DRAFT RED HERRING PROSPECTUS
Please read Section 32 of the Companies Act, 2013
Dated **March 30, 2015**
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

THE CATHOLIC SYRIAN BANK LIMITED

Our Bank was incorporated on November 26, 1920 under the Indian Companies Act, 1913 as 'The Catholic Syrian Bank Limited'. A fresh certificate of incorporation under the Companies Act, 1956 was issued by the Registrar of Companies, Kerala at Ernakulum ("**RoC**") on April 14, 1987. For details of changes in the registered office of our Bank, see the section titled "*History and Certain Corporate Matters*" on page 165.

Registered Office: CSB Bhavan, Post Box 502, St. Mary's College Road, Thrissur 680 020, Kerala, India
Contact Person: Mr. Sijo Varghese, Company Secretary and Compliance Officer; **Telephone**: +91 487 6619 228; **Facsimile**: +91 487 2333 170
E-mail: investors@csb.co.in; **Website**: www.csb.co.in, **Corporate Identification Number**: U65191KL1920PLC000175

Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations (as hereinafter defined) and the Companies Act, 2013

INITIAL PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF THE CATHOLIC SYRIAN BANK LIMITED (OUR "BANK" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO ₹ 4,000 MILLION (THE "ISSUE"). THE ISSUE INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES FOR THE ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION") AGGREGATING UP TO ₹ 100 MILLION. THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE SHALL CONSTITUTE [●] % AND [●] % OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR BANK, RESPECTIVELY.

*Our Bank, in consultation with the BRLMs, is considering a private placement of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹ 1,500 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs"), AND ADVERTISED IN [●] EDITIONS OF [●], [●] EDITIONS OF [●] AND [●] EDITIONS OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND MALAYALAM NEWSPAPERS, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITES.

In case of any revision in the Price Band, the Bidding Period shall be extended for at least three Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the change on the website of the BRLMs, at the terminals of the Syndicate Members and by intimation to Self Certified Syndicate Banks ("**SCSBs**") and Registered Brokers.

Pursuant to Rule 19(2) (b) (i) of the Securities Contracts Regulation Rules, 1957, as amended ("**SCRR**"), the Net Issue is being made for at least 25% of the post-Issue paid-up equity share capital of our Bank. The Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI Regulations**"), wherein 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Issue Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. All investors, other than Anchor Investors, can participate through the Applications Supported by Blocked Amount ("**ASBA**") process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. However, QIBs (excluding Anchor Investors) and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA only. For details, see the section titled "*Issue Procedure*" on page 367.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Bank, there is no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price as determined and justified by our Bank in consultation with the BRLMs in accordance with the SEBI Regulations and as stated in the section titled "*Basis for the Issue Price*" on page 99 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Bank and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "*Risk Factors*" on page 13.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Bank and this Issue, which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Bank has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ICICI SECURITIES LIMITED ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email ID: csb.ipo@icicisecurities.com Website: www.icicisecurities.com Investor grievance email: customercare@icicisecurities.com Contact Person: Harsh Soni/ Payal Kulkarni/ Vishal Kanjani SEBI Registration No.: INM000011179	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 27 BKC, 1st Floor, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Telephone: +91 22 4336 0000 Facsimile: +91 22 6713 2447 Email ID: csb.ipo@kotak.com Website: www.investmentbank.kotak.com Investor grievance email: kmccredressal@kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	**LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078 Telephone: +91 22 6171 5400 Facsimile: +91 22 2596 0329 Email ID: csb.ipo@linkintime.co.in Website: www.linkintime.co.in Investor grievance email: csb.ipo@linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No.: INR000004058

BID/ISSUE PROGRAMME*		
BID OPENING DATE (FOR ALL BIDDERS)*: [●]	**BID CLOSING DATE (FOR QIBs): [●]****	**BID CLOSING DATE (FOR ALL OTHER BIDDERS): [●]**

* *Our Bank may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Period, i.e., one Working Day prior to the Bid Opening Date.*
** *Our Bank may, in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid Closing Date.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the meaning set forth below in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Bank Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Bank, as amended.
Auditors	The joint statutory central auditors of our Bank, being M/s. Sundaram & Srinivasan, Chartered Accountants, and M/s. Varma & Varma, Chartered Accountants.
Audit Committee	The audit committee of our Board of Directors.
"Board" or "Board of Directors" or "our Board"	The board of directors of our Bank, as duly constituted from time to time including any duly constituted committees thereof.
Director(s)	Unless the context requires otherwise, the director(s) on our Board.
Equity Shares	Equity shares of our Bank of face value of ₹ 10 each.
ESOS 2013	The CSB Employees Stock Option Scheme 2013, formulated by our Bank pursuant to a shareholders resolution through postal ballot and e-voting, the results of which were declared on August 18, 2014.
Independent Directors	Independent directors on the Board, and eligible to be appointed as an independent director under the provisions of the Companies Act, 2013 and the Listing Agreements. For details of the Independent Directors, please refer to the section titled "*Our Management*" on page 172.
Key Management Personnel	The personnel listed as key management personnel in the section titled "*Our Management*" on page 172.
Listing Agreements	Listing agreements to be entered into by our Bank with the Stock Exchanges.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Bank, as amended.
"Our Bank" or "the Bank" or "the Issuer"	The Catholic Syrian Bank Limited, a company incorporated under the Indian Companies Act, 1913 and having the CIN U65191KL1920PLC000175.
Registered Office	The registered office of our Bank, located at CSB Bhavan, Post Box 502, St. Mary's College Road, Thrissur 680 020, Kerala, India.
Shareholders	Shareholders of our Bank.
"We" or "us" or "our"	Our Bank.

Issue Related Terms

Term	Description
"Allot" or "Allotment" or "Allotted"	The allotment of Equity Shares pursuant to the Issue to successful Bidders.
Allotment Advice	The advice or intimation of Allotment sent to the Bidders who are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange, in accordance with the Book Building Process.
Allottee	A successful Bidder to whom Allotment is made.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 100 million, in accordance with the requirements specified in the SEBI Regulations.
Anchor Investor Allocation Notice	The note or advice or intimation of allocation of the Equity Shares sent to the Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Allocation Price, including any revisions thereof.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Bank in consultation with the BRLMs on the Anchor Investor Bidding Date.
Anchor Investor Bidding Period	The day, one Working Day prior to the Bid Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.

Term	Description
Anchor Investor Issue Price	The final price at which Allotment will be made to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Bank in consultation with the BRLMs.
Anchor Investor Pay-in Date	In case of the Anchor Investor Issue Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the Anchor Investor Allocation Notice but not later than two Working Days after the Bid Closing Date.
Anchor Investor Portion	The portion of the Net Issue available for allocation to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being at or above the Anchor Investor Allocation Price, in accordance with the SEBI Regulations, being up to 60% of the QIB Portion or up to [●] Equity Shares.
"ASBA" or "Application Supported by Blocked Amount"	The application (whether physical or electronic) used by an ASBA Bidder to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Bidders participating in the Issue. Anchor Investors are not permitted to participate through the ASBA process.
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of an ASBA Bidder as per the Bid cum Application Form submitted by the ASBA Bidder.
ASBA Bidder	Any Bidder, other than Anchor Investors, in this Issue who Bids through ASBA.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders, as described in the section titled "*Issue Procedure – Allotment Procedure and Basis of Allotment*" on page 411.
Bid(s)	An indication by a Bidder to make an offer during the Anchor Investor Bidding Period or Bidding Period, pursuant to submission of the Bid cum Application Form to subscribe for Equity Shares, at a price within the Price Band, including all revisions and modifications thereto, in terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidder	A prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor.
Bidding	The process of making a Bid.
Bid Amount	The highest value of optimal Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut-Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form.
Bid cum Application Form	The form, which is serially numbered comprising an eight digit application number, in terms of which a Bidder (including ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus which will be considered as an application for Allotment.
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate, the Registered Brokers and the SCSBs will not accept any Bids, and which shall be notified in an English national newspaper, a Hindi national daily newspaper and a Malayalam newspaper, each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. Further, our Bank, in consultation with the BRLMs, may decide to close Bidding by QIBs one day prior to the Bid Closing Date which shall also be notified in an advertisement in same newspapers in which the Bid Opening Date was published.
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate, the Registered Brokers and the SCSBs shall start accepting Bids, and which shall be the date notified in an English national newspaper, a Hindi national daily newspaper and a Malayalam newspaper, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date or the QIB Bid Closing Date, as the case may be (in either case inclusive of such date and the Bid Opening Date) during which Bidders (including ASBA Bidders), other than Anchor Investors, can submit their Bids, including any revisions thereof. Provided however that

Term	Description
	the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Bank may, in consultation with the BRLMs, decide to close the Bidding by QIBs one day prior to the Bid Closing Date.
Bid Lot	[●] Equity Shares.
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI Regulations.
"Book Running Lead Managers" or "BRLMs"	ICICI Securities Limited and Kotak Mahindra Capital Company Limited.
Cap Price	The higher end of the Price Band, in this case being ₹ [●], and any revisions thereof, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Category III Foreign Portfolio Investor	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations.
Controlling Branches	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries, and at such other websites as may be prescribed by SEBI from time to time.
Cut-Off Price	Any price within the Price Band as determined by our Bank in consultation with the BRLMs, at which only the Retail Individual Bidders and Eligible Employees, Bidding under the Employee Reservation Portion, are entitled to Bid, for Equity Shares of an amount not exceeding ₹ 200,000. No other category of Bidders is entitled to Bid at the Cut-off Price.
Demographic Details	The address, the bank account details, MICR code, and occupation of a Bidder.
Depository	A depository registered with SEBI under the Depositories Act.
Depositories Act	The Depositories Act, 1996.
"Depository Participant" or "DP"	A depository participant registered with SEBI under the Depositories Act.
Designated Branches	Such branches of the SCSBs with which an ASBA Bidder, not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, may submit the Bid cum Application Forms, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries, and at such other websites as may be prescribed by SEBI from time to time.
Designated Date	The date on which funds are transferred from the Escrow Accounts to the Public Issue Account or the Refund Account, as appropriate, or the funds are transferred from the ASBA Accounts to the Public Issue Account, in terms of the Red Herring Prospectus, after the Prospectus is filed with the RoC, following which our Board of Directors shall Allot Equity Shares to successful Bidders in the Issue.
"Designated Stock Exchange" or "DSE"	[●].
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated March 30, 2015 filed with SEBI, prepared and issued by our Bank in accordance with the SEBI Regulations and the Companies Act, 2013 and the rules thereunder.
Eligible Employee	A permanent and full-time employee of our Bank; or a Director of our Bank, whether whole-time or part-time, as on the date of the Red Herring Prospectus, who is an Indian national and is based, working and present in India as on the date of submission of the Bid cum Application Form and who continues to be in such employment until submission of the Bid cum Application Form, but excludes such persons who are not eligible under applicable laws, rules, regulations and guidelines.
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Eligible NRI	An NRI from a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Employee Reservation Portion	[●] Equity Shares, available for allocation to Eligible Employees, aggregating up to ₹ 100 million.
Escrow Account(s)	Accounts opened for this Issue with Escrow Collection Banks and in whose favour cheques or drafts are issued by Bidders (excluding ASBA Bidders) in respect of the Bid

Term	Description
	Amount.
Escrow Agreement	An agreement to be entered into among our Bank, the Registrar to the Issue, the Escrow Collection Banks, the Refund Bank(s), BRLMs and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Banks/Bankers to the Issue	The banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted, in this case being ₹ [●], and any revisions thereof.
Issue	Initial public issue of [●] Equity Shares aggregating up to ₹ 4,000 million by our Bank.
Issue Agreement	The issue agreement entered into on March 30, 2015 among our Bank and the BRLMs.
Issue Price	The price at which Allotment will be made, as determined by our Bank in consultation with the BRLMs. Unless otherwise stated or the context otherwise implies, the term Issue Price refers to the Issue Price applicable to investors other than Anchor Investors.
Issue Proceeds	The proceeds of this Issue based on the total number of Equity Shares Allotted under this Issue at the Issue Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the Net QIB Portion constituting [●] Equity Shares, available for allocation to Mutual Funds, on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Net Issue	The Issue less the Employee Reservation Portion.
Net Proceeds	The Issue Proceeds less the Issue expenses.
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
"Non-Institutional Bidders" or "NIIs"	All Bidders (including Sub-Accounts which are foreign corporate or foreign individuals) who are not Qualified Institutional Buyers, Retail Individual Bidders or Eligible Employees and who have Bid for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares, available for allocation to Non-Institutional Bidders, on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Pre-IPO Placement	The private placement of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹ 1,500 million by our Bank at its discretion in favour of such investors as permissible under applicable laws, to be completed prior to filing the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.
Price Band	The price band of the Floor Price and Cap Price, including any revisions thereof decided by our Bank in consultation with the BRLMs, and advertised in an English national newspaper, a Hindi national newspaper and a Malayalam newspaper, each with wide circulation, at least five Working Days prior to the Bid Opening Date.
Pricing Date	The date on which the Issue Price is decided by our Bank in consultation with the BRLMs.
Prospectus	The prospectus to be filed with the RoC for this Issue after the Pricing Date, in accordance with Section 26 of the Companies Act, 2013 and the SEBI Regulations containing, *inter-alia*, the Issue Price, size of the Issue and certain other information.
Public Issue Account	A bank account opened with the Bankers to the Issue by our Bank under Section 40 of the Companies Act, 2013 to receive money from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers, as defined under Regulation 2(1)(zd) of the SEBI Regulations.

Term	Description
QIB Bid Closing Date	In the event our Bank, in consultation with the BRLMs, decides to close Bidding by QIBs one day prior to the Bid Closing Date, the date one day prior to the Bid Closing Date; otherwise it shall be the same as the Bid Closing Date.
QIB Portion	The portion of the Issue being 50% of the Net Issue or up to [●] Equity Shares available for allocation to QIBs (including the Anchor Investor) on a proportionate basis.
"Red Herring Prospectus" or "RHP"	The red herring prospectus to be issued by our Bank in accordance with Section 32 of the Companies Act, 2013 and the SEBI Regulations which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Refund Account(s)	The account(s) opened by our Bank with the Refund Bank(s), from which refunds of the whole or part of the Bid Amounts (excluding for the ASBA Bidders), if any, shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, NEFT, direct credit or RTGS, as applicable.
Refund Banker(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [●].
Registered Broker	A broker registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers Regulations), 1992, having terminals in any of the Non Syndicate Broker Centres, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
Registered Broker Centre	A broker centre of the stock exchanges with broker terminals, wherein a Registered Broker may accept Bid cum Application Forms, details of which are available on the website of the Stock Exchanges, and at such other websites as may be prescribed by SEBI from time to time.
"Registrar" or "Registrar to the Issue"	Link Intime India Private Limited.
Retail Individual Bidders	Bidders (including HUFs and Eligible NRIs), who have Bid for an amount less than or equal to ₹ 200,000.
Retail Portion	The portion of the Issue being not less than 35% of the Net Issue, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders, as per the SEBI Regulations
Revision Form	The form used by the Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous revision form(s), as applicable.
"Self Certified Syndicate Banks" or "SCSBs"	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries, or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	The BSE and the NSE.
Sub Syndicate	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms.
Syndicate Agreement	The agreement to be entered into amongst the Syndicate and our Bank in relation to collection of Bids in this Issue (excluding Bids from ASBA Bidders procured directly by SCSBs and Bids procured by Registered Brokers).
Syndicate Bidding Centres	Syndicate and Sub Syndicate centres established for acceptance of the Bid cum Application Forms and Revision Forms.
Syndicate Members	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, in this case being [●].
Syndicate /members of the Syndicate	The BRLMs and the Syndicate Members.
"Transaction Registration Slip" or "TRS"	The slip or document issued by a Syndicate/Sub Syndicate, Registered Broker or an SCSB (only on demand), as the case may be, to the Bidder as proof of uploading of a Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Bank and the Registrar to the Issue on or immediately after the Pricing Date.
Working Days	All days on which commercial banks in Mumbai are open for business except Saturday, Sunday and any bank holiday, provided however between the Bidding Period and the listing of Equity Shares on the Stock Exchanges, a Working Day means all days on which banks in Mumbai are open for business and shall not include a Sunday or a bank

Term	Description
	holiday in Delhi or Mumbai, in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

Conventional/General Terms, Abbreviations and Reference to Other Business Entities

Abbreviation	Full Form
ACIT	Assistant Commissioner of Income Tax.
AI	Anchor Investor.
AIFs	Alternative investment funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
ALCO	Assets and liabilities management committee.
AGM	Annual general meeting.
AS	Accounting standards as issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment year.
Banking Ombudsman	Qausi-judicial authority constituted under the Banking Ombudsman Scheme, 2006 for the resolution of complaints in relation to the services of banks.
Banking Regulation Act	The Banking Regulation Act, 1949.
BSBDA	Basic savings bank deposit account.
BSE	BSE Limited.
CAGR	Compounded annual growth rate.
CDSL	Central Depository Services (India) Limited.
CEO	Chief executive officer.
CIN	Corporate identity number.
CIT	Commissioner of Income Tax.
Companies Act, 2013	Companies Act, 2013, to the extent notified.
DCIT	Deputy Commissioner of Income Tax.
DIN	Director identification number.
DP	Depository participant.
DP ID	Depository participant’s identification.
EBIDTA	Earnings before interest, tax, depreciation and amortization.
ECS	Electronic clearing system.
EGM	Extraordinary general meeting.
EPS	Earnings per share.
ESOS Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign direct investment, as laid down in the Consolidated FDI Policy dated April 17, 2014.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
FII	Foreign Institutional Investors holding a valid certificate of registration under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as repealed, and who are deemed to be Foreign Portfolio Investors.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
FPI	Foreign Portfolio Investor (as defined in Section 2(h) of SEBI (Foreign Portfolio Investors) Regulations, 2014) and registered with SEBI.
FIPB	Foreign Investment Promotion Board.
“Fiscal” or “Financial Year” or “Fiscal Year”	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FIU	Financial Intelligence Unit – India, a central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions.
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FVCI	Foreign venture capital investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI.

Abbreviation	Full Form
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
GAAP	Generally accepted accounting principles.
GDP	Gross domestic product.
GIR Number	General Index Register Number.
"GoI" or "Government of India" or "Central Government"	The Government of India.
HNI	High net worth individual.
HUF	Hindu undivided family.
IEC	Importer exporter code.
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally accepted accounting principles in India.
Industrial Disputes Act	Industrial Disputes Act, 1947.
IPO	Initial public offer.
IRDA	Insurance Regulatory and Development Authority.
I-Sec	ICICI Securities Limited
IT	Information Technology.
"IT Act" or "Income Tax Act"	Income Tax Act, 1961.
Income Tax Rules	Income Tax Rules, 1962.
ITAT	Income Tax Appellate Tribunal.
IT Department	Income Tax Department, GoI.
Kotak	Kotak Mahindra Capital Company Limited.
MAT	Minimum alternate tax.
MCA	Ministry of Corporate Affairs, GoI.
MICR	Magnetic Ink Character Recognition.
NAV	Net Asset Value.
NECS	National Electronic Clearing System.
NEFT	National Electronic Funds Transfer.
Negotiable Instruments Act	The Negotiable Instruments Act, 1881.
NIF	National Investment Fund set up by resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.
"NR" or "Non Resident"	A person resident outside India, as defined under FEMA, including an Eligible NRI, FII, FPI or FVCI.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCBs	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
p.a.	Per annum.
PAN	Permanent account number allotted under the IT Act.
Partnership Act	The Partnership Act, 1932.
PAT	Profit after tax.
PBT	Profit before tax.
P/E Ratio	Price/earnings ratio.
PLR	Prime lending rate.
RBI	Reserve Bank of India.
"RoC" or "Registrar of Companies"	Registrar of Companies, Kerala at Ernakulum.
"₹" or "Rupees" or "Rs."	Indian Rupees.
RTGS	Real Time Gross Settlement.
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Abbreviation	Full Form
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	The Securities and Exchange Board of India established under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Securities Act	(U.S.) Securities Act of 1933.
Sq. Ft.	Square foot.
Sq. Mt.	Square metre.
State government	The government of a state of Republic of India.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as repealed, and who can continue to buy, sell or otherwise deal in securities under the SEBI (Foreign Portfolio Investor) Regulations, 2014.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number allotted under the IT Act.
TDS	Tax deducted at source.
TIN	Taxpayer identification number.
"U.S." or "US" or "U.S.A" or "United States"	The United States of America, together with its territories and possessions.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.

