016	As on 31.03.2015
Corporate	1,153.69	806.26
Regulatory Retail	12,663.68	13,448.94
Personal Loans	7,091.16	13,436.07
Total	**20,908.53**	**27,691.28**

b) Exposures Covered by Guarantee (₹ in million)

	31.03.2016	31.03.2015
Covered by Guarantee		
Corporate	1,225.48	2,930.73
Regulatory Retail	2,950.61	6,879.05
Total	**4,176.08**	**9,809.78**

7. Securitisation

No exposure of the bank has been securitised.

8. Market Risk in the Trading Book

Qualitative Disclosures

Bank has put in place Board approved Market Risk Management Policy, Investment Policy and Foreign Exchange Policy for effective management of market risk of the bank.

Bank's Integrated Treasury manages the trading book. Proprietary trading is done in government securities, equity shares and foreign exchange. Adherence to limits is reported on a monthly basis to the Executive level Asset Liability Committee (ALCO) and Risk Management Committee (RMC) of the Board.

Modified Duration and Value at Risk (weighted historic simulation approach) are the tools used to track market risk in the trading book for interest rate related instruments. For equity exposures bank uses Value at Risk and Portfolio Beta.

Stress tests are conducted on a daily basis on securities in the trading book.

Portfolios covered by standardised approach are government securities, other trustee securities, Non SLR bonds & debentures, Certificate of Deposits and Equity Shares.

Quantitative Disclosures

Capital Requirement for Market Risk (₹ in million)

Type of Market Risk	Gross Exposure	Gross Exposure	Capital Requirement	Capital Requirement
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Interest Rate Risk	27,407.55	20,325.20	534.69	397.56
Foreign Exchange Risk	138.65	138.65	12.48	12.48
Equity Risk	26.24	7.22	7.09	1.95
Total	**27,572.44**	**20,471.08**	**554.25**	**411.99**

9. Operational Risk

Qualitative Disclosures

The Executive level committee - Operational Risk Management Committee (ORMC) which reports to Risk Management Committee (RMC) of the Board, is responsible for the management and mitigation of operational risk in the bank. The bank has framed Operational Risk Management Policy duly approved by the Board. Other policies approved by the board that deal with the different facets of operational risk are Inspection Policy, Human Resource Management Policy, IT Policy, Compliance Policy, Business Continuity & Disaster Recovery Plan and Outsourcing policy.

Bank has obtained Bankers' Indemnity Policy to cover the risk of cash in transit and cash and securities including gold ornaments kept at branches. Risk Based Internal Audit (RBIA) is operational at all the branches.

Bank is adopting Basic Indicator Approach for arriving at capital charge for operational risk in compliance with RBI guidelines and is in the process of building database for moving to Advanced Approaches.

10. Interest Rate Risk in the Banking Book

Qualitative Disclosures

The Executive Level Committee - Asset Liability Committee (ALCO) has the overall responsibility of managing the interest rate risk in the banking book of the bank. ALCO fixes the deposit and lending rates of the bank and directs the investment activities of the bank in line with its interest rate view. Limits are fixed from both Earnings and Economic Value Perspective in board approved Market Risk Management Policy and adherence monitored on a monthly basis. Interest Rate Risk from Earnings Perspective is measured through Earnings at Risk (EaR) approach (which computes the impact on NII of various interest rate changes) on a monthly basis. Interest Rate Risk from Economic Value Perspective is measured using Modified Duration Gap Approach on a monthly basis.

The Risk Management Committee of the Board oversees the ALM process of the bank and reviews the decisions taken by the ALCO.

Key Assumptions for IRRB calculations

a) Bulk of the advance portfolio to reprice within 12 months.

b) Maturity of deposits considered after adjusting empirically observed premature closure rates.

c) Core portion of Savings Bank Deposits slotted in 7 to 10 year time bucket.

d) Core portion of Current Deposits slotted in 10 to 15 years time bucket for Modified Duration Gap Analysis (For Earnings at Risk Analysis, Current Deposits are treated as interest non sensitive).

Quantitative Disclosures

Interest Rate Risk – Earnings Perspective (₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2016	Impact as on 31.03.2015
+200 basis points	-145.77	-160.00
-200 basis points	+145.77	+160.00

Interest Rate Risk – Economic Value Perspective (₹ in million)

1 Year Change in Market Rates (Parallel Shift)	Impact as on 31.03.2016	Impact as on 31.03.2015
+200 basis points	-406.90	-1007.94
-200 basis points	+406.90	+1007.94

11. Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement in underlying market factors.