Industry/Project Related Terms, Definitions and Abbreviations

Abbreviation	Full Form
AML	Anti money laundering
ANBC	Adjusted Net Bank Credit
ATM	Automated teller machine
ARC	Asset reconstruction companies
CAP	Corrective Action Plan
CASA	Current Account Savings Account
CBLO	Collateralised borrowing and lending obligations
CCIL	Clearing Corporation of India Limited
CDR	Corporate debt restructuring
CET	Common Tier Equity
CFP	Contingency funding plan
CPI	Consumer Price Index
CRAR	Capital to Risk Weighted Assets Ratio
CRILC	Central Repository of Information on Large Credits
CRR	Cash reserve ratio
DICGC	Depositors Insurance Credit Guarantee Corporation
FI	Financial institution
FLCC	Financial Literacy and Credit Counselling Centre
IBA	Indian Banks' Association
IBL	Inter bank liability
JLF	Joint lenders' forum
KYC	Know your customer
LAB	Local area bank
LAP	Loan against property
LC	Letter of credit
LCR	Liquidity coverage ratio
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development

Abbreviation	Full Form
NDTL	Net demand time liabilities
NHB	National Housing Bank
NIM	Net interest margin
NPA	Non performing assets
NSFR	Net stable funding ratio
OTS	One time settlement
PMJDY	Pradhan Mantri Jan Dhan Yojna
PTC	Pass through certificates
PSU	Public Sector Undertaking
RC	Reconstruction Company
RIDF	Rural Infrastructure Development Fund
RRB	Regional Rural Bank
SC	Securitization Company
SLR	Statutory liquidity ratio
SMA	Special mention accounts
SME	Small and medium enterprises
STT	Securities transaction tax
NBFC	Non Banking Financial Corporation
WPI	Wholesale Price Index

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have the same meaning as is assigned to such words and expressions under the SEBI Regulations, the Companies Act, 1956, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in the sections titled, "*Statement of Tax Benefits*", "*Financial Statements*" and "*Main Provisions of the Articles of Association*", "*Issue Procedure - Part B - General Information*" beginning at pages 102, 190, 422 and 383, respectively, have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Currency of Presentation

All references to "Rupees", "Rs." "INR" or "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "USD", "US Dollar" or "US$" are to the United States Dollar, the official currency of the United States of America. All references to "GBP" or "£" are to Pound Sterling, the official currency of United Kingdom. All references to "EURO" or "EUR." are to the Euro, the official currency of the European Union. All references to "Japanese Yen" or "JPY" are to the Japanese Yen, the official currency of Japan. All references to "CAD" are to the Canadian Dollar, the official currency of Canada. All references to "AUD" are to Australian Dollars, the official currency of Commonwealth of Australia. All references to "CHF" are to the Swiss Franc, the official currency of Switzerland.

Exchange Rates

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged. The row titled 'average' in the table below is the average of the daily rate for each day in the period.

Period	Period end (in ₹.)	Period average (in ₹.)
Six months ended September 30, 2014	60.61	60.19
Fiscal 2014	60.10	60.50
Fiscal 2013	54.39	54.45
Fiscal 2012	51.16	47.95
Fiscal 2011	44.65	45.58
Fiscal 2010	45.14	47.42

Source: ww.rbi.org.in

Such translations should not be considered as a representation that such U.S. Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

Financial Data

Unless stated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our restated audited financial statements as on and for the Fiscal Years ended March 31, 2010, 2011, 2012, 2013 and 2014 and the six months ended September 30, 2014, and the related notes, schedules and annexures thereto included in this Draft Red Herring Prospectus, which have been prepared in accordance with the Companies Act, 2013, the guidelines issued by the Reserve Bank of India from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India referred to in the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Indian GAAP and restated in accordance with the SEBI Regulations.

Our Bank's fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the 12 month period ended March 31 of that year, unless otherwise specified.

All the numbers in this document have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise.

We prepare our audited financial statements in accordance with Indian GAAP and guidelines issued by the RBI, which differs in some respects from IFRS and U.S. GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, 2013, Indian GAAP, RBI guidelines and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus have been obtained or derived from publicly available information, including primarily, policy statements, reports and analysis by the RBI. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors*" on page 13. Accordingly, investment decisions should not be based solely on such information.

Certain Conventions

All references in this Draft Red Herring Prospectus to India are to the Republic of India. All references in this Draft Red Herring Prospectus to the USA, U.S. or United States are to the United States of America.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “propose”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements based on our current plans, estimates and expectations are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties. Important factors that could cause actual results to differ materially from our Bank’s expectations include, but are not limited to, the following:

- ability to effectively manage the level of our NPAs;
- adverse change in the economic condition of Kerala and other states in which we have major presence;
- ability to successfully expand our operations to other parts of India;
- adverse performance by ‘priority sectors’ or any change in the RBI’s regulations relating to priority sector lending or our inability to meet the priority sector lending targets;
- volatility in the market price of gold;
- ability to successfully execute our business and growth strategies and manage our growth;
- ability to maintain or grow our CASA ratio in accordance with our strategy;
- competition in the Indian banking industry;
- general economic and business conditions in India;
- ability to sustain the growth of our SME and retail banking business;
- sustained difficulties experienced by certain industry sectors in which our exposure is concentrated;
- volatility in interest rates; and
- ability to comply with minimum capital adequacy requirements.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning at pages 13, 127, and 191, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as statements based on them could prove to be inaccurate.

Forward-looking statements speak only as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. None of our Bank, our Directors, our officers, the BRLMs or any of their respective affiliates or associates have any obligation to update or otherwise revise any statement reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Bank and the BRLMs will ensure that investors in India are informed of material developments until the commencement of listing and trading. Further, in accordance with Regulation 51A of the SEBI Regulations, our Bank may be required to undertake an annual updation of the disclosures made in this Draft Red Herring Prospectus and make it publicly accessible in the manner specified by SEBI.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any, or some combination, of the following risks actually occur, our business, prospects, results of operations and financial condition could materially suffer, the trading price of the Equity Shares could decline and you may lose all, or part, of your investment.

We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those we are not aware of or deem immaterial, may also result in decreased revenue, increased expenses or other events that could result in a decline in the value of the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the Issue, including the merits and risks involved. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless otherwise stated, our financial information used in this section is derived from our audited restated financial statements.

INTERNAL RISK FACTORS

1. ***Our business and financial performance could suffer if we are unable to effectively manage the level of our NPAs. Any change in the income recognition, asset classification norms or in RBI mandated provisioning requirements could also affect our business.***

   The total value of our net NPAs increased from ₹ 992.59 million as on March 31, 2013, to ₹ 1,932.41 million as on March 31, 2014, which represented 2.22 % of our net advances as on March 31, 2014. As on September 30, 2014, the total value of our net NPAs was ₹ 3,543.12 million, which represented 3.76% of our net advances. For the Fiscal 2012, 2013 and 2014, our gross NPAs were ₹ 1,829.26 million, ₹ 2,108.69 million and ₹ 3,335.54 million, respectively. Our gross NPAs represented 3.77% of our total advances as on March 31, 2014. As on September 30, 2014, the total value of our gross NPAs was ₹ 5,345.77 million, which represented 5.56% of our total advances as on September 30, 2014. Our net NPAs and gross NPAs as on September 30, 2014 had an increasing trend. Although our Bank is making efforts to improve collections and to foreclose on existing impaired loans in a timely manner, there cannot be any assurance that we will be successful in our efforts or that the overall quality of our Bank's loan portfolio will improve or will not deteriorate in the future. If our Bank is unsuccessful in controlling or reducing its impaired loans, if there is a significant increase in impaired loans, or if there is deterioration in the quality of the assets that our Bank holds as security, our Bank's future financial performance could be materially and adversely affected.

   While we have a provisioning coverage ratio of 49.28% and 39.11% for March 31, 2014 and September 30, 2014 respectively, we may need to make further provisions if recoveries with respect to such NPAs do not materialize in time or at all, or if NPA classification or provision requirements change. As on March 24, 2015, 311 notices have been issued by our Bank under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**") against defaulting borrowers, involving an aggregate amount, to the extent quantifiable, of ₹ 3,224.68 million. There are 43 such notices, which involve an amount equal to or above ₹ 10 million. Further to notices issued under the SARFAESI Act, our Bank has initiated 26 civil proceedings for the possession of the properties and other assets constituting the security furnished with respect to the outstanding borrowings, involving an aggregate amount, to the extent quantifiable, of approximately ₹ 118.31 million. There are three such proceedings, which involve an amount equal to or above ₹ 10 million. Additionally, the relevant borrowers may also initiate legal proceedings challenging the notice issued for recovery of outstanding borrowings. Currently there are 47 such proceedings, involving an aggregate amount, to the extent quantifiable, of approximately ₹ 655.51 million, out of which the potential financial implication of nine such proceedings is estimated to be ₹ 10 million or higher. There can be no assurance that the defaulting borrowers would repay the outstanding borrowings pursuant to the notices, or that we would succeed in these suits. As on September 30, 2014, we have made provisions to the tune of ₹ 1,776.31 million in relation to these defaulting loans. Any significant increase in write-offs and/or provisions would materially and adversely impact our Bank's financial performance.

There can be no assurance that we will be able to contain or reduce NPAs or that the overall quality of our loan portfolio will improve or will not deteriorate in the future. Any increase in NPAs will reduce the net interest-earning asset base and increase provisioning requirements, thereby adversely affecting our financial condition and results of operations. Various factors beyond our control, such as rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and adverse changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio. The inability of borrowers to repay loans may translate into mounting NPAs. Stress in certain sectors of the economy could impact our customers and result in higher levels of NPAs and restructured assets in the future.

Further, certain assets classified as restructured may subsequently be classified as delinquent or non-performing in case a borrower fails to restore its financial viability and honor its loan servicing obligations. There can be no assurance that the debt restructuring criteria approved by us will be adequate or successful and that borrowers will be able to meet their obligations under restructured advances. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations.

For certain categories of advances, though banks are currently permitted to continue the standard asset classification status on successful implementation of restructuring packages, such regulatory dispensation would not be available from April 1, 2015, post which a standard account on restructuring (for reasons other than change in DCCO) would be immediately classified as sub-standard on restructuring. Due to this change in regulation we will not be able to retain standard asset classification through restructuring and this may potentially increase our NPAs. Further, for assets sold on or after February 26, 2014 and up to March 31, 2015 to Securitization Company (SC)/Reconstruction Company (RC), as an incentive for early sale of NPAs, banks can spread over any shortfall, if the sale value is lower than the NBV, over a period of two years. During the six months ended September 30, 2014, we have sold assets of net book value ₹ 1,595.30 million and the loss on sale is being spread over two years. Thus, such a facility will not be available for assets sold after March 31, 2015.

The combination of changes in regulations regarding restructured loans, provisioning, and any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected, could materially adversely affect our business and future financial performance.

2. ***We have regional concentration in southern India, especially Kerala. Any adverse change in the economic condition of Kerala and other states in southern India can impact our results of operations. Additionally, we may not be successful in expanding our operations to other parts of India which could have an adverse effect on our business, financial condition and results of operations.***

As on September 30, 2014, out of our 426 branches (excluding our five service branches), 363 branches were located in southern India (including 280 branches which were located in Kerala and 57 branches in Tamil Nadu) constituting 85% of our total branch network. As on September 30, 2014, out of total deposit of ₹ 141,655.02 million, ₹ 87,306.33 million and ₹ 19,306.98 million were received from Kerala and Tamil Nadu, respectively, constituting 61.63% and 13.63%, respectively. As on September 30, 2014, out of total advances of ₹ 96,087.65 million, ₹ 37,748.29 million and ₹ 32,997.88 million were in Kerala and Tamil Nadu, respectively, constituting 39.29% and 34.34%, respectively.

As of September 30, 2014, we have 363, 39, 15, five and four branches which are located in southern, western, northern, central and eastern regions in India, respectively. Additionally, we also have five service branches.

Our concentration in the southern India, and specifically in Kerala, exposes us to many adverse economic or political circumstances in the region as compared to other public and private sector banks that have a more diversified national presence. Any political unrest, disruption, disturbance or sustained downturn in the economy of Kerala and other states in southern India could adversely affect our business, financial condition and results of operations.

Additionally, while we continue to expand our operations outside of our traditional areas of operation, namely Kerala and other states in southern India, we face risks with respect to our operations in geographic areas in which we do not possess the same level of familiarity with the economic condition, consumer base and commercial operations. In addition, our competitors may already have established operations in areas outside southern India and we may find it difficult to attract customers in such new areas. We may not be able to successfully manage the risks of such an expansion, which could have a material adverse effect on our business, financial condition and results of operations.

3. ***We are required to lend a minimum percentage of our adjusted net bank credit to certain 'priority sectors'. Any adverse performance by such 'priority sectors' or any change in the RBI's regulations relating to priority sector lending or our Bank's inability to meet the priority sector lending targets could have a material adverse impact on our financial condition and results of operations.***

In accordance with current RBI guidelines, all banks in India, including us, are subject to directed lending regulations. We are required to lend a minimum of 40% of our adjusted net bank credit to 'priority sectors'. Our priority sectors advances include direct and indirect advance for agriculture, loans to micro and small enterprises, housing loans and educational loans. Out of the advances we are required to lend under the 'priority sector', at least 18% of our adjusted net bank credit must be lent to the agricultural sector and at least 10% of adjusted net bank credit to weaker sections. Further, 1% of the adjusted net bank credit is required to be lent under the 'Differential Rate of Interest Scheme'.

As on March 31, 2012, 2013, 2014 and September 30, 2014, our lending to 'priority sectors' constituted 40.18% (i.e., ₹ 25,320.60 million), 24.52% (i.e., ₹ 19,134.50 million), 31.70% (i.e., ₹ 29,031.50 million) and 38.38% (i.e., ₹ 35,390.60 million), respectively, of our adjusted net bank credit, including 18.19% (i.e., ₹ 11,464.60 million), 6.38% (i.e., ₹ 4,978.70 million), 8.35% (i.e., ₹ 7,647.80 million) and 10.55% (i.e., ₹ 9,731.50 million), respectively, to the agricultural sector.

Further, as on March 31, 2012, 2013, 2014 and September 30, 2014, of our total NPAs, 3.74% (i.e., ₹ 68.50 million), 2.69% (i.e., ₹ 56.70 million), 0.67% (i.e., ₹ 22.30 million) and 1.24% (i.e., ₹ 66.30 million), respectively was towards agricultural sector (excluding RIDF) which constituted 14.76% (i.e., ₹ 11,464.60 million), 5.55% (i.e., ₹ 4,978.70 million), 4.84% (i.e., ₹ 4,283.20 million) and 6.74% (i.e., ₹ 6481.10 million), respectively, of our total advances to the agricultural sector, for the said period.

We have experienced instances of shortfalls in our directed lending to priority sectors in the past. Any shortfall in the amount required to be provided to the relevant sectors must be deposited with Government-sponsored Indian development banks such as the NABARD and NHB. These deposits typically carry interest rates lower than market rates adding pressure on net interest margin. Our investment in such deposits as on September 30, 2014 was ₹ 3,937.50 million.

Further, non-achievement of lending targets to priority sectors may also be considered as a factor by RBI while deciding to grant regulatory clearances and approvals for various purposes. We cannot assure you that we will be able to meet the lending targets towards priority sectors. In case we are unable to meet such targets, we may have to deposit the shortfall with any one of such agencies, resulting in reduced interest income on such advances and refusal of RBI to grant us regulatory clearances and approvals in the future.

Any adverse performance by the priority sectors could significantly increase our NPAs, which may materially and adversely affect our business, results of operations and financial condition. Further, any change in the RBI's guidelines may require us to increase our lending to the priority sector, which may result in an increase in NPAs. While recovery camps are organized by our Bank with the assistance of government bodies to increase the recovery of loans made under government sponsored schemes and other loans in priority sector to reduce our NPAs, there can be no assurance that we would be successful in recovering the outstanding amounts from defaulting borrowers. As on March 24, 2015, there are 3,026 such recovery proceedings, and the aggregate amount involved, to the extent quantifiable, in such proceedings is ₹ 75.75 million.

4. ***Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations. In addition, we may not able to realize the full value of our pledged gold, which exposes us to potential loss.***

Significant portion of our loan portfolio consist of advances that are secured by gold jewellery. As on September 30, 2014, our gold loans represented 29.54% of the total loans outstanding while it was 29.99%, 38.31% and 32.04% as on March 31, 2012, 2013 and 2014, respectively. A sharp downward movement in the price of gold could result in a decline in pledged gold values. Further, a sustained decrease in the market price of gold could also cause a decrease in new gold loans in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses. If the price of gold decreases significantly, our financial condition, cash flows and results of operations may be adversely affected.

Further, in the case of a default, we typically sell the pledged gold through publicly announced auctions. There may be delays associated with the auction process. We cannot assure you that we will be able to sell such pledged gold at prices sufficient to cover the amounts under default in a timely manner or at all. Any failure to recover the expected value of pledged gold jewellery could expose us to a potential loss. Any such losses could adversely affect our business, financial condition and results of operations.

5. ***Our business, financial condition, results of operations and prospects could be materially and adversely affected if we are unable to successfully execute our business and growth strategies and manage our growth effectively.***

During the Fiscals ended March 31, 2012, 2013 and 2014, we expanded our business and infrastructure, with deposits increasing from ₹ 106,048.70 million as on March 31, 2012, to ₹ 123,416.26 million as on March 31, 2013 and ₹ 136,738.61 million as on March 31, 2014, and with net advances increasing from ₹ 76,635.43 million as on March 31, 2012, to ₹ 88,515.18 million as on March 31, 2013 and to ₹ 87,073.62 million as on March 31, 2014. As on September 30, 2014, our total deposits and total advances were ₹ 141,655.02 million and ₹ 96,087.65 million, respectively.

We continue to develop and implement a number of growth initiatives to become more competitive and promote sustainable growth. We have increased our focus on building SME advances and LAP products on the asset side and NRI franchise and retail deposits on the liability side. Due to the increased concentration risk we are cautious in our lending against gold jewellery. We are also now more cautious in increasing corporate loans.

We have expanded our presence across India through a growing network of branches and ATMs. In Fiscal 2014, we opened 40 new branches of which 34 branches were in non-banking rural centers. Our distribution network included 232 ATMs as on December 31, 2014, of which 29 ATMs were added in Fiscal 2014 and 7 ATMs in Fiscal 2015. We have front loaded the opening of branches in unbanked rural centers in Fiscal 2014 which can be utilized for a further period of two years and we are entitled to open 59 branches in Tier 1 centers (metros and urban areas) and 25 branches in semi urban areas without obtaining permission from RBI. However, pursuant to a letter dated January 30, 2015 from RBI in relation to the broadening of capital base and listing of the Equity Shares, the general permission to open new branches was withdrawn and our Bank was not permitted to open any new branches without prior approval of RBI.

We have in the past set targets for our business growth and will continue to set growth targets in the future; however, there can be no assurance that we will meet our current targets or any future targets. Further, there can be no assurance that we will be able to continue to successfully implement our growth strategies in a timely manner or at all, or that any of our new products and services will gain customer acceptance.

Our ability to sustain and manage growth depends primarily upon our ability to manage key operational issues, such as recruiting and retaining skilled personnel, establishing additional branches, developing and marketing profitable products and services to cater to the needs of our existing and potential customers in our current markets, improving our risk management systems to monitor our newer businesses, maintaining and, in a timely manner, upgrading an effective technology platform, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service. Sustained growth will put pressure on our ability to effectively manage and control historical and emerging risks. The expansion of our business activities also exposes us to a number of risks and challenges, including making incorrect judgments or assumptions as to customer acceptance of any new products and services, limited or no experience in certain new business activities, recruiting and training personnel to handle new and existing business activities and enhancing and expanding our risk management and information technology systems to effectively manage the risks associated with these new business activities, products and services.

Our ability to sustain and manage growth is also affected by factors outside of our control, such as GDP growth, changes in regulatory policies, changes in customer demand for loans and changes in interest rates. We may not be able to successfully maintain growth rates due to unfavorable changes in any one or more of the aforementioned factors. Our inability to effectively manage any of these operational issues or react to external factors may materially and adversely affect our business, prospects, financial condition and results of operations.

6. ***We may not be able to maintain or grow our CASA ratio in accordance with our strategy.***

Our CASA ratio dipped from 19.32 % as on March 31, 2012 to 17.53% as on March 31, 2013 and then further dipped to 17.27% as on March 31, 2014 and was 17.96% as on September 30, 2014. Our strategy is to continue to grow our CASA ratio achieved through expanding our client relationships, growing our alternative delivery channels like internet and mobile banking, improving our business mix and introducing new products. However, attracting customer deposits in the Indian market is competitive. Though banks are now free to fix interest rates on savings deposits we are yet to change the rates while many banks are now quoting rates higher than us. In the future, we may also be forced to increase interest rates to remain competitive and there is no guarantee that from such move we will be enhancing our customer base enough to compensate for the increase in interest rates. If we fail to maintain or grow our CASA ratio, our Bank's financial condition, results of operations may be materially and adversely affected.

7. ***We have a concentration of exposure to certain industry sectors, and if such sectors experience any sustained difficulties, our business could be materially and adversely affected.***

We monitor concentration of our exposures to sectors, and calculate sector exposure as required by the RBI. As on March 31, 2014 and September 30, 2014, our gross credit extended to various industries are shown in table below. Furthermore, we have substantial exposure to agriculture; micro & small enterprises; education and housing, which the GoI categorizes as "priority sectors". As on March 31, 2014 and September 30, 2014, priority sector advances (including eligible investments) aggregated ₹ 29,031.50 million and ₹ 35,390.60 million, respectively, which represented 31.70% and 38.38% of our adjusted net bank credit ("ANBC"), respectively. Any significant difficulty in a particular sector or industry, driven by events not within our control, such as regulatory action or policy announcements by government authorities or natural disasters, would adversely impact the ability of borrowers in that industry to service their debt obligations to us. As a result, we would experience increased delinquency risk, which may materially and adversely impact our business, prospects, financial condition and results of operations.

The Bank's industry exposure as on March 31, 2014 and September 30, 2014 is set forth below:

(***₹ in millions***)

Industry/Sector	Advances (Fund Based)	Exposure as % of Total Advances	Advances (Fund Based)	Exposure as % of Total Advances
	As on March 31, 2014		As on September 30, 2014	
All engineering	973.11	4.00	1,104.57	4.38
Automobiles	1,102.34	4.53	1,022.35	4.05
Cement	65.01	0.27	64.18	0.25
Chemicals	2,437.78	10.01	1,588.98	6.30
Coal	1.99	0.01	2.99	0.01
Construction	3,541.41	14.54	4,207.58	16.68

Industry/Sector	Advances (Fund Based)	Exposure as % of Total Advances	Advances (Fund Based)	Exposure as % of Total Advances
	As on March 31, 2014		As on September 30, 2014	
Food	1,707.54	7.01	2,561.60	10.16
Infrastructure	3,505.51	14.40	4,055.03	16.08
Iron and steel	160.77	0.66	161.67	0.64
Jewelleries	772.29	3.17	732.47	2.90
Leather	154.44	0.63	134.58	0.53
Mining	418.07	1.72	406.16	1.61
NBFC	744.93	3.06	742.28	2.94
Oil	58.07	0.24	64.35	0.26
Other Industries	2,296.81	9.43	2,033.82	8.06
Other metal and metal products	484.93	1.99	518.53	2.06
Paper	291.86	1.20	308.77	1.22
Petroleum	21.01	0.09	22.45	0.09
Rubber	253.85	1.04	284.79	1.13
Software	47.43	0.19	50.43	0.20
Sugar	0.05	0.00	0.05	0.00
Tea	46.36	0.19	49.14	0.19
Textiles	5,239.70	21.52	5,081.56	20.15
Tobacco and Beverages	26.59	0.11	22.95	0.09
Total	**24,351.84**	**100.00**	**25,221.27**	**100.00**

8. ***Our business is vulnerable to interest rate and investment related risks. Volatility in interest rates, value of investments and other market conditions could adversely affect our net interest margin, the value of our fixed income portfolio, our security receipts, our income from treasury operations, the quality of our loan portfolio and our financial performance.***

Our net interest income amounted to 23.39% and 22.52% of our gross income in the Fiscal 2014 and for the six months ended September 30, 2014. Net interest income represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest-bearing customer deposits and borrowings. Our net interest margin for the Fiscals 2012, 2013 and 2014 and the six months ended September 30, 2014 was 2.85%, 2.64%, 2.58% and 2.39%, respectively.

Interest rates are sensitive to many factors beyond our control, including RBI's monetary policy, domestic and international economic and political conditions as well as other factors. Volatility and changes in market interest rates could disproportionately affect the interest we earn on our assets as compared to the interest we pay on our liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in net interest income. Accordingly, volatility in interest rates could materially and adversely affect our business and financial performance. An increase in interest rates may also adversely affect the rate of growth of important sectors of the Indian economy, such as the corporate, retail and agricultural sectors, which may materially and adversely impact our business. Increase in delinquency rates will mean that the interest income from such advances will no longer accrue and this will further affect the interest income and net interest income.

Our sources of funding have primarily been customer deposits. Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of a reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to achieve or sustain continued growth of our deposit base, we may be forced to rely more heavily on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Increases in interest rates applicable to our liabilities, without concurrent or corresponding increases in interest rates applicable to our interest-bearing assets, may result in a decline in our net interest income, which could materially and adversely affect our business and financial results.

Under RBI regulations, we are required to maintain a minimum specified percentage, currently 21.50%, of our net demand and time liabilities in Government securities and other approved assets as a statutory liquidity ratio ("**SLR**"). Yields on these investments, as well as yields on our other interest-earning assets, are dependent to a large extent on interest rates and valuation. In a rising interest rate environment, especially if the increase is sudden or sharp, and/or due to changes in valuation of the investments/assets we could be adversely affected by a decline in the market value of our Government securities portfolio and other fixed income securities and may be required to further provide for depreciation in the "Available for Sale" and "Held for Trading" categories.

In a falling interest rate scenario, as we have a significant portion of our investments in short term instruments like treasury bills and certificate of deposits, these instruments will be re-pricing at maturity to lower rates and our Interest income will be affected.

As on September 30, 2014, 76.06% of our total gross investments were in Government securities for SLR. Returns on these investments are dependent to a large extent on interest rates and valuation. As on September 30, 2014, 24.17% and 71.16% of our gross investments were held in the "Available for Sale" and the "Held for Trading" categories, respectively. For the securities in the "Available for Sale" and "Held for Trading" categories which are subject to market risk, we are required to mark to market at regular intervals and net depreciation is recognized and provided, while net appreciation is ignored. In respect of securities under the "Held to Maturity" category, we are not required to mark the same to market but are required to amortize the difference between acquisition cost and face value of the security over the residual maturity period of the security wherever the acquisition cost is greater than the face value. Further, any change in the RBI norms in relation to limits and other conditions for such categories of investments could adversely affect our business and financial results.

Our investment portfolio as on September 30, 2014 included security receipts of ₹ 2,194.78 million issued by ARCs. As per RBI guidelines these receipts have to be valued on NAV basis. Value of these receipts are dependent on the value of underlying securities, recoverability, disposability and market factors. Where there is a decline in value, we will have to make provision for the same and our profitability will be affected to that extent.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay/pre-pay their loans with us, particularly if they are able to switch to more competitively priced loans offered by other banks. Our inability to retain customers as a result of rising interest rates may adversely impact our earnings in future periods. Similarly, in the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to offer competitive rates as compared to other banks in the market which could materially and adversely affect our business and financial results.

9. ***We may fail to maintain the minimum capital adequacy requirements stipulated by the RBI which could materially and adversely affect our results of operations and financial condition.***

We are subject to regulations relating to capital adequacy of banks, which determines the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk asset ratio ("**CRAR**"). Although we have been maintaining a CRAR under the Basel II and Basel III standards, which was 11.25% and 11.00%, respectively, as on March 31, 2014 as compared to the regulatory minimum requirement of 9.00%, there can be no assurance that we will be able to maintain our CRAR within the regulatory requirements. Further, any adverse developments such as deterioration in our asset quality, decline in the values of our investments or applicable risk weight for different asset classes could affect our ability to continue to satisfy the capital adequacy requirements.

On December, 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the Resilience of the Banking Sector". On December 16, 2010 and on January 13, 2011, the Basel Committee issued its final guidance on Basel III and minimum requirements. The Basel Committee proposed that the guidelines be implemented from January 1, 2013. The RBI has issued guidelines on Basel III capital regulations on May 2, 2012. These guidelines have become effective from April 1, 2013 in a phased manner. The Basel III capital ratios will be fully implemented by March 31, 2019. With the implementation of the Basel III guidelines, we may be required to improve the quality, quantity and transparency of Tier I capital, which will now have to be predominantly equity shares. We may be required to apply regulatory deductions against core capital as opposed to Tier I and Tier II capital and a minimum capital ratio may be set, among other suggested changes. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs. Furthermore, with the implementation of Basel III guidelines, our ability to support and grow our business could be limited by a declining capital adequacy ratio, if we are unable to access or face difficulty in accessing the capital or have difficulty in obtaining capital in any other manner. Basel III Capital Standard also requires maintaining Leverage Ratio (which is the ratio of tier 1 capital to total exposure) of 4.5% and banks have to start making public disclosures in this regard from the quarter ended June 30, 2015.

In addition, the Basel Committee published a guidance report titled "Principles for Sound Liquidity Risk Management and Supervision" in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the recent global financial crisis. This was followed by the publication of 'Basel III: International framework for liquidity risk measurement, standards and monitoring' in December 2010 which introduced two minimum global regulatory standards, namely the LCR and the NSFR and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing structural basis. On November 7, 2012, the RBI issued guidelines to consolidate the various instructions or guidance on liquidity risk management and to harmonize and enhance these instructions or guidance in line with the Principles for Sound Liquidity Risk Management and Supervision as well as the RBI Basel III capital regulations. They include enhanced guidance on liquidity risk governance, the measurement, monitoring and reporting of liquidity positions to the RBI and minimum global regulatory standards of LCR and NSFR.

The RBI or any other relevant authority may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. There can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation, business, financial condition and result of operations.

If we fail to meet capital adequacy requirements (including leverage ratio), RBI may take certain actions, including restricting our lending and investment activities, further balance sheet growth and the payment of dividends by us. These actions could materially and adversely affect our reputation, results of operations and financial condition.

10. ***Some of our corporate records, including records on allotments of our equity shares in the past are not traceable.***

We are unable to trace copies of certain corporate records and filings in relation to equity shares issued and allotted by our Bank in the past. In particular, we have been unable to trace: (i) corporate resolutions and filings with the RoC in relation to changes in our authorised share capital from incorporation till the financial year ended December 31, 1961; (ii) resolutions for the issue and allotments of equity shares from its incorporation on November 26, 1920 till the financial year ended December 31, 1982; and (iii) filings with the RoC in relation to issue and allotment of Equity Shares from its incorporation on November 26, 1920 till the financial year ended March 31, 1991. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the RoC and have placed reliance on other documents, including board resolutions and their agenda for allotment of shares, annual reports and audited financial statements for corroborating the share capital history of our Bank for such periods.

Further, we have not been able to trace a copy of the certificate of commencement of business which was issued to our Bank. In this regard, upon an application made and visit to the office of the RoC on February 23, 2005, requesting for the issuance of a duplicate certificate, it was intimated to us that the RoC had no records of the original certificate of commencement of business, and hence a duplicate certificate could not be issued.

We cannot assure you that these form filings and corporate records will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

11. If our existing customers and targeted customers are not receptive to any changes to our brand identity or promotional activities, our business and results of operations could be adversely affected.

To increase our business we intend to further strengthen our brand which may include changes to our brand identity. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand. Further, our existing customers and targeted customers may not be receptive of our new brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

12. We are required to maintain cash reserve ratio ("CRR") and statutory liquidity ratio ("SLR") and any increase in these requirements could materially and adversely affect our business, financial condition and results of operations.

As a result of the statutory reserve requirements stipulated by the RBI, we may be more exposed structurally to interest rate risk than banks in other countries. Under the extant RBI's regulations, we are subject to a CRR requirement under which we are currently required to keep 4.00% of our net demand and time liabilities in current account with the RBI. We do not earn interest on cash reserves maintained with the RBI. The RBI may further increase the CRR requirement as a monetary policy measure and has done so on numerous occasions. Increases in the CRR requirement could materially and adversely affect our business, net interest income, results of operations and financial condition.

In addition, under the RBI's regulations, our liabilities are subject to a SLR requirement, according to which 21.50% of our net demand and time liabilities need to be invested in Government securities, state Government securities and other securities approved by the RBI from time to time. In our experience, these securities generally carry fixed coupons which are typically lesser than the interest rates we pay on our term deposits. When the interest rate rises, the value of these fixed coupon securities depreciates. We cannot assure you that investment in such securities will provide returns better than other market instruments. Further, any increase in the CRR and the SLR requirements, would reduce the amount of cash available for lending, which may materially and adversely affect our business, financial condition and results of operations.

13. Our funding requirements are primarily met through customer deposits. If we fail to sustain or achieve growth of our deposit base, including our current and savings account deposit base, our business may be adversely affected.

We meet our funding requirements through short-term (i.e. maturity up to one year) and long-term (i.e., maturity for more than one year) deposits from retail depositors (deposits of less than ₹ 10 million and wholesale depositors (deposits of ₹ 10 million and above). Banks usually face an asset-liability mismatch due to the difference in maturity patterns of their liabilities and assets. Where maturing liabilities are more than the assets there is a negative mismatch and a potential liquidity problem.

As on September 30, 2014, we have an asset liability mismatch. The bucket-wise mismatches are as under:

(₹ in millions)

	Mismatch	Cumulative Mismatch	Mismatch (in%)
Next Day	1,130.51	1,130.51	33.84
2-7 days	2,747.25	3,877.76	125.21
8-14 days	2,695.83	6,573.59	71.68
15-28 days	3,242.90	9,816.49	154.65
29days-<3 months	2,203.60	12,020.09	25.15
3months-<6 months	84.70	12,104.79	0.92
6 months -<1 year	14,567.85	26,672.64	125.34
1 year -<3 year	5,883.69	32,556.33	17.77

3 year -<5 year	3,367.60	35,923.93	84.79
> 5 year	(35,548.83)	375.10	(44.41)
Total	**375.10**	**375.10**	**0.24**

Mismatch has been arrived at by subtracting total inflows from total outflows
Mismatch percentage has been arrived at based on the formula: $\frac{\textit{(total inflows – total outflows) x 100}}{\textit{Total outflows}}$

Though as of now we are running positive mismatches in all the buckets up to five years the data is subject to various assumptions on renewal of retail term deposits, behavior of non-maturity deposits (CASA and loans (overdrafts and cash credits) and repayments of short and long term loans. Non-renewal of retail term deposits or higher than expected volatility in non-maturity deposits or delay in repayment of loans or increasing the proportion of long term loans can alter the mismatch position of the bank adversely. Consequently, we may face liquidity problem. As a result, we may be required to pay higher rates to attract deposits, which may have an adverse impact on our business and results of operations.

Any failure on our part to minimize the asset liability mismatch resulting in higher liquidity risk may adversely affect our business, financial condition and results of operations.

For details of Slotting Criteria for Daily Structural Liquidity Statement, see the section titled "*Select Statistical Information*" on page 221.

14. ***We have a concentration of loans to certain customers, and if the financial conditions of these customers deteriorate, our asset quality, financial condition and results of operations could be materially and adversely affected.***

We monitor concentration of our exposure levels to borrowers, and calculate customer exposure as required by the RBI. As on March 31, 2012, 2013, 2014 and September 30, 2014, the aggregate exposure to our 20 largest borrowers (in standard assets category) amounted to ₹ 12,145.80 million, ₹ 11,883.30 million, ₹ 13,141.50 million and ₹ 13,704.10 million, representing 13.26%, 11.50%, 12.53% and 12.06%, respectively, of our total exposure as on such dates. Our exposure to our single largest borrower as on March 31, 2012, 2013, 2014 and September 30, 2014 was ₹ 1,980.40 million, ₹ 2,442.60 million, ₹ 2,714.40 million and ₹ 2,677.30 million, representing 2.16%, 2.36%, 2.59% and 2.36% of our total exposure as on such date. If any of our 20 largest borrowers' loans becomes non-performing, the credit quality of our portfolio and our business and financial results could be materially and adversely affected.

15. ***Our success depends largely upon our management team and skilled personnel and our ability to manage attrition as well as to attract and retain personnel.***

We believe that the breadth of experience of our management team coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. Our management's capabilities, strong reputation, extensive network of industry relationships and extensive experience in the finance and banking industry are the key to our growth, modernization and development. We rely heavily on the expertise and experience of our Key Management Personnel.

Our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. A considerable portion of our senior management, having been associated with out Bank for several years, is due to retire in the next few years. Further, there is significant competition for management and other skilled personnel in the banking industry. There is no assurance that we will not lose our key management personnel to our competitors that may offer more competitive remuneration packages and other benefits. Any increase in our attrition levels may add to our personnel expenditure. Our failure to retain our management team and skilled personnel or attract new talent to aid our growth and carry out our strategies could materially and adversely affect our business, prospects, financial condition and results of operations.

16. ***We have a concentration of deposits from certain depositors, which exposes us to liquidity risk, the crystallization of which could materially and adversely affect our business, financial conditions, result of operations and prospects.***

As on September 30, 2014, our Bank's total deposits were ₹ 141,655.02 million, compared with ₹ 136,738.61 million, ₹ 123,416.26 million and ₹ 106,048.70 million on March 31, 2014, 2013 and 2012, respectively. As on September 30, 2014, our top 20 depositors constituted 13.65% of our total deposits. If any or a substantial number of our top 20 depositors withdraw their deposits or do not roll over their time deposits upon maturity, we may be required to seek more expensive sources of funding, including paying higher interest rates in order to attract and/or retain further deposits, and we cannot assure you that we will be able to obtain additional funding on commercially reasonable terms as and when required. In such an event, our Bank's liquidity position, financial condition, results of operations may be materially and adversely affected.

17. ***Our auditors have qualified certain matters and highlighted certain matters of emphasis in relation to our financial statements for the six months ended September 30, 2014 and Fiscals 2011, 2012, 2013 and 2014.***

Our auditors for the respective periods have qualified certain matters and highlighted certain matters of emphasis in relation to the financial statements for the six months ended September 30, 2014 and Fiscals 2011, 2012, 2013 and 2014.

Six months ended September 30, 2014 (Qualification)

"*The bank has classified two advances aggregating ₹ 1,161.90 million as standard, which were classified as non-performing as on 31.03.2014 in the Annual Financial Inspection Report of the Reserve Bank of India dt. 23.10.2014. Accordingly, the provision required for NPA to that extent of ₹ 165 million as also the reversal of interest ₹ 61.9 million (including ₹ 48.4 million taken credit for in the half year ended 30.09.2014), required in respect of the said accounts have not been made. Had the adjustments for the above, as also credit for deferred tax asset, are made in the accounts, the loss for the period will be higher by ₹ 114.00 Million and in the Balance Sheet, the Reserves and Surplus, Advances and other liabilities will be lower by ₹ 114 million, ₹ 207.4 million and ₹ 34.8 million respectively and other assets will be higher by ₹ 58.6 million, with consequential impact as disclosure of Non-performing assets, Restructured assets, Capital Ratio and Deferred Tax in the said accounts.*"

Fiscal 2013 (Qualification)

"The financial statements are prepared after incorporating the returns of 28 branches/offices audited by central statutory auditors, 325 branches/offices audited by branch auditors and unaudited returns of 55 branches/offices in respect of which exemption has been availed as directed by Reserve Bank of India, in consultation with central statutory auditors in respect of which, the exemption from the Central Government required under rule 4(1) (a) of the Companies (Branch Audit Exemption) Rules 1961 from the provisions of sub sections (1) and (3) of Section 228 of the Companies Act, 1956 has not obtained. These unaudited branches account for 1.59 per cent of advances, 5.82 per cent of deposits, 1.35 per cent of interest income and 5.54 per cent of interest expense."

Fiscals 2011, 2012, 2013 and 2014 and the six months ended September 30, 2014 (Matter of emphasis)

"Without qualifying our opinion, the central statutory auditors draw attention to Note No. 8.3.2 (31.03.2011), 3.3 (31.03.2012 to 31.03.2014 and 30.09.2014), to the financial statements, which describes deferment of pension and gratuity liability of the bank to the extent of ₹ 483.80 million (31.03.2011), ₹ 362.80 million (31.03.2012), ₹ 241.90 million (31.03.2013) ₹ 121 million (31.03.2014) ₹ 60.50 million (30.09.2014) pursuant to the exemption granted by the Reserve Bank of India to the bank, from the application of the provisions of Accounting Standard (AS) 15 relating to employee benefits vide its circular no. DBOD.BP BC 80/21.04.018/2010-11 dated 09.02.2011 and RBI letter DBOD.BP BC 15896/21.04.018/2010-11 dated 08.04.2011 on reopening of pension option to employees of the bank and enhancement in gratuity limits Prudential Regulatory Treatment."

If such qualifications and matters of emphasis are highlighted are contained in future audit reports, the price of our Equity Shares may be adversely impacted.