Capital is maintained on the exposure to CCR as per regulatory guidelines on Capital adequacy computation. The exposure is calculated using Current Exposure Method.

The MTM on client exposures are monitored periodically. The Bank does not recognize bilateral netting for capital computation.

	Notional Amount 31.03.2016	Credit Equivalent 31.03.2016	Notional Amount 31.03.2015	Credit Equivalent 31.03.2015
Forward Exchange Contracts	4,227.34	130.58	4,747.47	143.95

Leverage Ratio Framework

Definition and minimum requirement

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage

Leverage Ratio =Capital Measure/ Exposure Measure

The public disclosure requirements of leverage ratio will begin from January 1, 2015 and the Basel Committee will monitor the impact of these disclosure requirements. Accordingly, banks operating in India are required to make disclosure of the leverage ratio and its components from April 1, 2015 on a quarterly basis and according to the disclosure templates as indicated in paragraph 16.7 along with Pillar 3 disclosures.

Basel III Pillar 3 Disclosures

Table 1- Summary comparison of accounting assets Vs. leverage ratio exposure measure

	Item	(₹in million)
1	Total consolidated assets as per published financial statements	156519.42
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	4103.31
7	Other adjustments	
8	Leverage ratio exposure	160622.73

Table 2 – Leverage ratio common disclosure template

	Item	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	156519.42
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**156519.42**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	39.91
5	Add-on amounts for PFE associated with all derivatives transactions	90.68
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivative exposures (sum of lines 4 to 10)**	**130.58**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	CCR exposure for SFT assets	
15	Agent transaction exposures	
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	3972.73
18	(Adjustments for conversion to credit equivalent amounts)	
19	**Off-balance sheet items (sum of lines 17 and 18)**	**3972.73**
	Capital and total exposures	
20	Tier 1 capital	6919.88
	Total exposures (sum of lines 3, 11, 16 and 19)	160622.73
	Leverage ratio	
21	Basel III leverage ratio	4.31%

Disclosure templates

The summary comparison table, common disclosure template and explanatory table, qualitative reconciliation and other requirements are as follows:

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)

			Amounts Subject to Pre-Basel III Treatment	Ref No
Common Equity Tier 1 Capital: Instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	6170.42		a1+a2
2	Retained earnings	1845.72		b1+b2+b3+b4+b6
3	Accumulated other comprehensive income (and other reserves)			
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6	Common Equity Tier 1 capital before regulatory adjustments	8016.13		
Common Equity Tier 1 Capital: regulatory adjustments				
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)			
9	Intangibles	100.61		e1-e2
10	Deferred tax assets	995.64		e2
11	Cash-flow hedge reserve			
12	Shortfall of provisions to expected losses			
13	Securitisation gain on sale			
14	Gains and losses due to changes in own credit risk on fair valued liabilities			
15	Defined-benefit pension fund net assets	Nil		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)			
17	Reciprocal cross-holdings in common equity			
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)			

Basel III Pillar 3 Disclosures

			Amounts Subject to Pre-Basel III Treatment	Ref No
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries			
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries			
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank			
26d	of which: Unamortised pension funds expenditures			
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT]			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions			
28	Total regulatory adjustments to Common Equity Tier 1	1096.25		
29	Common Equity Tier 1 capital (CET1)	6919.88		
Additional Tier 1 capital: Instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)			
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)			
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)			
33	Directly issued capital instruments subject to phase out from Additional Tier 1			
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)			
35	of which: instruments issued by subsidiaries subject to phase out			
36	Additional Tier 1 capital before regulatory adjustments	Nil		
Additional Tier 1 capital:Regulatory Adjustments				
37	Investments in own Additional Tier 1 instruments	Nil		
38	Reciprocal cross-holdings in Additional Tier 1 instruments			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41	National specific regulatory adjustments (41a+41b)			
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries			
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions			
43	Total regulatory adjustments to Additional Tier 1 capital			