18. ***We have significant contingent liabilities and any realization of our contingent liabilities could materially and adversely affect our business, financial conditions, result of operations and prospects.***

As on March 31, 2012, 2013 and 2014 and September 30, 2014, we had contingent liabilities amounting to ₹ 9,764.63 million, ₹ 8,567.05 million, ₹ 11,380.52 million and ₹ 8,800.17 million, respectively. For details, see the section titled "*Financial Information*" on page 190. The contingent liabilities (including claims against our Bank not acknowledged as debts, liability on account of outstanding forward exchange contracts, guarantees given on behalf of constituents, acceptances, endorsements and other obligations and other items for which our Bank is contingently liable) have arisen during the normal course of business. We are subject to liquidity risk and credit risk on our off-balance sheet commitments because these commitments may need to be fulfilled by us in certain circumstances. In the event that any of the above liabilities realizes, we may be required to honor the demands raised. If we are unable to recover payment from our customers in respect of the commitments that we are called upon to fulfill, our business, financial conditions, result of operations and prospects may be materially and adversely impacted.

19. ***'We have revalued certain assets in the past, which has resulted in increase in our 'reserves and surplus'. These reserves are not free reserves and we may not be able to utilise these for distribution as dividends or bonus shares to our shareholders.***

Our Bank has undertaken revaluation of land and buildings during Fiscals 1991, 1994, 1999, 2005, 2007, 2008 and 2013. As on March 31, 2012, 2013, 2014 and the six months ended September 30, 2014, our revaluation reserves were ₹ 387.66 million, ₹ 1,267.12 million, ₹ 1,253.11 million and ₹ 1,246.45 million, respectively.

Such revaluations resulted in appreciation in the value of said assets with corresponding increase in credit to our reserve and surplus and depreciation over and above the normal depreciation attributable to revalued assets which were set off against the revaluation reserve. However, as per the Accounting Standards issued by the Institute of Charted Accountants of India ("**ICAI**"), we cannot use these reserves to distribute either dividends or bonus shares to our shareholders. For details of revaluation, please see section titled "*Financial Statements*" on page 190.'

20. ***We are involved in certain legal and other proceedings in India and may face certain liabilities as a result of the same.***

We are involved in various criminal, recovery, civil, consumer and tax-related litigations, which are at different stages of adjudications before various legal and statutory *fora*. We are involved in litigations for a variety of reasons, including for recovery of outstanding amounts from defaulting borrowers, criminal proceedings initiated with respect to frauds committed against our Bank, online frauds committed against us, labour proceedings and industrial disputes initiated by our former or current employees as well as or claims by customers during the process of recovery of our monies or for service related issues. A summary of the litigation currently involving our Bank is set out below:

SI. No.	Nature of Litigation	No. of Cases	Amount involved* (₹ in millions)
1.	Criminal proceedings	75**	-
2.	BIFR proceedings	6	852.40***
3.	Recovery Proceedings	3,302	1,962.87
4.	Civil matters	69	49.66
5.	Consumer complaints	27	29.87
6.	Complaints before the Banking Ombudsman	3	0.03
7.	Labour proceedings	34	-
8.	Direct taxation matters	28	1,458.82
9.	Indirect taxation matters	3	3.72
10.	Cases filed under Section 138 of the Negotiable Instruments	9	20.48

	Act		
	Total	**3,556**	**4,377.85**

* *to the extent quantifiable.*
*** including 65 frauds reported to RBI under FMR-1.*
**** amounts involved in matters where substitution has been initiated, have not been included.*

Further, as on March 24, 2015, there are 37 legal notices pending against us, and the aggregate amount claimed against us, to the extent quantifiable, is approximately ₹ 21.70 million, and two pending notices, involving an aggregate amount of ₹ 100.96 million.

Should any new developments arise, such as a change in law or rulings against us by courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. If any of the cases pending are decided against us, or if additional penalties are assessed and/or sanctions imposed on us in the future for failures to comply with KYC or other required procedures, it may have a material adverse effect on our businesses, reputation, financial condition and results of operations.

21. ***The value of our collateral may decrease or we may experience delays in enforcing our collateral if borrowers default on their obligations, which may result in failure to recover the expected value of collateralized security exposing us to potential losses.***

As on September 30, 2014, 95.62% of our advances were secured by collateral, including real estate assets, property, gold ornaments, plant, equipment, inventory, receivables, current assets and pledges or charges on fixed assets, bank deposits, NSC/KVP/LIC policy or financial assets such as marketable securities and guarantees. The value of the collateral securing our loans, including, in particular, any property and gold jewellery, may significantly fluctuate or decline due to factors beyond our control, including those affecting the Indian and global economy in general.

In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of spurious items as security, prolonged legal proceedings and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. Further, certain kinds of loans that are advanced by us are not secured by any assets.

In terms of the Banking Regulation Act, 1949, a banking company is not permitted to hold any immovable property (except as is required for its own use), for any period exceeding seven years, or as may be extended by RBI for a period not exceeding five years, on a case to case basis. Such restriction may force us to dispose off the collateral, upon foreclosure, without realizing the full value of such collateral.

A decline in the value of the security could impair our ability to realize the secured assets upon any foreclosure, which would likely require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses, our profitability could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In India, foreclosure on collateral may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. Although legislations, such as the SARFESAI Act, strengthen the rights of lenders to enforce security and recover amounts owed from secured borrowers, there can be no assurance that such legislation will have a favorable impact on our efforts to reduce our levels of NPAs and we may not be able to realize the full value of our secured assets, due to, among other things, delays in foreclosure proceedings, defects in the perfection of secured assets, fraudulent transfers by borrowers and decreases in the values of secured assets.

In addition, the RBI's guidelines on corporate debt restructuring specify that for debt amounts of ₹100 million and above, 60% of the creditors by number and 75% of creditors by value can decide to restructure the debt and that such a decision would be binding on the remaining creditors. If we own 25% or less of the debt of a borrower, we may not be able to realize the full value of our secured assets and could be forced to agree to an extended restructuring of debt which may not be in our interests.

Our inability to realize the full value of assets securing our loans on a timely basis or at all, including if we are instead compelled to restructure our loans, could materially and adversely affect our asset quality, business, results of operation and financial condition.

22. ***The Indian banking industry is very competitive and our success will depend on our ability to compete effectively.***

We face competition from public and private sector Indian commercial banks and foreign commercial banks in all our products and services. Some of such banks are large institutions and may have much larger customer and deposit bases, larger branch networks and wider capital base. We also face competition in some or all of our products and services from NBFCs, post office savings schemes, exchange houses, micro financing institutions, co-operative banks and other entities operating in the financial sector.

Further liberalisation of the Indian financial sector could also lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely affect our competitive environment.

RBI has come out with a set of guidelines for licensing of new banks in the private sector in February 2013. The process of licensing culminated with the granting of “in-principle” approval to two applicants who would set up new banks in the private sector within a period of 18 months. While announcing the decision to grant “in-principle” approval to the two applicants, RBI indicated that going forward it would use the learning experience from this licensing exercise to revise the guidelines appropriately and move to grant licenses more regularly on “tap” basis.

RBI is working on a policy of having various categories of “differentiated” bank licenses which will allow a wider pool of entrants into banking. Guidelines for licensing payment banks and small banks have been issued in November 2014. These changes in the regulatory environment have the effect of lifting of entry barriers in the industry, which may not be favourable for existing players like us.

We also compete with foreign banks having operations in India. In November 2013, the RBI released a framework for the setting up of wholly owned subsidiaries (“**WOS**”) in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, WOS of foreign banks are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, WOS of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from RBI in each case, subject to certain requirements. The guidelines may result in increased competition from foreign banks.

Banks like us are also facing increasing competition from non-banks including NBFCs and MFIs. Going ahead, there may be increase in the non-bank related financing activities through innovations like Peer-to-Peer (P2P) lending. P2P lending also referred to as ‘social investing’, ‘marketplace lending’ or ‘direct consumer lending’ is the practice of borrowing and lending of money among unrelated individuals and business entities, on the online platforms, without any role of a traditional financial intermediary like a bank or a non-banking financial institution.

Our future success will depend in large part on our ability to respond in an effective and timely manner and our ability to compete effectively. Increased competitive pressure may have an adverse impact on our business, financial condition and results of operations.

23. ***Majority of our business premises is leased. Accordingly, we are exposed to risks typical to leasing of commercial real estate.***

As on December 31, 2014, we had 431 branches and 232 ATMs, majority of which were located on leased premises. As on December 31, 2014, some of our leases, including leases of certain of our top 25 branches (identified on the basis of total business) had expired and were in the process of being renewed. Termination of or failure to renew lease agreements for these premises on terms and conditions favorable to us or at all may require us to shift the concerned branch offices or the ATMs to new premises. This might adversely affect our business operations and incur additional expenses.

24. ***We focus and intend to continue to focus on our SME business. The growth of our SME business depends on the performance of the SME sector in India, competition from public and private sector banks and financial institutions and NBFCs, and government policies and statutory and/or regulatory reforms in the SME sector.***

As on September 30, 2014, 43.18% of our total advances were to our SME customers. In recognition of the contribution and vast potential of the small enterprises finance sector in the economy, provision of adequate credit to this sector continues to be an important element of banking policy. The Government of India has from time to time taken economic policy initiatives to promote this sector and enhance credit to small and medium enterprises. Some of the initiatives of the Government to support small enterprise financing include setting up a credit guarantee fund trust for small industries, risk sharing facilities, venture capital funding and micro credit. The small enterprises finance sector currently is catered to largely by public sector banks, public financial institutions and local unorganized private financiers.

Any change in the regulatory requirements in connection with the SME sector, change in government policies, slowdown in liberalization and reforms affecting the sector could affect the performance of SMEs and demand for SME finance, and, in turn, our business and results of operations.

25. ***We may be unable to sustain the growth rate of our NRI banking business, which could adversely impact our financial results.***

As a part of our growth strategy, we intend to focus on expanding our NRI banking business. We have achieved significant growth in our NRI banking business in recent years. As on March 31, 2013, 2014 and September 30, 2014, our total NRI deposits constituted 13.47 %, 17.27 % and 18.50 %, respectively, of our total deposits.

We intend to continue our focus on further growth in NRI banking business by offering new products and services. While we anticipate continued demand in the NRI banking business, growth of our NRI portfolio is subject to various factors including geographic location of our branches, availability of funding in such locations, quality of products offered, demand from NRIs and competitiveness at such locations. We cannot assure you that we will be able to grow at the rates we have experienced in the past, which could materially and adversely affect our business, financial condition and results of operations.

26. ***We are subject to annual financial inspection ("AFI") by RBI. Non-compliance with RBI observations could subject us to impositions of penalties and restrictions by RBI, and adversely affect our business, financial condition or results of operations.***

We are subject to an AFI by RBI under the Banking Regulation Act. In the past certain observations were made by RBI during the AFI regarding our business and operations in its AFI reports. In these reports, the RBI has identified certain deficiencies in the operations of our Bank in, *inter-alia*, the following areas:

- credit appraisal practices;
- priority sector lending;
- monitoring and detection of frauds;
- KYC compliance; and
- Adherence to internal policy, procedure and limits.

While we attempt to be in compliance with all regulatory provisions applicable to us, in the event we are not able to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or restriction by RBI may have a material adverse effect on our reputation, financial condition and results of operations.

The RBI conducts annual on-site inspections on all matters addressing our banking operations and relating to, among other things, our Bank's portfolio, risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance. During the course of finalizing this inspection, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction, including, without limitation, requiring us to make provisions, impose internal limits on lending to certain sectors and tighten controls and compliance measures and restricting our lending and investment activities. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties imposed by the RBI, as well as expose us to increased risks. Furthermore, the RBI is currently in the process of implementing risk-based supervision in a phased manner. Our Bank is yet to experience and adapt to any additional compliance and data requirements to be imposed by risk-based supervision. Any failure to meet other RBI or the SEBI requirements could materially and adversely affect our reputation, business, financial condition, results of operations, pending applications or requests with the RBI and our ability to obtain the regulatory permits and approvals required to expand our business.

27. ***Our agreement with NABARD for obtaining of refinance assistance contains certain restrictive covenants.***

We have entered into a loan agreement dated January 22, 1979 ("**Refinance Agreement**") with Agricultural Refinance Corporation (which was succeeded by NABARD upon the enactment of the NABARD Act) in respect of refinance facilities obtained by our Bank. For details please see section titled "*Financial Indebtedness*" on page 248. In terms of the Refinance Agreement, the loan agreements we enter into with our borrowers are required to include provisions giving NABARD certain rights, including in relation to the loans and security created for such loans and right to inspect our borrowers' premises. We may not have been in compliance with such provisions of the Refinance Agreement and cannot assure you that such non-compliance will not result in us being in default under the terms of the Refinance Agreement.

28. ***We may face labor disruptions that could interfere with our operations and we may be unable to manage our employee costs and expenses.***

We are exposed to the risk of strikes and other industrial actions by our employees as well as trade unions that our employees are be part of. As on December 31, 2014, 1,559 out of our 1,569 officers (Grade I to III), 1,097 out of our 1,148 clerks, 129 out of our 129 peons and 48 out of our 50 part time sweepers were members of trade unions. In the year 2007, Bank's Calcutta branches (Lal Bazar and Burra Bazar) were closed for 93 days due to the strike called for by The Catholic Syrian Bank Ltd Staff Union.

We cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such employee unrest events could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition or results of operation.

Further, we expect our operating expenses on account of payment to and provision for employees to increase significantly after the implementation of the 10th Bipartite Wage Revision Settlement between the management of A Class Scheduled Banks like us (represented by the IBA) and their workmen (represented by various labour unions and officers' associations) ("**10th Bipartite Settlement**"). As on February 2015, the terms of the 10th Bipartite Settlement as mutually agreed between the parties include a 15% annual wage increase in salary and allowances for employees of A Class Scheduled Banks (on salary slip components) effective (when implemented) from November 1, 2012 and every second and fourth Saturday to be designated as a holiday, and the other Saturdays designated as full working days. An inability to effectively manage such cost and expense escalations could affect our income and profitability.

Further, there are several cases filed against us by our former or current employees before various tribunals and courts, in relation to claims for allegedly wrongful termination of service, reinstatement along with back wages, promotions, transfers, claims pertaining to terminal benefits and disciplinary actions taken against them. If any of the cases pending are decided against us, we may be subject to payment of back-wages, compensations or may even be required to re-instate the employees, which could increase our personnel retention and administrative costs and adversely affect our financial condition and results of operation.

29. We have limited access to credit and other financial information on borrowers than banks in other economies, which may decrease the accuracy of our assessments of credit risks and thereby increase the likelihood of borrower defaults.

Our principal activity is to provide financing to borrowers located in India. The credit risk of our borrowers, including retail customers, SMEs, small and mid-sized corporates, agricultural and rural customers and priority sectors, may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advances. Our corporate borrowers may suffer from low profitability because of increased competition as a result of economic liberalization policies, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy and other factors.

In addition, India's system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it or corporate or financial information relating to companies or other economic enterprises is not as comprehensive as in the countries with established market economies. The absence of such reliable and comprehensive statistical, corporate and financial information, including audited financial statements and recognized debt and credit rating reports, relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult. Many of the nationwide credit bureaus have become operational in India in recent years, and it may be some time before comprehensive information on the credit history of our borrowers, especially individuals and small businesses, is available to us. In many cases, we need to rely on the accuracy and completeness of information furnished by or on behalf of customers and counterparties, including financial statements and financial information. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on the loans provided by us and decreasing the likelihood that we would be able to enforce any security in respect of such loans or that the collateral will have a value commensurate to the respective loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is even more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with lending to this category of borrowers.

Such difficulties in assessing credit risks associated with our day-to-day lending operations and risks associated with the business environment in India may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business and financial results.

30. We intend to focus on growing our high margin fee-based income, including by selling life insurance products. Our agreement with Edelweiss Tokio Life Insurance Company Limited to distribute life insurance products contains certain covenants which may adversely affect our ability to grow this segment.

An important strategic focus for us is to grow our high margin fee-based income. We intend to focus on increasing our fee-based income by increasing the fee-based services we provide and expanding our third party product offerings, including life insurance products.

We have entered into arrangement to distribute life insurance products of Edelweiss Tokio Life Insurance Company Limited ("**ETLIC**") pursuant to an agreement dated September 14, 2013. In terms of this agreement we are required to solicit and procure insurance business exclusively for ETLIC, as its corporate agent. Further, in the event that applicable laws mandate that we act as an agent of more than one life insurance company, we are required to disclose the terms and conditions of any such arrangement to ETLIC, obtain prior consent from ETLIC and in all circumstances give ETLIC preferred partner status.

In the event the terms, including the ones mentioned above, under this agreement impede our ability to grow our insurance business, our financial condition and results of operations may be adversely affected.

31. ***A portion of our advances are unsecured. In case we are unable to recover such advances in a timely manner or at all, it may adversely affect our business, financial condition and results of operations.***

As on March 31, 2012, 2013, 2014 and September 30, 2014, 3.93% (or ₹ 3,009.06 million), 3.52% (or ₹ 3,119.92 million), 3.66% (or ₹ 3,184.73 million) and 4.38% (or ₹ 4,126.74), respectively, of our advances were unsecured. While we have been selective in our lending policies and strive to satisfy ourselves with the credit worthiness and repayment capacities of our customers, there can be no assurance that we will be able to recover the interest and the principal advanced by us in a timely manner or at all. Any failure to recover the unsecured advances given to our customers would expose us to a potential loss that could adversely affect our business, financial condition and results of operations.

32. ***Some of the agreements entered into by us in relation to leased property may be inadequately stamped and may have certain irregularities in title such as non-registration of lease deeds, which could adversely affect our financial health.***

Some of the lease agreements entered into by us may be inadequately stamped. As a result, these agreements may be inadmissible as evidence before a court of law. Further, some of the immoveable properties used by us and taken on lease may have one or more irregularities of title such as non registration of lease deeds. We cannot assure you that we would be able to enforce our rights under such agreements or in respect of such immovable properties, and any inability to do so, could impair our operations and adversely affect our financial condition.

33. ***Any downgrading in our credit ratings could adversely affect our business, financial condition and results of operations.***

Rating agency CARE (Credit Analysis and Research Ltd) has rated our Bank's Lower Tier II Bonds at CARE BBB (Triple B), which stands for-"Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk". These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. Any downgrading in our credit ratings in the future may adversely affect our ability to raise capital on reasonable commercial terms and mobilize deposits and therefore adversely affect our business.

34. ***We require certain regulatory approvals for operation or growth of our business, and the failure to obtain the same in a timely manner or at all may subject us to sanctions and penalties pursuant to inspection and supervision by regulatory authorities, including the RBI and the SEBI, or otherwise adversely affect our operations.***

We require regulatory approvals, licenses, registrations and permissions, at corporate as well as branch levels, for operating our business, some of which would require renewal from time to time. We are also required to obtain memberships with certain regulatory organizations, such as the IRDA, to undertake some of our operations. We may not receive such approvals or memberships, or may be unable to obtain renewals within the prescribed time frames or at all, which could adversely affect our business.

Our registration for distributing third-party mutual fund products pursuant to SEBI circular No. MFD/CIR/20/23230/2002 dated November 28, 2002, issued by the Association of Mutual Funds of India (Reference No. ARN – 18031) on March 24, 2009, expired on March 23, 2014 and we are yet to apply for renewal of this registration.

We have not obtained licenses under the relevant state legislations governing the registration of shops and establishments for certain of our branches, including certain of our top 25 branches (identified on the basis of total business). Further, apart from the requirement of obtaining license, we may not be in compliance with the other provisions of such legislations, which may be applicable to us.

In the event the competent authority under the relevant state legislations governing the registration of shops and establishments, finds us in violation of such legislation and imposes statutory penalty for not obtaining the registration, our business and results of operations may be adversely affected.

Further, we have licenses from RBI for our banking and other operations, and are also registered as a merchant banker with SEBI. However, our operations are subject to continued review and possible changes to the governing regulations. Failure to obtain, renew or maintain any required approvals, permits or licenses in accordance with the regulations and any amendments thereto, may result in the interruption of all or some of our operations, imposition of penalties and could materially and adversely affect our business and financial results. For further details see the sections titled "*Regulations and Policies*" and "*Government and Other Approvals*" on pages 149 and 330.

35. Our ability to open branches in Tier 1 centers is subject to fulfillment of certain eligibility criteria prescribed by the RBI. If we are unable to fulfill such eligibility criteria and, as a result, are unable to open new branches in Tier 1 centers, we may be unable to grow our deposit base that may in turn adversely affect our business prospects.

As on December 31, 2014, we had 431 branches and 232 ATMs across India. The opening of new branches and shifting of existing branches of banks is governed by the provisions of the Banking Regulation Act and RBI guidelines. Domestic scheduled commercial banks are permitted to open branches in Tier 2 to Tier 6 centers, without permission from the RBI, subject to reporting requirements to RBI. Further, in terms of the RBI circulars dated September 19, 2013 and October 21, 2013, domestic scheduled commercial banks are permitted to open branches in Tier 1 centers without permission of RBI, subject to the following conditions being satisfied:

- at least 25% of the total number of branches opened during a financial year (excluding entitlement for branches in Tier 1 centers given by way of incentive), must be opened in unbanked rural (Tier 5 and Tier 6) centers, i.e., centers which do not have a brick and mortar structure of any scheduled commercial bank for customer based banking transactions; and
- the total number of branches opened in Tier 1 centers during the financial year (excluding entitlement for branches in Tier 1 centers given by way of incentive) cannot exceed the total number of branches opened in Tier 2 to Tier 6 centers and all centers in the North Eastern States and Sikkim.

As on December 31, 2014, we had 157 branches in Tier 1 centers and 274 branches in Tier 2 to Tier 6 centers. For details of key approvals obtained with respect to our top 25 branches, identified on the basis of total business, see the section titled "*Government and Other Approvals*" on page 330. Our ability to raise fresh deposits and grow our deposit base from Tier 1 centers depends in part on our ability to expand our network of branches. Further, pursuant to a letter dated January 30, 2015 from RBI in relation to the broadening of capital base and listing of the Equity Shares, the general permission to open new branches was withdrawn and our Bank is not permitted to open any new branches without prior approval of RBI. There can be no assurance that we will be able to (i) open new branches, (ii) continue to satisfy the eligibility criteria for branch expansion, (iii) the restrictions imposed by RBI be revoked, (iv) RBI will give us approval for opening branches, or (v) RBI will not impose similar restrictions on us in the future, as a result of which our business prospects could be adversely affected.

36. Any closures of branches or losses of our key branch personnel may adversely affect our ability to build and maintain relationships with our customers.

Our business is dependent on our key branch personnel to establish, build and maintain customer relationships. We encourage dedicated branch personnel to service clients in certain business segments since we believe that this leads to long-term client relationships, a trust-based business environment and over time, better cross-selling opportunities. While no individual branch manager and no single operating group of managers contributes a meaningful percentage of our business, our business may suffer materially if a substantial number of branch managers leave the organization or if some of our branches are closed for any reason beyond our control.

37. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to developing our risk management policies and procedures and expect to continue to do so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed including 1) Credit Risk Management policy 2) Operational Risk Management policy 3) Outsourcing Policy and 4) Business Continuity Plan, that articulates our approach to the identification, measurement, monitoring controlling and mitigation of various risks associated with our banking operations in addition to providing certain important guidelines for strict adherence. Our other important risk policies include our Liquidity Management Policy, Market Risk Management Policy which includes Asset-Liability Management Policy, Credit Policy, Credit Risk Management Policy an Investment Policy, Forex Policy, Recovery Policy, Stress Testing Policy, KYC and AML Policy, Operations Risk Management Policy, Risk Based Internal Audit Policy, Internal Capital Adequacy Assessment Process Policy. The Risk Management Committee of the Board and the Board review our risk management policies annually. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risk are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than indicated by the historical measures. As we seek to expand the scope of our operations, we also face the risk of inability to develop risk management policies and procedures that are properly designed for those new business areas in a timely manner. Any inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

38. Our business is highly dependent on our information technology systems, which require significant investment for regular maintenance, upgrades and improvements. Therefore, if we are unable to adapt to rapid technological changes, or if there is any breach of our information technology systems or any failure of such systems to perform as expected, our business, reputation and ability to service our customers could be adversely affected.

Our information technology systems are a critical part of our business that help us manage, among other things, our risk management, regulatory compliance, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services in all our business segments. In particular, the secure transmission of confidential information is critical to our operations.

Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorised tampering, may cause interruptions or delays in our ability to provide services to our customers on a timely basis or at all, and may also result in costs for information retrieval and verification. Corruption of certain information could also lead to errors when we provide services to our customers. Any failure on the part of third party vendors under agreements with us to provide products and services, including software that enables our operations, or to appropriately maintain such products and services under annual maintenance contracts, may adversely affect our functioning and operations. In the event of failure on the part of these third party vendors, their liabilities towards us usually do not exceed a certain percentage of the total fee paid by us and they will not be liable to us for any loss of profits or revenue or any consequential or indirect loss, which in turn exposes us to higher risks in using these software and systems. In addition, we may be subject to liability as the result of any theft or misuse of personal information stored on our systems or on the systems of our outsourcing service providers. Any of these outcomes could adversely affect our business, our reputation and the quality of our customer service.

Our networks and systems may be vulnerable to unauthorised access and other security problems. To address these issues and to minimize the risk of security breaches, we employ security systems, including firewalls, security information and event management. Despite implementation of these systems, we cannot assure you that our existing security measures will prevent unforeseeable security breaches, including break-ins and viruses, or other disruptions such as those caused by defects in hardware or software and errors or misconduct of operators. Persons who circumvent our security measures could use our clients' confidential information wrongfully or otherwise compromise the integrity of information stored in and transmitted through these computer systems and networks. There can be no assurance that our use of encrypted password-based protections and firewalls are adequate to prevent fraud or the invasion or breach of the network by an intruder. Any material security breach or other disruptions could expose us to losses and regulatory actions and could harm our reputation, and may adversely affect our operations and future financial performance.

The Bank has set up the disaster recovery site in Tata Communications IDC, White Field, Bangalore and a specific disaster recovery facility for RTGS transactions in Chennai. The servers are hosted in a caged area with biometric access. The complete datacenter is managed using BMS (Building Management System). Various applications such as core banking solution, internet banking, foreign inward remittance, ATM switch are deployed in disaster recovery site. However, any failure in our systems, particularly those utilized for our retail products and services and transaction banking due to the occurrence of calamities such as floods, fire, earthquakes and cyclones that affect areas in which we have data recovery sites, could adversely affect our operations and the quality of our customer service.

We need to regularly upgrade and improve our information technology systems, including our software, back-up systems and disaster recovery operations, at substantial cost so that we remain competitive. Our success will also depend, in part, on our ability to respond to new technological advances and emerging banking and other financial services industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. The high cost to upgrade and improve our information technology systems, whether to comply with changes in regulatory requirements, to remain competitive or otherwise, could be prohibitive due to the relatively small size of our Bank. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards. Any failure to improve or upgrade our information technology systems effectively or in a timely manner could materially and adversely affect our competitiveness, financial condition and results of operations.

39. ***We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business and/or our reputation.***

We are required to comply with applicable anti-money-laundering (AML) and anti-terrorism laws and other regulations in India. In the ordinary course of our banking operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties and/or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks.

RBI has, in the past, imposed penalties on us for, *inter-alia*, failure to adhere to the instructions/guidelines for opening the accounts and maintaining necessary record of all cash deposits and withdrawals and violations under KYC/AML norms. For details, please see section titled "*Outstanding Litigation and Material Developments – Past penalties imposed on our Bank*" on page 325.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use our Bank for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable legal requirements.

40. ***Any failure or material weakness of our internal control system or any material damages caused by manifestation of any operational risks which we are subject to could adversely affect our reputation and profitability.***

Our management is responsible for establishing and maintaining adequate internal measures commensurate with the size of our Bank and complexity of operations. Our Bank's internal inspection/concurrent audit functions are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to compliance requirements and internal circular guidelines.

While we continue to periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from inadequacy or failure of internal processes or systems, and our actions may not be sufficient to result in an effective internal control environment. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. In addition, certain banking processes are carried out manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses.

In the ordinary course of our banking business as well, we experience numerous frauds which are committed against our Bank, by either the employees of our Bank, our customers or third parties. While our Bank is required to report each instance of frauds committed to the RBI in the prescribed format (Form FMR-1), we also undertake internal investigations and departmental inquiries, as well as initiate legal action against the responsible parties in certain cases. Despite such actions and insurance coverage, such frauds may not be adequately covered by our insurance and the costs incurred to deal with such frauds and legal proceedings initiated may be significant, thereby adversely affecting our profitability and results of operations. Such instances may also adversely affect our reputation. For the six months ended December 31, 2014, we had total identified fraud cases amounting to ₹ 673.21 million.

41. ***We are subject to various operational and other risks associated with the financial industry which, if materialised, may have an adverse impact on our business.***

The proper functioning of our financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting our various branches and offices is critical to our operations and ability to compete effectively. We are exposed to many types of operational risk, including fraud or other misconduct by employees, customers or outsiders involving our Bank, our products and services, documentation, and operations. For instance, in the past, there have been numerous instances where we have had to take disciplinary action against employees for various reasons, including misappropriation of cash, unauthorised access to our customers' accounts and authentication of fictitious and fraudulent transactions; unauthorised transactions by employees and third parties (including violation of regulations for prevention of corrupt practices and other regulations governing our business activities); unauthorised use of debit cards at ATMs; misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations; any breach of network security; and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems.

We cannot assure you that any of these events will not happen or we will be able to recover the funds misused or misappropriated if such events occur. Further, we cannot assure you that any such incident will not have an adverse effect on our reputation. In addition, we may also be exposed to different types of risk during our operations, including but not limited to credit risk, counterparty risk, market risk, liquidity risk and operational risk.

Further, we outsource certain functions such as, ATM site maintenance, data entering for account opening, check processing and management of offsite ATMs, to other agencies and are exposed to the risk that external vendors or service providers may be unable to fulfill their contractual obligations to us. We may also be subject to the risk of fraud or operational errors by their respective employees and to the risk that its (or its vendors') business continuity and data security systems prove to be inadequate. Although we maintain a system of controls designed to keep operational risk at appropriate levels, there can be no assurance that we will not suffer losses from operational risks in the future which can have an adverse effect on our business, results of operations and financial condition.

42. We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of such customers and counterparties, including financial statements and other financial information and opinions on title deeds and valuation of property. We may also rely on certain representations as to the accuracy and completeness of that information. With respect to financial statements, we rely on reports of independent auditors of the borrowers. For instance, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of that customer. Our financial condition and results of operations could be negatively affected by relying on financial statements of customers that do not comply with generally accepted accounting principles or other information that is incorrect or materially misleading.

43. Our ability to pay dividends is restricted.

RBI has restricted us from declaring dividends for Fiscal 2015 without its prior permission. There can be no assurance that such a restriction will not be imposed on us again. Our ability to pay dividends also depends on our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

There are regulatory restrictions on banks with respect to payment of dividend as well. For instance, under the Banking Regulation Act, subject to certain exceptions, we cannot pay any dividend on the Equity Shares until all our capitalised expenses have been completely written off. Payment of dividend is further governed by the RBI guidelines. As per RBI guidelines, maximum dividend payout is linked to a matrix of Net NPA percentage and level of CRAR. Further, new Basel III guidelines impose additional restrictions on dividend payout. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into in the future.

If we were to raise Tier II capital in the future, the payment of any dividends would be after payment of interest on such capital. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness, capital expenditures and regulation. There can be no assurance that we will be able to pay dividends.

44. New product and services offered by us may not be successful and we may not grow in any new business area which may have a material adverse effect on our business, financial condition or results of operation.

We may introduce new products and services to explore new business opportunities. We cannot assure you that all our new products and services will gain customer acceptance and this may result in our incurring preoperative expenses and launch costs without any assurance that such products will be successful or may fail market penetration. Further, our inability to grow in any new business areas could adversely affect our business and financial performance.

45. We maintain Nostro accounts with correspondent banks in respective countries for facilitating our foreign exchange operations. In the event that we are unable to open new accounts or continue to maintain existing accounts, for any reason whatsoever, our business, results of operations and financial condition could be adversely affected.

We maintain Nostro accounts in foreign currencies with correspondent foreign banks for facilitating our treasury, trade and remittance transactions. Such accounts facilitate inward and outward remittance, whereby our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our Nostro account maintained in that particular currency. In case we intend to cater to a different foreign location or currency, we may need to open such Nostro accounts with the correspondent banks in those locations. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts. Further, a correspondent bank may discontinue any of the services that it offers in relation to such accounts which may result in customer dissatisfaction.

In the event the correspondent bank fails to maintain or closes these accounts, including due to reasons beyond our control, our business, results of operations and financial condition could be adversely affected.

46. ***Our Directors may be interested in other companies or entities, as directors or otherwise, which are in the same line of business as our Bank.***

Certain of our Directors maybe interested in other companies or entities, as directors or otherwise, which are engaged in a similar line of business to ours. For more details regarding other directorships of our Directors, see section titled "*Our Management*" on page 172. We cannot assure you that our Directors will not favour the interests of other companies and entities they are interested in, over our interests and whether all future conflict of interest situations will be adequately addressed.

47. ***Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.***

We currently have insurance coverage over our head office, branches and other offices. We have a special contingency policy which covers properties that are lost or damaged by contingencies. We also have standard fire and special perils policy and lift insurance policy for our head office. Additionally, we have standard fire and special perils policy, public liability (non-industrial risks) insurance policy, banker's indemnity policy and burglary insurance policy which provide coverage to all our branches and offices across the country. Further, we also have an insurance cover for director's and officer's liability. While we believe that our insurance coverage is consistent with industry practice in India to cover risks associated with our business, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business and financial condition.

In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims. There have been instances in the past where we have not been able to recover claims from insurance companies towards our monetary claims. We cannot be certain that such rejections of our insurance claims in full or in part, will not be repeated in future and which may have a material adverse effect to our business.

48. ***We may seek growth opportunities through acquisitions or be required to undertake mergers on the recommendation of the RBI, which exposes us to integration and other acquisition risks.***

In 1964 and 1965, our Bank took over the assets and liabilities of six small and medium sized banks located in Kerala. We may seek growth opportunities through acquisitions or be required to undertake mergers recommended by RBI. In the past, RBI has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks.

Any future acquisition or merger is subject to risks and uncertainties, some of which are beyond our control, including:

- difficulties in operating the integrated information technology system, electronic banking system, risk management and other systems;
- challenges in harmonising the two or more corporate cultures;
- difficulties in maintaining asset quality;
- difficulties in leveraging synergies and rationalising operations;
- difficulties in retaining and attracting customers and employees;
- difficulties in developing new skills required for new business and markets; and
- diversion of management's attention required to integrate the two businesses following the acquisition or merger, one or more of which could have an adverse effect on our business.

In addition to the above risks, we cannot assure you that such merger will be in our interest or will positively impact our growth and performance. Any negative impact of a merger can adversely affect our business, results of operation and financial condition.

We cannot assure you that RBI will not recommend to us to undertake mergers in the future, which may have an adverse effect on our business and financial condition.

Further, the Government has expressed a preference for consolidation in the banking sector in India. Mergers among public sector banks may result in enhanced competitive strengths in pricing and delivery channels for merged entities. If there is liberalisation of the rules for foreign investment in private sector banks, this could result in consolidation in the banking sector. Our Bank may face greater competition from larger banks as a result of such consolidation, which may adversely affect our Bank's future financial performance.

49. ***Third party industry and statistical data in this Draft Red Herring Prospectus may be incomplete or unreliable.***

Statistical and industry data used in this Draft Red Herring Prospectus has been obtained from various government and industry publications. We have not independently verified data obtained from official and industry publications and other sources referred to in this Draft Red Herring Prospectus and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. See the section titled "*Industry Overview*" on page 104.

50. ***The objects of the Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Further, the deployment of the Net Proceeds is at the discretion of our Bank and is not subject to monitoring by any independent agency.***

The objects of the Issue have not been appraised by any bank or financial institution. As we are a bank, in accordance with Regulation 16 of the SEBI Regulations, there is no requirement for appointment of a monitoring agency. Hence, deployment of Net Proceeds will be at the discretion of our Bank is not subject to any monitoring by any independent agency. We cannot assure you that we will be able to monitor the deployment of the Net Proceeds in the manner similar to that of the monitoring agency.

51. ***Our Bank may face cyber threats attempting to exploit its network to disrupt services to customers and/or theft of sensitive internal Bank data or customer information. This may cause damage to its reputation and adversely impact our business and financial results.***

Our Bank offers internet banking services to its customers. Its internet banking channel includes multiple services such as electronic funds transfer, bill payment services, mobile recharge, online generation of account statements, balance enquiry, cheque book request, online credit card payments and other utility payments. Our Bank is therefore exposed to various cyber threats including (i) phishing and trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information; and (ii) hacking, wherein attackers seek to hack into our website with the primary intention of causing reputational damage to it by disrupting services; and (iii) data theft, wherein cyber criminals may attempt to enter our Bank's network with the intention of stealing its data or information. In addition, we also faces the risk of our customers incorrectly blaming us and terminating their accounts with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose it to civil litigation and related financial liability.

EXTERNAL RISK FACTORS

Risks Relating to the Indian Banking Industry

52. Banking is a heavily regulated industry and material changes in the regulations which govern us could cause our business to suffer.

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, banks are generally subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. Since 2005, the RBI has made several changes in regulations applicable to banking companies, including:

- risk-weights on certain categories of loans for computation of capital adequacy;
- general provisioning requirements for various categories of assets;
- capital requirements and accounting norms for securitisation;
- policy interest rates, cash reserve ratio, cessation of payment of interest on cash reserve balances;
- investment in technology up-gradation and information security;
- limits on investments in financial sector enterprises and venture capital funds; and
- directed lending requirements.

The Banking Regulation Act imposes a number of restrictions, which affect our operating flexibility and investors' rights, including:

- restrictions on payment of dividend;
- No shareholder of our Bank can exercise voting rights on poll in excess of 10% of the total voting rights of all of our shareholders.
- Section 12B of the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5% or more of the paid-up share capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may, by passing an order, restrict any person holding more than 5% of the total voting rights of the bank from exercising voting rights in excess of 5%, if such person is deemed to be not fit and proper by the RBI;
- We are subject to restrictions relating to incorporation of subsidiaries, which may prevent us from exploiting emerging business opportunities in areas other than banking. We may not open new places of business and transfer our existing places of business, which may hamper our operational flexibility. Further, RBI has issued detailed guidelines on investment in subsidiaries and other companies, including:

    - equity investment by a bank in a non-financial service company would be subject to a limit of 10% of the company's paid-up capital or 10% of the bank's paid-up capital and reserves, whichever is less;
    - equity investments in any non-financial services company held by a bank; its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and bank

managed mutual funds should in aggregate, not exceed 20% of the investee company's paid-up capital.

- a bank's equity investments in subsidiaries and other entities that are engaged in financial service activities together with equity investments in entities engaged in non financial service activities shall not exceed 20% of the bank's paid-up share capital and reserves.

- Our ability to build overseas asset portfolios and exploit business opportunities overseas is limited by the requirement to maintain assets in India of at least 75% of our demand and time liabilities in India.
- Our ability to produce documents and records for inspection is regulated.
- The RBI is empowered to direct and generally advise us and may prohibit us from entering into certain transactions and agreements.
- We are required to obtain prior approval of RBI before we appoint our Chairman, Managing Director and CEO and any other full-time Directors and fix their remuneration. The RBI has powers to remove managerial and other persons from office, and to appoint additional directors. We are also required to obtain approval of the RBI for the creation of floating charges for our borrowings, thereby hampering leverage.

Any changes in the regulatory environment, under which we operate, or our inability to comply with the regulations, could adversely affect our business, reputation, results of operations and financial condition.

53. The growth rate of India's banking industry may not be sustainable.

We expect the banking industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital and insurance markets and the ongoing reform will affect India's banking industry. In addition, there can be no assurance that the banking industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's banking industry will be sustainable.

54. We are exposed to fluctuations in foreign exchange rates, international gold prices, and global interest rates.

As a financial intermediary, we are exposed to exchange rate risk. We comply with regulatory limits on our unhedged foreign currency exposure. However, we are exposed to fluctuations in foreign currency rates for our unhedged exposure adverse movements in foreign exchange rates may impact our borrowers negatively which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates could adversely affect our future financial performance. Furthermore, changes in interest rates in other countries could place pressure on the Indian rupee, reduce market liquidity or result in regulators deploying unconventional or extraordinary financial measures, any of which could adversely affect our Bank's performance. Due to our high proportion of loans against gold jewellery we are vulnerable to heightened volatility in international gold prices and changes in government policy on import of gold.

55. Financial difficulties and other problems in certain financial institutions in India could adversely affect our business.

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

56. The Government of India ("GoI") has in the past and may in the future direct us to implement certain schemes that are aimed at serving the interest of farmers and/or a cross section of the public. Such schemes may not necessarily be aimed at maximizing our profits and may adversely affect our business, financial condition and results of operations.

In Fiscal 2009, the GoI implemented the "Agricultural Debt Waiver and Debt Relief Scheme 2008" under which agricultural loans (including principal and interest) amounting to ₹ 27.92 million were waived off. In future, the GoI may further require banks to waive off or reduce the outstanding amount due on loans provided to customers in certain sectors, in particular the agricultural sector, to serve the larger interests of India which could adversely affect our business and financial condition.

We also provide special schemes under which credit facilities and loans are extended to persons belonging to weaker sections, which is aimed at facilitating the GoI's initiative to empower them. Such schemes and credit facilities provided to members of the weaker sections may not be as profitable as compared to lending in the non-priority sector. This is because historically, NPAs are higher in the priority sector lending compared with non-priority sector lending. This adversely affects our profitability and financial condition.