			Amounts Subject to Pre-Basel III Treatment	Ref No
44	Additional Tier 1 capital (AT1)			
44a	Additional Tier 1 capital reckoned for capital adequacy			
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	6919.88		
	Tier 2 capital: Instruments & Provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus			
47	Directly issued capital instruments subject to phase out from Tier 2	167.20		d
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)			
49	of which: instruments issued by subsidiaries subject to phase out			
50	Provisions	418.23		c1+c3+c4
51	Tier 2 capital before regulatory adjustments	585.43		
	Tier 2 capital: Regulatory Adjustments			
52	Investments in own Tier 2 instruments			
53	Reciprocal cross-holdings in Tier 2 instruments	20.00		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56	National specific regulatory adjustments (56a+56b)			
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries			
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]			
	of which: [INSERT TYPE OF ADJUSTMENT]			
57	Total regulatory adjustments to Tier 2 capital	20.00		
58	Tier 2 capital (T2)	565.43		
58a	Tier 2 capital reckoned for capital adequacy	565.43		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	565.43		
59	Total capital (TC = T1 + T2) (45 + 58c)	7485.31		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT]			
	of which: …			
60	Total risk weighted assets (60a + 60b + 60c)	70930.15		
60a	of which: total credit risk weighted assets	55652.80		
60b	of which: total market risk weighted assets	6928.17		

			Amounts Subject to Pre-Basel III Treatment	Ref No
60c	of which: total operational risk weighted assets	8349.17		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.76%		
62	Tier 1 (as a percentage of risk weighted assets)	9.76%		
63	Total capital (as a percentage of risk weighted assets)	10.55%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.13%		
65	of which: capital conservation buffer requirement	0.00%		
66	of which: bank specific countercyclical buffer requirement	Nil		
67	of which: G-SIB buffer requirement	Nil		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	4.42%		
	Capital ratios			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities			
73	Significant investments in the common stock of financial entities			
74	Mortgage servicing rights (net of related tax liability)			
75	Deferred tax assets arising from temporary differences (net of related tax liability)			
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	Nil		c3+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	886.63		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)			
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach			
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements			
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements	512.46		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	Nil		

Notes

Row No. of the template	Particulars	(₹ in million)
10	Deferred tax assets associated with accumulated losses	995.64
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0
	Total as indicated in row 10	995.64
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	418.23
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	418.23
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	Nil

Composition of Capital: Reconciliation Requirements Step 1

(₹ in million)

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	**Capital & Liabilities**		
i	Paid-up Capital	717.60	
	of which: Amount eligible for CET1	717.60	
	of which: Amount eligible for AT1	-	
	Reserves & Surplus	8,210.33	
	Minority Interest	-	
	Total Capital	8,927.93	
ii	Deposits	144,384.05	
	of which: Deposits from banks	773.98	
	of which: Customer deposits	143,610.07	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	418.00	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	418.00	

Basel III Pillar 3 Disclosures

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
iv	Other liabilities & provisions	2,789.44	
	of which: DTLs related to goodwill	-	
	of which: DTLs related to intangible assets	-	
	Total Capital & Liabilities	156,519.42	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	6,764.35	
	Balance with banks and money at call and short notice	498.58	
ii	Investments	59,866.89	
	of which: Government securities	48,871.44	
	of which: Other approved securities	-	
	of which: Shares	26.24	
	of which: Debentures & Bonds	1,297.76	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	9,671.45	
iii	Loans & Advances	78,526.46	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	78,526.46	
iv	Fixed assets	2,150.93	
v	Other Assets	8,712.21	
	of which: Goodwill and intangible assets	1,096.25	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	1,096.25	
	of which: Deferred tax assets	995.64	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**156,519.42**	

Composition of Capital: Reconciliation Requirements Step 2

(₹ in million)

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	**Capital & Liabilities**		
i	Paid-up Capital	717.60	
	Reserves & Surplus	8,210.33	
	of which:		
	Share premium	5,452.81	
	Statutory Reserves	1,463.67	
	Capital Reserves	705.65	
	General Reserves	882.96	
	Special Reserve (Tax): After Tax Portion	237.62	
	Special Reserve (Tax): Tax Element (not considered as part of capital funds)	(0.00)	
	Contingency Reserves	0.50	

		Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
	Add: Credit balance in Profit and Loss account	(2,190.70)	
	Current Period profits not reckoned for capital adequacy purpose	-	
	Revaluation Reserve reckoned as Tier II Capital	-	
	Revaluation Reserve not reckoned as Tier II Capital (55% discount)	1,657.81	
	Investment Reserve		
	Minority Interest	-	
	Total Capital	**8,927.93**	
ii	Deposits	144,384.05	
	of which: Deposits from banks	773.98	
	of which: Customer deposits	143,610.07	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	418.00	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments: Tier II Bonds	418.00	
	of which Eligible Amount after discounting	250.80	
iv	Other liabilities & provisions	2,789.44	
	of which: Provision for Standard assets	418.23	
	Total Capital & Liabilities	156,519.42	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	6,764.35	
	Balance with banks and money at call and short notice	498.58	
ii	Investments	59,866.89	
	of which: Government securities	48,871.44	
	of which: Other approved securities	-	
	of which: Shares	26.24	
	of which: Debentures & Bonds	1,297.76	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	9,671.45	
iii	Loans & Advances	78,526.46	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	78,526.46	
iv	Fixed assets	2,150.93	
v	Other Assets	8,712.21	
	of which: Goodwill and intangible assets	1,096.25	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	1,096.25	
	of which: Deferred tax assets	995.64	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**156,519.42**	

Basel III Pillar 3 Disclosures

Main Features of Regulatory Capital Instruments

1	Issuer	THE CATHOLIC SYRIAN BANK LTD.
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	INE679A08109
3	Governing Laws(s) of the instruments	Indian Law
Regulatory treatment		
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Tier 2 Debt Instrument
8	Amount recognized in regulatory capital (Rs. In million, as of most recent reporting date)	Rs. 167.20 Million
9	Par value of instrument	Rs. 1 Million
10	Accounting classification	Liability
11	Original date of issuance	31.03.2012
12	Perpetual or dated	Dated
13	Original Maturity date	31.03.2019
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	11.70% p.a.
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument)	All depositors and other creditors
36	Non-complaint transitioned features	NO
37	If yes, specify non-complaint features	NA

Disclosure Requirements for Remuneration

Please refer Para 5.14 of Schedule 18 - Notes to Accounts (Page No. 84)

Full Terms and Conditions of Regulatory Capital Instruments

Instruments	Full Terms and Conditions
Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Debentures	INE679A08109 Issue Size : Rs. 418 Million Date of Allotment : 31.03.2012 Date of Redemption : 31.03.2019 Par Value : Rs. 1 Million Put and call option : None Rate of Interest and Frequency : @ 11.70 p.a. payable half yearly.

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Corporate Information

Board of Directors

S. Santhanakrishnan
Chairman

Anand Krishnamurthy
Managing Director & CEO

Alok Kochhar
Non-executive Director

T. S. Anantharaman
Non-executive Director

K. Subrahmanya Sarma
Non-executive Director

Ashish Ahluwalia
Non-executive Director

Sumeer Bhasin
Non-executive, Independent Director

Bobby Jos C.
Non-executive, Independent Director

S. Ramakrishnan
Non-executive, Independent Director

Radha Unni
Non-executive, Independent Director

M. Madhavan Nambiar
Non-executive, Independent Director

V. G. Venkatachalapathy
Additional Director - RBI Nominee

Ravinder Bhookya
Additional Director - RBI Nominee

Key Managerial Personnel

Anand Krishnamurthy
Managing Director & CEO

P. V. Antony
Chief Financial Officer

Sijo Varghese
Company Secretary

Corporate Identity Number

U65191KL1920PLC000175

Registered Office

CSB Bhavan
Post Box No. 502, St. Mary's College Road,
Thrissur - 680 020, Kerala, India.
Telephone: 0487 2333 020
Fax: 0487 2338 764
Email: investors@csb.co.in
Website: www.csb.co.in

Registrar & Transfer Agents - Shares

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

Registrar & Transfer Agents - Bonds

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078.
Tel: 022 2596 3838
Fax: 022 2594 6969
Email: rajesh.vadye@linkintime.co.in

Debenture Trustee

Indian Overseas Bank,
Merchant Banking Division,
Central Office, PB No. 3765,
763, Anna Salai,Chennai – 600 002.
Fax : 044-28519548
Email : mbd@iobnet.co.in

Statutory Central Auditors

Sundaram & Srinivasan,
Chartered Accountants,
23, C.P. Ramaswamy Road,
Alwarpet, Chennai – 600 018.

THE CATHOLIC SYRIAN BANK LIMITED
Regd. Office: CSB Bhavan, St. Mary's College Road, Post Box No. 502, Thrissur - 680 020, Kerala.
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CIN : U65191KL1920PLC000175