Risks Relating to India

57. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

58. There may be differences in corporate information available in the Indian securities markets than securities markets in developed countries.

There may be differences between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the United States and other developed countries. SEBI is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in developed countries. As a result, the prospective investors may have access to less information about the business, results of operations and financial conditions and those of the peers listed on the Stock Exchanges on an ongoing basis as compared to companies subject to reporting requirements of other more developed countries.

59. A slowdown in economic growth in India could cause our business to suffer.

A slowdown in the Indian economy could adversely affect our business and our borrowers, depositors and contractual counterparties, especially if such a slowdown were to be continued and prolonged. Further, in periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on the overall interest rates, which may adversely affect our net interest income.

Further, in light of the increasing linkage of the Indian economy to other economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States of America and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India.

A slowdown in the pace of growth in the Indian economy could result in lower demand for our services, which could adversely impact our business, our financial performance, our ability to implement our strategy.

60. ***Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.***

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. Accordingly, the price and liquidity of our Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

61. ***Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example, a new direct tax code is expected to be introduced by the Indian Parliament. In addition, a new goods and services tax regime is expected to be introduced in the near future, and the scope of the service tax is proposed to be enlarged. Further, the provisions in relation to the GAAR have been introduced in the Finance Act, 2012 to come into effect from the assessment year beginning from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 33.99%. The central or state government may in the future further increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

62. ***A significant change in the Government's economic liberalization and deregulation policies could adversely affect our business.***

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. For the past several years, coalition governments have governed India. It is difficult to predict the economic policies that will be pursued by the Government of India. The rate of economic liberalization could change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, if the Government or any state government were to enact legislation or policies requiring the waiver or restructuring of loans to specific persons or industries, such waived and/or restructured loans could have an adverse impact on the financial condition and performance of our Bank; moreover, such legislation and policies may also cause a significant behavioral change in the future with respect to borrowers in such industries or otherwise. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

63. ***Communal disturbances, riots, terrorist attacks and other acts of violence or war involving India, the or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.***

India has experienced communal disturbances, terrorist attacks and riots during recent years. Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well as the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Bank's business and profitability.

Also, India or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. West and South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

64. ***Trade deficits could adversely affect our business and the price of our Equity Shares.***

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. In Fiscal 2014, India experienced a trade deficit of US$138.59 billion, as announced by the Ministry of Commerce and Industry in its Annual Supplement 2013-14 to the Foreign Trade Policy 2009-14 and trade deficit for April-February, 2014-15 was estimated at US $ 125,220.94 million which was higher than the deficit of US $ 124,844.53 million during April-February, 2013-14. If trade deficits were to increase or become no longer manageable, the Indian economy, and therefore our business, our financial performance and our stockholders' equity could be adversely affected.

65. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.***

The direct adverse impact of the global financial crisis on India has seen the reversal of capital inflows and decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian Rupee vis-à-vis the US Dollar. Any increased intervention by the RBI in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect the Indian economy, our business, our financial performance.

66. ***Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares.

67. ***Our ability to raise foreign capital may be constrained by Indian law, which may adversely affect our business, financial condition, cash flows and results of operations.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, cash flows and results of operations.

68. Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against our Bank, its directors or executive officers.

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against our Bank, its directors or executive officers.

Our Bank is a limited liability company incorporated under the laws of India. Substantially all of our Bank's Directors and executive officers and key managerial personnel are residents of India and a substantial portion of the assets of our Bank and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Bank or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Procedure Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong, amongst others have been declared by the Government of India to be "reciprocating territories" for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of the RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

69. ***The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.***

A majority of the provisions and rules under the Companies Act, 2013 have been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures, corporate governance norms, audit matters, and related party transactions. Further, the Companies Act, 2013 has also introduced additional requirements which do not have corresponding equivalents under the Companies Act, 1956, including the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), and prohibitions on advances to directors. Companies are also required to spend 2.0% of our average net profits during three immediately preceding financial years on corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Bank, Directors and officers in default, for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

We may face challenges in anticipating the changes required by, interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

Further, there is no assurance that the Government will not in the future introduce new laws or regulations (other than the Companies Act, 2013) or amend or change existing laws or regulations in a manner that materially and adversely impacts our business operations and costs of doing business.

70. ***Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly determines purchase or sale prices; directly or indirectly results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services; or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected. On March 4, 2011, the Government of India notified and brought into force new provisions under the Competition Act in relation to combined entities (the "**Combination Regulation Provisions**"), which came into effect from June 1, 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on March 28, 2014). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition and results of operations.

71. Health epidemics and natural calamities in Asia or elsewhere could adversely affect the Indian economy or our business and the price of our Equity Shares.

Since 2003, there have been outbreaks of Severe Acute Respiratory Syndrome in Asia, the outbreak of avian influenza across Asia and Europe, the outbreak of the Ebola virus in western Africa, and the outbreak of Influenza A (H1N1), SARS and other infectious diseases across the world had adversely affected a number of countries and companies. Any future outbreak of infectious diseases or other serious public health epidemics may have a negative impact on the economies, financial markets and level of business activity in affected areas, which may, in turn, adversely affect our Bank's business. India has also experienced natural calamities such as earthquakes, floods, drought and a tsunami in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy. Any future outbreak of infectious disease among humans and/or animals or any other serious public health concerns or the occurrence of any natural calamities could materially and adversely affect our business, prospects, financial condition and results of operations, and the price of our Equity Shares.

72. Political instability or changes in the government in India or in the governments of the states where we operate could cause us significant adverse effects.

Our Bank is incorporated in India and currently derives all of its revenues from operations in India and all of our assets are located in India. Consequently, our performance, market price and liquidity of our Equity Shares may be affected by changes in control, government policies, taxation, social and ethnic instability, social/civil unrest and other political and economic developments affecting India. Our business is also impacted by regulations and conditions in the various states in India where we operate. The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. The current government has announced that its general intention is to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations. Any political instability could affect specific laws and policies affecting foreign investment. A significant change in the government's policies, in particular, those relating to the banking sector in India, could adversely affect our business, results of operations and financial condition.

Risks Relating to our Equity Shares and the Issue

73. We may decide not to proceed with the Issue at any time before Allotment. If we decide not to proceed with the Issue after the Bid Opening Date but before Allotment, the refund of application amounts deposited will be subject to us complying with our obligations under applicable laws.

We reserve the right not to proceed with the Issue at any time before the Allotment. If we withdraw the Issue after the Bid Opening Date, we will be required to refund all Application amounts deposited within the prescribed time. We shall be required to pay interest, as specified under SEBI Regulations or the Companies Act, 2013, on the application amounts received if refund orders are not dispatched within the stipulated time from the Bid Closing Date. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment and (ii) the final RoC approval.

74. ***We may be required to raise additional capital in the future by further equity issuances, which will lead to dilution of equity and may affect holdings of our shareholders, the market price of our Equity Shares, or the incurrence of debt in order to satisfy our capital needs, which we may not be able to procure on acceptable terms, or at all.***

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the Net Proceeds and our internally generated cash flows, we may need other sources of financing to meet our capital needs, which may include entering into new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain, additional capital requirements imposed due to changes in regulatory regime or a significant depletion in our existing capital base due to unusual operating losses. Future issuances of our equity shares or convertible securities may not be done on terms and conditions that are favorable to the then existing shareholders of our Bank. Any such issuance could also dilute existing holders and adversely affect the market price of our Equity Shares and our ability to raise capital through additional issues of securities. In addition, any perception by investors that such issuances might occur could also affect the trading price of our Equity Shares. Further, we may issue options under the ESOS 2013 from time to time. For details please see section titled "*Capital Structure*" on page 81. Any exercise of the stock options could dilute the holdings of our shareholders and could adversely affect the market price of our Equity Shares.

If our Bank decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants and restrictions based on RBI regulations, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favor of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business and future results of operations may be adversely affected if we are unable to implement our growth strategies.

The disposal, pledge or encumbrance of Equity Shares by any of our Bank's major shareholders, or the perception that such transactions may occur, may also adversely affect the trading price of the Equity Shares. No assurance may be given that our Bank will not issue Equity Shares or incur substantial debt, or that our Bank's shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

75. ***Investors in the Issue (other than retail individual investors) are not allowed to withdraw their Bids after the Bid Closing Date.***

In terms of the SEBI Regulations, investors in the Issue (other than retail individual investors) are not allowed to withdraw their Bids after the Bid Closing Date. The Allotment of Equity Shares and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven to 12 days or longer from the Bid Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid Closing Date and the date of Allotment. Occurrence of any such events after the Bid Closing Date could also impact the market price of the Equity Shares. The investors in the Issue (other than retail individual investors) shall not have the right to withdraw their Bids in the event of any such occurrence. We may complete the Allotment even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

76. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or "demat" accounts with depository participants in India, are expected to be credited within two working days of the date on which the Basis of Allotment is approved by the NSE and BSE. Thereafter, upon receipt of final listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within 12 working days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

77. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.***

We could be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker would operate independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. Furthermore, operational errors by market participants could lead to severe movements in stock prices or indices what may lead to trading stoppages. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

78. ***We have issued Equity Shares in the last one year at a price which may be lower than the Issue Price.***

We have issued Equity Shares in the last 12 months which may be at a price lower than the Issue Price. Please see section titled "*Capital Structure – Equity Shares issued at a price which may be lower than the Issue Price during the preceding one year*" on page 89. The price at which such issuances have been made may not be indicative of the Issue Price. Further, the Issue Price is not indicative of the price that will prevail in the open market following listing of the Equity Shares.

79. ***There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and/or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

80. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless the company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction in which you are located does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

81. ***You may be subject to Indian taxes arising out of capital gains.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian bank are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties, do not limit India's ability to impose tax on capital gains. As a result, residents of certain countries may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of our Equity Shares.

82. ***Investors may be adversely affected due to retrospective tax law changes by the Indian government affecting our Bank.***

Certain recent changes to the Income Tax Act provide that income arising directly or indirectly through the sale of a capital asset of an offshore company, including shares, will be subject to tax in India, if such shares derive indirectly or directly their value substantially from assets located in India. The term "substantially" has not been defined under the Income Tax Act and therefore, the applicability and implications of these changes are largely unclear. Due to these recent changes, investors may be subject to Indian income taxes on the income arising directly or indirectly through the sale of the Equity Shares. In the past, there have been instances where changes in the Income Tax Act have been made retrospectively, there cannot be an assurance that such retrospective changes will not happen again.

83. ***Investors bear the risk of fluctuation in the price of the Equity Shares.***

There has been no public market for the Equity Shares prior to the Issue and the trading price of the Equity Shares may fluctuate after the Issue. The Issue Price of the Equity Shares in this Issue will be determined by our Bank in consultation with the Book Running Lead Managers pursuant to the Book Building Process, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. Following the Issue, the Equity Shares are expected to trade on the NSE and BSE; however, there can be no assurance that active trading in the Equity Shares will develop after the Issue or, if such trading develops, that it will continue. Investors may not be able to rapidly sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares.

In addition, the price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial condition and the financial condition of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures; and
- the present state of our development.

Further, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity

Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

84. ***Our ability to attract foreign investors may be limited, which may adversely affect the market price of our Equity Shares post listing.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the specified exceptions, then the prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all.

Under the applicable provisions of FEMA, the aggregate permissible foreign investment (including foreign direct investment and investment by FPIs, FIIs or NRIs) in a bank, such as ours, is limited to an aggregate of 49.00% of the paid up capital under the automatic route, which may be increased up to 74.00% under the government route, *i.e.* pursuant to an approval from the FIPB. This cap may have an impact on the allotment to applicants in the non-resident category. The aggregate total holding of FIIs, FPIs and qualified foreign investors in banks such as ours cannot exceed 49.00%, with purchases by a single FPI, FII or sub-account of a registered FII being restricted to below 10.00% of our paid-up capital. We have, subject to requisite approval from the FIPB, pursuant to shareholders resolution dated February 19, 2014, increased the limit for FIIs and FPIs to 49% and for NRIs to 24%, of our paid up equity share capital. If foreign investment in our Bank, including investment by FPIs/FIIs, reaches any of the above mentioned thresholds, the ability of foreign investors to purchase our Equity Shares may be limited. While delaying an investor's ability to sell our Equity Shares, this may also lead to reduced liquidity of our Equity Shares and may have an adverse impact on the market price of our Equity Shares post listing.

85. ***Significant differences exist between GAAP as applied in India and other accounting principles with which investors may be more familiar.***

Our financial statements are prepared in conformity with Indian GAAP and conformity with the accounting norms prescribed by the RBI. GAAP as applied in India differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and accounting standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our financial statements. As there are significant differences between GAAP as applied in India and IFRS and between GAAP as applied in India and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP. The significant accounting policies summarized in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" have been applied in the preparation of our Indian GAAP consolidated financial statements. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in this Draft Red Herring Prospectus.

86. ***Companies in India, including us, will be required to prepare financial statements under Ind-AS. The transition to Ind-AS in India is still unclear and we may be adversely affected by this transition.***

The Ministry of Corporate Affairs ("**MCA**"), notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the "**IAS Rules**"). IAS Rules do not apply to banking companies, insurance companies and NBFCs. IAS Rules provide that the financial statements of the companies for which IAS Rules apply (more specifically described below) will be prepared and audited in accordance with the Indian

Accounting Standards ("**Ind AS**").

Further, the IAS Rules prescribe that any company having a net worth of more than ₹ 5,000 million, and any holding company, subsidiaries, joint ventures and associate companies of such company, would have to mandatorily adopt IND-AS for the accounting period beginning from April 1, 2016 with comparatives for periods ending on March 31, 2016. Additionally, under the IAS Rules any company having a net worth of more than ₹ 2,500 million, and any holding company, subsidiaries, joint ventures and associate companies of such a company, other than any company whose securities are listed or in the process of listing on SME platform or Institutional trading platform of the stock exchanges, would have to mandatorily adopt IND-AS for the accounting period beginning from April 1, 2017 with comparatives for periods ending on March 31, 2017.

Prominent Notes

- Initial public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Shares including a share premium of ₹ [●] per Equity Share, aggregating up to ₹ 4,000 million. The Issue includes the Net Issue and the Employee Reservation Portion. The Issue and the Net Issue shall constitute [●] % and [●] % of the fully diluted post Issue paid up equity share capital of our Bank, respectively. Our Bank, in consultation with the BRLMs is, considering a Pre-IPO Placement of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹ 1,500 million, at its discretion prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.

- The net worth of our Bank as on March 31, 2014 and September 30, 2014 was ₹ 6,198.60 million and ₹ 5,559.35 million, respectively.

- The net asset value per Equity Share was ₹ 148.13 and ₹ 132.85 as on March 31, 2014 and September 30, 2014, respectively, as per our restated audited financial statements.

- Our Bank has not changed its name in the last three years.

- Our Bank does not have an identifiable promoter.

- There are no financing arrangements pursuant to which our Directors or their immediate relatives have financed the purchase of Equity Shares by any other person during the six months preceding the date of this Draft Red Herring Prospectus.

- For information on changes in our Registered Office and amendments to the object clause of the MoA, see section titled "*History and Certain Corporate Matters*" on page 165.

- Except as disclosed in the section titled "*Financial Statements - Related Party Transactions*" on page F-178, there have been no transactions between our Bank and Key Management Personnel during the last year.

- Any clarification or information relating to this Issue shall be made available by the BRLMs and our Bank to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. The BRLMs shall be obligated to provide information or clarifications relating to this Issue. Investors may contact the BRLMs, who have submitted the due diligence certificate to SEBI and the Syndicate Members for any complaints pertaining to this Issue.

- All grievances relating to the non-ASBA process must be addressed to the Registrar to the Issue quoting the full name of the Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

- All grievances relating to the ASBA process must be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs or the Syndicate Members if the bid was submitted to a member of Syndicate at any of the Specified Locations, or the Registered Brokers, as the case may be, giving full details such as the name and address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number, Bidders' DP ID, Client ID, PAN and the Designated Branch of the SCSBs or the Syndicate Bidding Centre where the Bid cum Application Form has been submitted by the ASBA Bidder. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the RBI and the Indian Banks Association, and has not been prepared or independently verified by our Bank or the Book Running Lead Managers. The information in this section may not be consistent with other information compiled by third parties within or outside India. Industry and government publications are also prepared based on information as of specific dates, which may no longer be relevant or reflect current trends. Industry sources and publications generally state that the information stated therein have been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed. Accordingly, investment decisions should not be based on such information. Statements in this section that are not statements of historical fact and constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially.

Overview of the Indian Economy

India is the world's largest democracy in terms of population (approximately 1,236.3 million people as on July 2014 estimate) with an estimated GDP (by purchasing powering parity valuation of country GDP) of approximately US$ 4,990,000 million in 2013. Economic liberalization measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and served to accelerate the country's growth, which averaged under 7% per year from 1997 to 2011. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly less than half of the work force is in agriculture, but, services are the major source of economic growth, accounting for nearly two-thirds of India's output with less than one-third of its labor force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services, business outsourcing services, and software workers. India's economic growth began slowing in 2011 because of a decline in investment, caused by high interest rates, rising inflation, and investor pessimism about the government's commitment to further economic reforms and about the global situation. In late 2012, the Government announced additional reforms and deficit reduction measures, including allowing higher levels of foreign participation in direct investment in the economy. The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. (*Source: CIA World Factbook*)

The table below sets forth the key indicators of the Indian economy for the last five Fiscals.

(*Annual percent change, except for foreign currency reserves*)

Particulars	**As on and for the year ended March 31**				
	2014	**2013**	**2012**	**2011**	**2010**
GDP growth rate	4.7	4.5	6.7	8.9	8.6
Index of Industrial productivity (growth)	(0.1)	1.1	2.9	8.2	5.3
Inflation – Wholesale Price Index (average)	6.0	7.4	8.9	9.6	3.8
Foreign Exchange Reserves (in US$ crore)	30,420	29,200	29,440	30,480	27,910

(*Source: Indian Economic Survey 2013-14, MoF, GoI*)

After achieving growth of over 9% for three successive years between Fiscal 2006 and Fiscal 2008 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that have resulted in lower than 5% growth of GDP for the last two years, i.e., Fiscal 2014 and Fiscal 2013. Persistent uncertainty in the global outlook, caused by the crisis in Europe and general slowdown in the global economy, compounded by domestic structural constraints and inflationary pressures, resulted in a protracted slowdown. The slowdown is broadly in sync with trends in other emerging and developing economies. India's growth declined from an average of 8.3% per annum during Fiscal 2005 to Fiscal 2012 to an average of 4.6% during Fiscal 2013 to Fiscal 2014. In comparison, average growth in the emerging markets and developing economies including China declined from 6.8% to 4.9% in this period (calendar-year basis) *(Source: Indian Economic Survey 2013-14, Ministry of Finance, Government of India)*.

As part of liberalization measures, the RBI has taken a number of measures to enhance the effectiveness of the prevailing foreign direct investment policy and provide greater clarity on ownership and control. Overall, India attracted FDI equity inflows of US$24.3 billion in Fiscal 2014, which is an 8.0% increase over the FDI equity inflows of US$22.42 billion received during the previous Fiscal 2013. (*Source: Annual Report 2013-14, Department of Industrial Policy and Promotion)*

Overview of the Indian Banking Industry

Until the 1980s, the Indian financial system was strictly controlled. Interest rates were administered by the Government. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. The profitability of banks was relatively lower, NPAs were comparatively high, capital adequacy was diminished and operational flexibility was hindered. The Government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with implementation of the recommendations of the Committee on the Financial System, namely the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, namely, the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This, in turn, led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies.

Banks in India may be categorised as scheduled banks and non-scheduled banks. Scheduled banks are those that are included in the second schedule to the RBI Act, comprising scheduled commercial banks and scheduled cooperative banks. Scheduled commercial banks may further be classified as the State Bank of India and its associates, nationalised banks, private sector banks, foreign banks and regional rural banks. (In RBI reports, regional rural banks are usually excluded in tables providing details of individual banks and their summary tables at bank group level). As of Fiscal 2014, there were 146 scheduled commercial banks in India of which 57 were regional rural banks. *(Source: Quarterly Statistics on Deposits and Credits of Scheduled Commercial Banks, December 2014)* As of Fiscal 2014 scheduled commercial banks had total liabilities/ assets of ₹ 109,635 billion, registering a growth of 14.3% from Fiscal 2013, and approximately ₹ 85,331 billion of deposits and approximately ₹ 67,352 billion of loans and advances. Aggregate deposits for all scheduled commercial banks had registered an annual growth rate of 14.9% while the loans and advances for all scheduled commercial banks had increased by 14.5%. *(Source: RBI Report on the Indian Banking Sector at a glance, 2013-2014)* As on December 31, 2014, all scheduled commercial banks registered an annual growth of 15.8%, 14.0%, 12.4% and 8.5% in terms of aggregate deposits from the rural, semi-urban, urban and metropolitan population, respectively, and an annual growth of 12.7%, 15.0%, 9.2% and 9.2% in terms of gross bank credit from the rural, semi-urban, urban and metropolitan population, respectively. The credit deposit ratio for all scheduled commercial banks stood at 76.4. *(Source: Quarterly Statistics on Deposits and Credits of Scheduled Commercial Banks, December 2014)*

Constituents of the Indian Banking Industry

The Reserve Bank of India

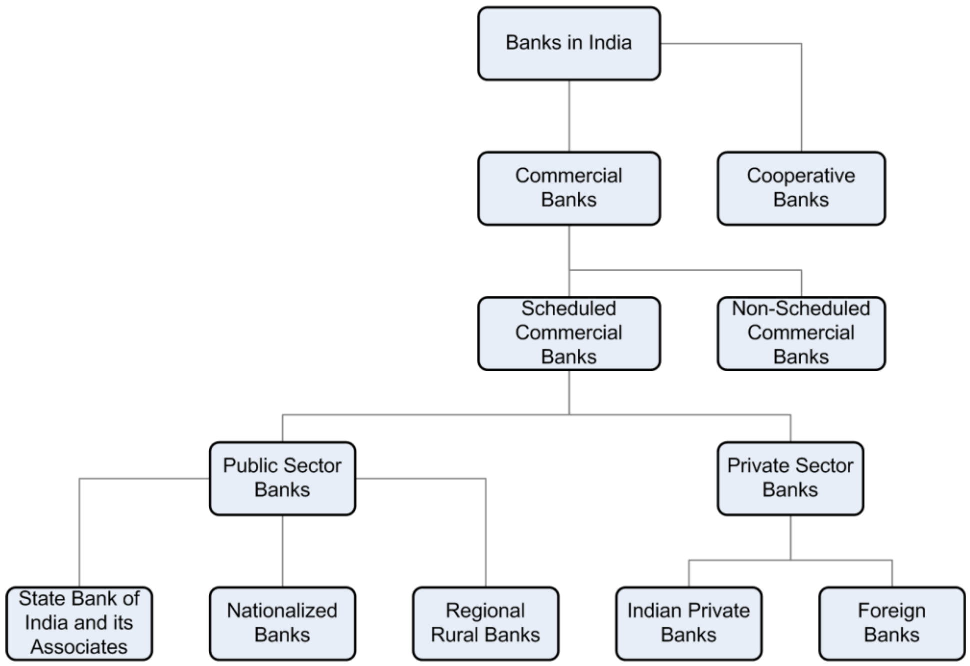
The RBI is the central regulatory and supervisory authority for the Indian banking sector. Besides regulating and supervising the banking system, the RBI performs the following important functions:

- acts as the central bank and the monetary authority;
- issues currency;
- manages debt for the central and certain state governments that have entered into agreement with it;
- regulates and supervises NBFCs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- regulates and supervises payment settlement systems;
- operates a grievance redressal scheme for bank customers through the banking ombudsmen and formulates policies for fair treatment of banking customers; and
- develops initiatives such as financial inclusion and strengthening of the credit delivery mechanisms to

priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

The RBI issues guidelines on various issues relating to the financial reporting of entities under its supervision. These guidelines regulate exposure standards, income recognition practices, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy. All the institutions under the purview of the RBI are required to furnish information relating to their businesses on a regular basis.

Banks in India can be classified as follows.



(Source: RBI's Manual on Financial and Banking Statistics, March 2007)

Key Banking Industry Trends in India

The growth of the Indian banking sector moderated during Fiscal 2014. Profitability of banks declined on account of higher provisioning on banks' delinquent loans and lackluster credit growth. The financial health of urban and rural co-operatives indicated divergent trends in terms of key indicators. While urban co-operative banks exhibited improved performance, the performance of primary agriculture credit societies and long term rural credit co-operatives remained a matter of concern with a further increase in their losses coupled with deterioration in asset quality. While the asset size of NBFCs demonstrated expansion, asset quality deteriorated during Fiscal 2014. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

Under-penetration of banking channels

According to the Report of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Household of the RBI (January 2014), as on December 31, 2013, an estimated 36% of the Indian population have at least one bank account. Banking penetration in urban and rural India remained grim, overall, with only 45% of urban residents and 32% of rural residents having bank accounts. Within these matrices, there was significant variation between various districts. In an urban context the current penetration of individual bank accounts, as proportion of the population of people above the age of 18 years, ranged from 10% in Imphal East district of Manipur to 688% in Wayanad district of Kerala, while in the rural context it ranges from close to 0% in the districts of Nagaland to 89% in Solan in Himachal Pradesh. A large proportion of the bank accounts did not have full service electronic capabilities. Furthermore, while 89% of Indian districts had 25 or more payment access points (including bank branches, active business correspondent locations, ATMs and point-of-sale terminals) only 3% of the districts have 25 or more payment access points in rural areas.

In terms of the credit to GDP ratio, the abovementioned report indicates that while above 94% of the Indian districts' urban areas have in excess of 10% credit to GDP ratio, only 18% of them are currently above 50%. The situation in rural areas is significantly worse, with only 30% of Indian districts' rural areas currently having in excess of 10% credit to GDP ratio with a mere 2% of Indian districts above 50%.

The table below profiles the differences in outstanding bank credit allocation with respect to the sectors' contributions to the GDP as on Fiscal 2013 (in respect of sectors that contribution 1% or more to the GDP).

Sectoral GDP (₹ crore)		**Sectoral Credit**		**Credit to GDP (%)**
GDP at prices as on Fiscal 2013	9,321,638	Gross bank credit of all SCBs	4,861,345	52.00
Of which				
GDP of agriculture and allied activities	1,644,834	Credit to agriculture	589,914	35.90
GDP of industry	2,436,502	Credit to industry	2,230,182	91.5
GDP of services	5,240,302	Credit to services	2,041,249	39.00
GDP contribution of Industry MSMEs	510,473	Credit to Industry MSMEs	284,348	55.70
GDP contribution of Service MSMEs	1,097,899	Credit to Service MSMEs	277,947	25.30

(Source: Report of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Household of the RBI (January 2014))

The table indicates that agriculture still has a distance to go before it reaches a benchmark 50% even though it is above the 10% mark. Industry MSMEs appear to have just above 50% financial depth, while service MSMEs have a much lower depth at 25%, and have a long way to go to reach a 50% benchmark.

Consumer credit

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced rapid growth due to consumer credit becoming cheaper, more widely available and increasingly a more acceptable avenue of funding for consumers. The market has changed dramatically due to the following factors:

- fast emerging working population and middle class population
- increased focus by banks and financial institutions on consumer credit, resulting in a market shift towards regulated players from unregulated moneylenders/ financiers;
- increasing desire by consumers to acquire assets such as cars, goods and houses on credit;
- growing number of households in a bank's target segment;
- improved terms of credit;
- legislative changes that offer greater protection to lenders against fraud and potential default, increasing the incentive to lend; and
- growth in assignment and securitisation arrangements for consumer loans, enabling non-deposit based entities to access wholesale funding and compete in the market, based on the ability to originate, underwrite and service consumer loans.

Retail Banking

During Fiscal 2014, banks' retail loans portfolios continued to growth rapidly. Total retail loans increased by 15.4% from November 2013 to November 2014, mainly led by growth in housing loans as the largest segment of retail loans and an increasing growth in auto loans. *(Source: RBI, Press Release, Sectoral Deployment of Bank Credit – November 2014)*

(₹ billion, except percentages)

Particulars	Outstanding as on			Percentage variation	
	Nov 2012	Nov 2013	Nov 2014	Nov 2013/ Nov 2012	Nov 2014/ Nov 2013
Housing loans	4,337	5,121	5,960	18.1%	16.4%
Vehicle loans	1,033	1,240	1,459	20.1%	17.6%
Advances against fixed deposits	557	565	557	1.5%	(1.4)%
Education	544	589	628	8.3%	6.6%
Credit card receivables	247	241	295	(2.0)%	22.1%
Consumer Durables	75	100	147	32.8%	46.8%
Advances to individuals against securities	28	33	40	17.5%	23.9%
Other personal loans	1,725	1,955	2,271	13.3	16.2
Total retail loans	***8,545***	***9,844***	***11,357***	***15.2%***	***15.4%***

(Source: RBI, Press Release, Sectoral Deployment of Bank Credit – November 2014)

Gold loans

India continues to be one of the largest gold markets in the world. The attraction towards gold in India stems from varied historical and cultural factors and its perceived safety in times of economic stress. South India as a region continues to be the largest consumer of gold in India with the southern states accounting for over 40% of India's overall gold demand, followed by the west (25%), north (20-25%) and east (10-15%). Rural India is estimated to hold around 65% of total gold stock as this section of the population views gold as a secure and easily accessible savings vehicle along with its consumption purpose. *(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)*

Accordingly, even the gold loan market has also developed on the same lines where a large portion of market is concentrated in southern India. The southern region of India accounts for the largest share of the gold loans market in India.

The prevalence of high level of rural indebtedness, easy availability of gold loans at extreme flexible terms, relative constriction of personal and retail loans by banks and changing attitude of customers to avail gold loans have contributed to the sharp growth in the gold loans outstanding. *(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)*

Annual Growth Rate of Gold Loans Outstanding (%)			
Year	***Banks Gold Loans***	***NBFC Gold Loans***	***Total Gold Loans***
2008-09	54.2	41.4	52.5
2009-10	47.7	169.3	62.6
2010-11	52.1	126.7	67.2
2011-12	77.6	80	78.3

(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)

Gold loans disbursed by NBFCs have witnessed rapid growth in the recent past. Therefore, there is a general feeling that NBFCs account for the majority of gold loans disbursed. However, contrary to popular belief, share of banks in total gold loans is highest at 72.3% at March 31, 2012 and banks continue to retain the dominant share in the gold loan market. *(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)*

Commercial Banking Trends

Balance Sheet Operations of Scheduled Commercial Banks

Continuing a trend from the year Fiscal 2012, the overall growth in the balance sheets of scheduled commercial banks moderated further in the year Fiscal 2013. The major source of this moderation was bank credit, which was partly reflective of the slowdown in real economy activity coupled with increasing risk aversion by banks. The slowdown in credit growth in Fiscal 2013 as compared to Fiscal 2012 could be seen across all bank groups, except SBI and its associates. Although there was a moderation in the balance sheet of the banking sector, deposits – the largest component on the liabilities side – maintained their growth in 2012-13, particularly for private banks. *(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)*

The table below sets out the change in balance sheet of scheduled commercial banks in Fiscal 2013, as compared to Fiscal 2012.

Growth in Balance Sheet of Scheduled Commercial Banks

(Per cent)

Item	Public sector banks		Private sector banks		Old private sector banks		New private sector banks		Foreign banks		All scheduled commercial banks	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Capital	-4.2	4.3	-	4.5	-4.2	6.1	1.7	3.9	15.6	13.9	8.0	10.4
2. Reserves and Surplus	24.4	15.5	15.5	21.6	18.5	18.9	14.9	22.2	15.6	15.2	20.8	17.2
3. Deposits	14.4	14.9	17.1	18.8	19.6	18.4	16.3	19.0	15.1	4.0	14.9	15.1
3.1. Demand Deposits	-6.3	16.8	4.4	15.4	6.5	15.6	4.0	15.4	9.9	-7.8	-1.8	13.3
3.2. Savings Bank Deposits	12.1	14.4	19.1	19.3	16.3	14.9	19.9	20.5	5.6	2.9	13.1	15.0
3.3. Term Deposits	18.2	14.8	19.7	19.4	22.1	19.5	18.6	19.4	21.0	10.4	18.6	15.4
4. Borrowings	17.2	19.8	38.9	16.1	80.3	28.3	36.4	15.1	29.7	27.4	24.9	19.8
5. Other Liabilities and Provisions	-7.5	15.4	42.1	0.2	12.5	9.6	47.1	-1.0	26.9	-25.1	8.6	2.2
Total Liabilities/Assets	14.1	15.3	21.1	17.5	21.3	18.6	21.0	17.2	19.8	5.7	15.8	15.1
1. Cash and Balances with RBI	-20.5	-0.2	-18.1	5.4	-7.9	-0.2	-20.8	7.1	14.2	-7.4	-18.5	0.4
2. Balances with Banks and Money at Call and Short Notice	40.7	38.0	15.6	57.9	80.4	52.6	6.5	59.2	13.7	10.7	32.4	37.5
3. Investments	12.8	16.7	24.6	19.0	18.0	23.0	26.5	18.0	21.2	13.7	16.1	17.0
3.1 Government Securities	16.5	13.5	32.0	17.8	21.5	23.8	35.4	16.1	23.0	21.5	19.8	15.0
3.2 Other Approved Securities	-65.1	-26.2	-78.8	-63.1	-65.0	-61.2	-97.6	-100.0	-100.0	-	-65.6	2.9
3.3 Non-Approved Securities	-2.1	33.3	12.5	21.4	10.0	21.2	13.0	21.4	17.7	-3.8	5.2	24.1
4. Loans and Advances	17.3	15.4	21.2	18.3	24.6	17.3	20.1	18.6	17.6	14.7	18.1	15.9
4.1 Bills Purchased and Discounted	25.7	20.8	8.2	7.8	14.7	-4.0	5.4	13.3	9.6	29.2	21.8	19.9
4.2 Cash Credits, Overdrafts, *etc.*	17.8	16.9	28.4	28.8	33.3	25.9	25.4	30.7	19.7	14.7	19.3	18.5
4.3 Term Loans	16.1	13.5	19.0	14.2	17.6	10.6	19.3	14.9	17.5	10.7	16.8	13.6
5. Fixed Assets	5.9	11.2	3.0	8.3	6.9	14.9	2.1	6.6	1.2	20.4	4.8	11.3
6. Other Assets	14.9	2.8	67.5	-7.9	26.9	8.0	74.5	-9.9	26.9	-31.0	27.9	-9.5

(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)

Credit-Deposit Ratio

As on March 31, 2014, the credit deposit ratio for all commercial banks was 77.8% as compared to 77.9% in Fiscal 2013. Aggregate deposits grew by 14.2% and bank credit grew by 14.0% in Fiscal 2014. Deployment of credit to industries moderated in Fiscal 2014, even as credit to agriculture and allied activities, services and personal loans picked up. Within industries, sectors such as food processing, construction, leather, rubber, glass and paper witnessed an upturn during April 2014 to February 2014 (*Source: Macroeconomic and Monetary Developments 2014-15 (An Update), RBI April 2014 and Annual Report for Fiscal 2014*).

As on March 31, 2013, the credit-deposit ratio for scheduled commercial banks was 79.1 as compared to 78.6 as of Fiscal 2012. Aggregate deposits increased by 15.1% while loans and advances increased by 15.9% as of Fiscal 2013. (*Source: Report on Trend and Progress in Banking in India 2012 – 2013*)

Credit growth on a year-on-year basis declined in Fiscal 2014, and recorded a low of 10.00% as on September 2014. Public sector banks under-performed other banks in terms of credit growth, recording a growth of 7.9%. Growth in deposits also declined to 12.9% as of September 2014 from 13.7% as of March 2014. Low credit growth reflected a combination of factors such as reliance on alternative sources of funding, balance sheet repair and slack in demand as also an element of risk aversion. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

There was an overall rise in the growth of priority sector credit in Fiscal 2014 as compared to a drop in overall credit growth during the year. In Fiscal 2013, credit to priority sectors by public and private sector banks were 39.4% and 35.8%, respectively (representing the higher of the adjusted net bank credit or the credit equivalent of the off-balance sheet exposure), which fell short of the overall target of 40%. 10 out of 26 public sector banks, 4 out of 20 private sector banks and one out of 39 foreign banks could not achieve the target of the overall priority sector as on March 31, 2014. (*Source: RBI Annual Report for 2013-2014*)

In the past, growth in credit to sensitive sectors, namely, real estate, capital markets and commodities, generally followed a pattern similar to the growth in overall credit. However, in Fiscal 2013, growth in credit to sensitive sectors almost doubled primarily on account of credit to real estate. This expansion needs to be viewed in light of the steep rise in housing prices in all Tier I cities and several Tier II cities in Fiscal 2013 (*Source: RBI Report on Trend and Progress of Banking in India 2012-13*).

MSME sector

Small enterprises play a very significant role in terms of balanced and sustainable growth of the economy. Small enterprises contribute 38% of the manufacturing output and around 40% of the total export of the country and providing employment to nearly 106 million people through about 46 million units, located in both the rural and urban areas across the country. According to the Ministry Of Micro, Small and Medium Enterprises, the number of MSME units in India has grown at a CAGR of 4% during last five years. Strong growth in total investments in MSMEs indicates towards their expanding footprint and growing importance. (*Source: Ministry of Micro, Small and Medium Enterprises, Annual Report 2013-2014*)

MSMEs primarily rely on bank finance for their operations and as such ensuring timely and adequate flow of credit to the sector has been an overriding public policy objective. Over the years there has been a significant increase in credit extended to this sector by the banks. As at the end of March 2011, the total outstanding credit provided by all Scheduled Commercial Banks to the MSME sector stood at ₹ 4,785.27 billion as against ₹ 3,622.90 billion in March 2010, registering an increase of 32%. (*Source: Address of the Deputy Governor of the RBI at the SME Banking Conclave 2012*)

SUMMARY OF BUSINESS

Overview

We are one of the oldest private sector banks in India with a history of over 94 years, and a strong base in Kerala along with significant presence in Tamil Nadu, Karnataka and Maharashtra. We offer a wide range of products and services, with particular focus on small and medium enterprises ("**SME**"), retail and NRI customers. We deliver our products and services to our customers through multiple channels, including 431 branches (comprising five service branches) and 232 ATMs spread across 15 states and four union territories and cater to an overall customer base of 1.61 million as on December 31, 2014.

While our Bank has a long operating history as a traditional bank, we are currently focusing on initiatives to transform ourselves into a full service contemporary bank. To this end, we have recently undertaken a number of initiatives to enhance our business focus by upgrading processes, technology and human resources. As part of our transformation, we are in the process of organizing our operations under focused business areas; re-aligning, training and incentivizing employees; creating new products and services; increasing sales and marketing efforts; investing in technology and strengthening our monitoring and risk management policies.

We have four principal business areas, namely, (a) SME banking, (b) retail banking, (c) corporate banking, and (d) treasury operations.

Under our SME banking business, we cater to small and medium manufacturing units, services and trading companies, with borrowing needs up to ₹ 250 million. We offer a wide range of products including term loans, cash credit, working capital finance, foreign currency loans, export credit, bill discounting, letters of credit and bank guarantees. We believe that lending to SME customers enables us to diversify our credit risk due to relatively smaller individual exposures. SMEs offer comparatively higher yields, cross-selling and associated business opportunities, along with higher degree of secured and collateralized loans and also enable us to meet our priority sector targets. As on December 31, 2014, our Bank has 382 branches in metro, urban and semi urban locations, which we believe are conveniently located in close proximity to a large proportion of our existing and target SME customer base. Further, in order to reduce our turnaround time, we have decentralized our credit process by establishing eight regional credit hubs for proposals within the lending power of the branches and zonal offices and one central credit hub for proposals under the head quarter lending powers. As a percentage of our total advances, loans to SME customers accounted for 33.41%, 40.40% and 43.18% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Under our retail banking business, we offer a wide range of loan and deposit products to our retail and NRI customers, such as gold loans, loans against properties, personal loans, housing loans and agricultural loans, and deposit products such as current accounts, savings accounts, term deposits and cumulative deposit accounts. Gold loan advances constituted 38.31%, 32.04% and 29.54% of our total advances as on March 31, 2013, March 31, 2014 and September 30, 2014 and continues to be a mainstay for our Bank on the retail advances side. On the deposits side, NRI deposits have been a stable source of funding for our Bank constituting 13.47%, 17.27% and 18.50% of our total deposits as on March 2013, 2014 and September 30, 2014, and has grown at a CAGR of 33.43% during the last three Fiscals. For facilitating fund transfer services required by our NRI customers, we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd, which enhances our capability to provide international remittance services and strengthens our NRI business.

Our retail banking business also includes financial inclusion products, as well as fee income from distribution of third-party products such as life insurance and general insurance. We distribute life insurance products of Edelweiss Tokio Life Insurance Company Limited, and are in the process of finalizing an agreement with a leading general insurance company for distributing general insurance products. As a percentage of our total advances, retail banking advances accounted for 50.79%, 45.57%, and 43.66%, as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Under our corporate banking business, we cater to companies with an annual turnover of over ₹ 1,000 million (with credit requirement of above ₹ 250 million). As a percentage of our total advances, corporate banking advances accounted for 15.80%, 14.03%, and 13.16% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Our treasury operations primarily consist of statutory reserves management, liquidity management, investment and trading, and money market and foreign exchange activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated cash reserve ratio and the statutory liquidity ratio. We maintain SLR through a portfolio of central Government, state Government, corporate debt and trustee securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and invest in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, floating rate instruments, bonds and debentures to manage short-term surplus liquidity and further optimize yield and to generate profits thereon.

As on December 31, 2014, we have a network of 431 branches and 232 ATMs. Out of our 431 branches, 55 branches are in metropolitan cities, 102 branches in urban areas, 225 branches in semi-urban and 49 branches in rural areas. For efficient administration, we have organized all our branches under nine zonal offices. We deliver our products and services through multiple delivery channels that include branches, ATMs, internet and mobile banking.

Our total assets have increased from ₹ 119,754.07 million as on March 31, 2012 to ₹ 134,486.34 million as on March 31, 2013, to ₹ 151,653.82 million as on March 31, 2014, at a CAGR of 12.53%. Our total deposits have increased from ₹ 106,048.70 million as on March 31, 2012 to ₹ 123,416.26 million as on March 31, 2013, to ₹ 136,738.61 million as on March 31, 2014, at a CAGR of 13.55%. During the same period, our total advances have increased from ₹ 77,676.90 million as on March 31, 2012 to ₹ 89,759.71 million as on March 31, 2013, and decreased slightly from this level to ₹ 88,540.20 million as on March 31, 2014, at a CAGR of 6.76%. Our total assets, total deposits and total advances as on September 30, 2014 are ₹ 155,494.28 million, ₹ 141,655.02 million and ₹ 96,087.65 million respectively.

Our total income (interest income plus other income) increased from ₹ 11,607.95 million in Fiscal 2012, to ₹ 14,154.30 million in Fiscal 2013 to ₹ 16,212.96 million in Fiscal 2014, at a CAGR of 18.18%. During the same period, our net profit after tax increased from ₹ 260.44 million in Fiscal 2012, to ₹ 266.17 million in Fiscal 2013, to ₹ 309.46 million in Fiscal 2014, at a CAGR of 9.01%. Our total income and net profit after tax for the six months ended September 30, 2014 are ₹ 8,162.74 million and ₹ (181.47) million respectively. As on September 30, 2014, our CRAR, Tier 1 Capital and Tier 2 Capital was 9.87%, 7.96% and 1.91% respectively as per Basel – II, and 9.72%, 7.87% and 1.85% respectively as per Basel – III. In order to augment our capital base, we raised ₹ 613.10 million through preferential allotment of Equity Shares to investors, in October 2014, followed by rights issue to existing Shareholders in March 2015, where we raised Equity capital to the tune of ₹ 1,131.33 million.

OUR COMPETITIVE STRENGTHS:

We believe that the following strengths distinguish us in a competitive Indian banking industry:

Strong and trusted brand in south India

With over 94 years of history, we believe we have developed a well-recognized and trusted brand in south India, particularly in the states of Kerala, Tamil Nadu and Karnataka where we have built strong relationships with many of our customers, which has been one of our key growth drivers. We believe that we are known for the quality of service we have provided to our customers over the years and for our consistent approach to developing long-term relationships with our customers, based on our local knowledge and experience amongst other things. We believe that our strong customer and neighbourhood centric focus, has played a significant role in enhancing customer service experience and maintaining customer loyalty, on account of which we have been long-term bankers to a significant number of our SME customers. As on September 30, 2014, on the advances side, we had 3,899 SME customers who have been our customers for over five years contributing 45.40 % of our total SME advances.

We believe that the trust reposed in our brand has enabled us in developing and maintaining a robust and loyal deposit franchise, consisting of a distinctive clientele, including numerous churches, charitable trusts, welfare boards, temple trusts, and educational institutions. Further, our strong gold portfolio is also a testimonial to the trust placed in our brand by the customers.

Focus on the SME business

We believe that SMEs are often confronted with challenges as compared to large corporates, such as availability of adequate and timely financial resources. We focus on meeting the funding and banking requirements of these SME customers so as to ensure that their business continues seamlessly. As a percentage of our total advances, loans o SME customers accounted for 33.41%, 40.40%, and 43.18% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

We believe that lending to SMEs enables us to diversify our credit risk profile due to relatively smaller individual exposures. As on September 30, 2014, our advances to SME customers aggregated to ₹ 41,493.58 million, spread across 10,581 advance accounts. Further, as on September 30, 2014, working capital advances such as cash credit and overdraft facilities, constituted 78.63% of our total advances to our SME customers, while the remaining 21.37% were contributed by term loans.

SMEs offer comparatively higher yields, cross-selling and associated business opportunities, and higher degree of secured and collateralized loans. As on September 30, 2014, 98.66 % of our SME loan portfolio is secured. Lending to SMEs also provides us a good geographic spread and helps us meet our priority sector lending targets.

As on December 31, 2014, we have 382 branches in metro, urban and semi urban locations which we believe are conveniently located in close proximity to a large proportion of our existing and target SME customer base. To enhance our sales and marketing efforts, we have established a separate team focusing on SME business with designated team leaders in every zone, assisting the branches to source additional business and achieve deeper penetration. We synergistically leverage our branch network, the expertise of our branch managers and the SME team to create a customer-centric culture, where the emphasis is to satisfy the complete banking and financial needs of our SME customers by offering them a portfolio of products and services, customized and tailor-made to their specific requirements. Further, in order to reduce our turnaround time, we have decentralized our credit process by establishing eight regional credit hubs for proposals within the lending power of the branches and zonal offices and one central credit hub for proposals under the head quarter lending powers.

We believe our branch-centric business model combined with local experience, long-standing client relationships, customer service quality and streamlined organizational structure allows us to respond faster and suitably to the needs of our SME customers.

Retail offering focused on gold loans and NRI business

We have wide presence in south India, with 365 of our 431 branches located in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana, as on December 31, 2014. Of these 365 branches, we have 282 branches in Kerala, 58 branches in Tamil Nadu, 16 branches in Karnataka, six branches in Andhra Pradesh and three branches in Telangana. In order to drive penetration, we have strategically opened over 40 branches in these five states in the last three Fiscals.

South India as a region continues to be the largest consumer of gold in India with the southern states accounting for over 40% of India's overall gold demand, followed by the west (25%), north (20-25%) and east (10-15%) (*Source: (Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs, January 2013)*. Gold loans constituted a major portion of our advances, contributing 38.31%, 32.04%, and 29.54% of our total advances as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively. As on September 30, 2014, we had 449,436 gold loan accounts, with advances aggregating to ₹ 28,383.01 million, implying an average ticket size of ₹ 0.06 million. Apart from liquidity of the security and low probability of credit losses, gold loan advances offer benefits of hassle free lending and lower operational costs.

Kerala has a large population of NRIs, where our extensive branch network provides us an opportunity to build strong portfolio of NRI deposits. NRI deposits have been a stable source of funding for our Bank, constituting 13.47%, 17.27% and 18.50% of our total deposits as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively, and have grown at a CAGR of 33.43% during the last three Fiscals. For facilitating fund transfer services required by our NRI customers, we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd, which enhances our capability to provide international remittance services and strengthens our NRI business.

Professional and experienced management

We are a professionally managed Bank. The members of the Board have significant finance and banking experience and include associates of the Indian Institute of Banking, Chartered Accountants and retired IAS officers. The part-time Chairman of our Bank, Mr. S. Santhanakrishnan, has been a fellow of the Institute of Chartered Accountants of India for over 30 years and is a practicing Chartered Accountant. Several of our Directors are also on the Board of reputed companies. Our Board of Directors and the Key Managerial Personnel have been responsible for undertaking a number of change initiatives to enhance the business focus of the Bank by upgrading processes, technology and human resources.

Our Key Managerial Personnel bring substantial experience and in-depth knowledge of banking operations and management. While several of our Key Managerial Personnel have been with our Bank since the 1980s, we have also brought in other experienced professionals from the banking industry and our Key Managerial Personnel have an average banking experience of 23 years. We believe that our management's capabilities, strong reputation, extensive network of industry relationships and wide-ranging experience in the finance and banking industry will continue to help us to grow, modernize and develop further. For further details please refer the section titled "*Our Management*" on page 172.

Streamlined risk management controls, policies and procedures

We have instituted prudent risk management controls, policies, and procedures that are critical for the long-term sustainable development of our business. We have implemented risk management procedures for our credit exposures, including credit evaluation, credit scoring, risk based pricing models, and risk monitoring and control mechanisms. We have developed our own credit risk rating framework in terms of which all exposures of ₹ 2.50 million and above are brought within a rating mechanism. The rating framework incorporates, *inter-alia*, financial analysis and sensitivity, industrial and management risks. A separate risk management department formulates and implements credit risk evaluation, approves risk management framework and policies, oversees the credit approval process and periodically reviews the same so as to ensure that the business conducted is consistent with our risk appetite, with a focus on maintaining and enhancing asset quality. Further, retail lending is parameterized based on an internally developed framework. We periodically conduct audits/inspections to ensure that the risks on our portfolios are within acceptable parameters. We continuously monitor our portfolios through our internal control system, which includes macro level portfolio analysis, migration of credit rating analysis and stress testing analysis.

Our credit risk policy is periodically reviewed and updated to incorporate changes in the environment, market and regulatory guidelines. We have an asset liability management committee for managing market risk; credit risk management committee for credit risk; and operations risk management committee for operations risk. We are focused on maintaining high standards of asset quality through risk management and mitigation practices.

We also manage risk by ensuring that our advances are adequately secured. As on March 31, 2013, March 31, 2014 and September 30, 2014, 96.48 % (i.e., ₹ 85,395.26 million), 96.34% (i.e., ₹ 83,888.90 million) and, 95.62% (i.e., ₹ 90,176.29 million), respectively, of our advances were secured.

BUSINESS STRATEGIES:

Continue to focus on SME customers

Small enterprises play a very significant role in terms of balanced and sustainable growth of the economy. Small enterprises contribute 38% of the manufacturing output and around 40% of the total export of the country providing employment to nearly 106 million people through about 46 million units, located in both the rural and urban areas across the country (Source: *Ministry of Micro, Small and Medium Enterprises*, *Annual Report 2013-2014*)). Our SME advances constituted 43.18% of our total advances, as on September 30, 2014. We believe that with our strong relationships with SME customers and the strategic location of our branches, we are well placed to reap the benefits of growth in this sector.

We intend to remain focused on SME customers by providing them support through the life cycle of their business - from inception to expansion including modernization of their businesses. We aim to use our in-depth knowledge and local experience of banking requirements of SMEs to grow in sectors that we believe have good growth potential such as healthcare, education, real estate, textiles, agriculture, infrastructure, food processing and fisheries and formulate specific products, services, processes and delivery capabilities to cater to the requirements of SME customers. We intend to increase our bouquet of offerings to our SME customers by providing them additional service offerings such as cash management, foreign exchange, point-of-sale services. We are also continuously working to refine our business model to promptly respond to the needs of our SME customers, while maintaining and ensuring adequate risk management. In addition to growing our advances, we intend to mobilize low cost CASA deposits, as also increase cross selling to augment our fee-based income from SME customers. We believe that growth in advances to SME customers helps us in increasing our net interest margins as well as diversifying our advances portfolio thereby reducing risks.

We aim to maximize the value of our small business relationships by leveraging our distribution network and infrastructure, effective use of technology, speedy response and quality service and also by continuously upgrading our products and services. To expand our SME business, we also aim to appoint relationship officers as part of our recently created SME team, to assist our branches. We intend to further augment our specialized SME team, both in terms of manpower and expertise, and strengthen our marketing and client out-reach efforts through our branch managers, who are an integral part of our business development initiatives, in order to source additional business and drive further penetration.

Grow retail business

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced rapid growth due to consumer credit becoming cheaper, more widely available and increasingly a more acceptable avenue of funding for consumers. During Fiscal 2014, Indian banks' retail loans portfolios continued to growth rapidly and total retail loans increased by 15.4% from November 2013 to November 2014, mainly led by growth in housing loans as the largest segment of retail loans and an increasing growth in auto loans. (Source: *RBI, Press Release, Sectoral Deployment of Bank Credit – November 2014*). We intend to capitalize on the opportunity presented by retail banking, by enhancing our products, services offering and customer delivery capabilities.

As part of our overall retail strategy, we intend to invest in further strengthening our brand, which may include changes to our brand identity, augmenting our technology capabilities selectively upgrading our branch infrastructure, enhancing capabilities across alternate delivery channels, setting up a customer call centre, and by migrating certain operational activities from the branches to a central unit.

CASA is the prime source of low cost funds for us. As on September 30, 2014, our CASA deposits were ₹ 25,448.41 million representing 17.96% of our total deposits. We seek to augment our CASA deposits in order to reduce cost of funds and improve our core capital. We propose to increase our CASA by launching deposit products across business, enhancing our brand presence, attracting new retail customers, appointing relationship managers for high net worth customers, introducing loyalty programs, expanding our ATM coverage, and enhancing mobile and internet banking platforms.

In order to further grow our retail loan portfolio and diversify our loan portfolio mix, we intend to increase marketing and sales resources at our branches, launch new products (including new variants for loan against properties and gold loans), invest in technology for speedier credit processing and improved monitoring, and cross sell products like life insurance to our existing customers. Our flagship product in loan against property- "property encash" was recently launched. Our loan against property products are being positioned for meeting the specific funding requirements of our retail customers, small business owners and entrepreneurs, thereby augmenting our portfolio of key offerings in the retail business. As on March 31, 2014, the net LAP advances stood at ₹ 697.80 million, which have increased significantly to ₹ 1,143.40 million, as on September 30, 2014. We shall continue to drive penetration of our LAP product, by leveraging on the strength of our customer relationships and distribution network.

Increase NRI business

Our NRI deposits have grown from ₹ 9,940.61 million in Fiscal 2011 to ₹ 23,616.20 million in Fiscal 2014, at a CAGR of 33.43% during the same period, which is more than twice the growth experienced in our total deposits during the same period. As on March 31, 2013, March 31, 2014 and September 30, 2014, our total NRI deposits constituted 13.47 %, 17.27 % and 18.50 %, respectively, of our total deposits. We intend to continue to focus on increasing our NRI deposit base, which has been one of our key growth engines on the deposit side, and has also proved to be a stable source of funding for our Bank.

We have created a separate NRI product management team, and are focused on augmenting our NRI business in addition to our branches, all of which are equipped to offer specialized services to our NRI customers. The NRI team extends comprehensive support to our branches in all NRI related matters and drives the growth of our NRI business, with special emphasis on increasing our share of inward remittances and deposits from the Middle East, by leveraging our strong customer base and distribution network in Kerala. We have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East and tie ups with major money transfer agents, which we plan to expand further. Further, we aim to offer products and services based on customer segmentation, provide wealth management services advisory services and differentiated products to high net worth customers, appoint dedicated relationship managers and create exclusive NRI customer service areas in select branches. We also intend to enter into strategic partnerships to acquire, engage and service NRI customers in the Middle East.

Increase fee and non-fund based revenues

An important strategic focus for us is to grow our fee and non-fund based revenues. Our fee and non-fund based revenues constituted 3.47%, 3.27% and 3.68% of our total revenue for Fiscals 2013, 2014 and for six months ended September 30, 2014, respectively. We believe that our increased focus on retail and SME customers, integrated branch network, technology led channels and increasingly diversified product mix will enable us to increase our fee and non-fund based revenues.

To our existing SME customers, we aim to market fee and non-fund based products such as letters of credit, bank guarantees, foreign exchange services and insurance products. We also intend to acquire new SME customers who specifically require such fee and non-fund based products. For our retail customers, we intend to follow a relationship based approach by providing and expanding our third party product offerings including mutual fund and insurance products, wealth management services, money transfer and foreign exchange services.

We have entered into a corporate agency agreement with Edelweiss Tokio Life Insurance Company Limited to distribute life insurance products. Further, we are in the process of finalizing an arrangement with a leading general insurance company to distribute general insurance products. These arrangements will further enable us enhance our sales and distribution capabilities for growing the bancassurance business, and driving penetration. We intend to further increase this revenue stream by entering into more agency and distribution arrangements and enhancing our products and services offerings. We currently have over 50 employees involved in selling these insurance products who have been authorized by the IRDA to act as specified persons for selling insurance products and we intend to increase the number of such employees to augment our sales and marketing capabilities.

We earn commission on the fund transfer services provided by us to our NRI customers for which we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd. We plan to enter into many more of such agreements to further enhance our capability to provide international remittance services and strengthens our NRI business and consequently increase our earnings from the commission on NRI remittances and money transfers services.

Efficiently manage NPAs and continue to focus on strengthening risk management

The share of gross NPAs as a percentage of total advances increased from 2.35% as on March 31, 2013 to 3.77% as on March 31, 2014 and was 5.56% as on September 30, 2014. The share of net NPAs as a percentage of total advances increased from 1.12% as on March 31, 2013 to 2.22% as on March 31, 2014 and was 3.76% as on September 30, 2014. The increase in NPA during Fiscal 2014 is primarily attributable to the impairment of certain corporate loans. The reduction and recovery of impaired assets is our key focus area. We continuously evaluate various aspects of our credit and risk management, including origination, monitoring and recovery of loans. These efforts are supervised by our executive and Board committees.

We are committed to efficiently managing and reducing our NPAs, as well as stressed assets, and are implementing measures to manage and reduce our NPAs. In relation to origination and appraisal of our loans, we propose to continuously review and upgrade our rating models, scorecards and credit approval process, including training and enhancing our resources.

We have recently implemented monitoring systems to identify potential problem loans by continuously tracking our portfolio through a dedicated monitoring team. Further, for SME loans above a defined threshold, the dedicated relationship managers support our branches to engage with customers on a continuous basis in order to initiate remedial measures based on early warning signs.

We have recently created a dedicated recovery team which organizes recovery camps, enters into compromises and settlements, engages recovery agents, and evaluates and undertakes timely and appropriate legal action (including invocation of the SARFAESI Act, initiating recovery suits, and resorting to Government-supported revenue recovery proceedings). Further, where we deem appropriate, we sell our stressed or impaired assets to ARCs.

In addition, we are currently in the process of appointing an external agency to assist us with upgrading all aspects of credit and risk management, including origination, credit processing, monitoring and recovery.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the audited restated standalone financial statements, prepared in accordance with Generally Accepted Accounting Principles in India ("**Indian GAAP**") , the Banking Regulation Act, the guidelines issued by RBI from time to time, the Companies Act, 1956 and Companies Act, 2013, and the rules there under, as the case may be, and restated in accordance with the SEBI Regulations as on and for Fiscals 2010, 2011, 2012, 2013 and 2014 and as on and for the six months ended September 30, 2014.

The financial statements referred to above are presented under the section titled "*Financial Statements*" on page 190.

The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and the section titled "*Financial Statements*" on page 190.

Summary Statement of Assets & Liabilities as Restated

(₹ in million)

S. NO.	PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
		2010	2011	2012	2013	2014	30.09.2014
A.	**ASSETS**						
1	**Cash in Hand**	548.37	597.37	661.02	846.80	720.21	904.26
2	**Balance with RBI**	5,308.00	5,274.04	6,203.74	5,445.78	5,518.82	5,394.86
3	**Balance with Banks**						
	In India	283.78	725.90	2,436.23	3,972.86	3,637.86	327.81
	Outside India	416.20	403.58	409.12	384.75	866.13	998.84
4	**Money at Call & Short Notice**	499.67	-	-	-	-	-
5	**Investments**						
	Gross Investment In India	22,920.66	26,930.69	31,474.46	33,046.20	51,397.84	51,388.51
	Less: Provision for NPA Investment	-	-	-	-	-	-
	Less: Depreciation on Investment	26.55	28.11	23.00	35.68	81.31	58.60
	Net Investment In India	22,894.11	26,902.58	31,451.46	33,010.52	51,316.53	51,329.91
	Outside India	-	-	-	-	-	-
6	**Advances**						
	In India	44,669.38	62,200.25	76,635.43	88,515.18	87,073.62	94,303.03
	Outside India	-	-	-	-	-	-
7	**Fixed Assets**	793.98	753.03	758.78	1,694.58	1,736.45	1,720.95
	Less: Revaluation Reserve	401.53	395.12	387.66	1,267.12	1,253.11	1,246.45
	Net Fixed Assets	392.45	357.91	371.12	427.46	483.34	474.50
8	**Other Assets**	1,531.09	1,445.82	1,925.91	2,353.01	2,287.90	2,463.89
	Less: Deferred Tax and Intangible Assets	417.18	310.81	339.96	470.02	250.59	702.82
	Net Other Assets	1,113.91	1,135.01	1,585.95	1,882.99	2,037.31	1,761.07
	TOTAL (A)	**76,125.87**	**97,596.64**	**119,754.07**	**134,486.34**	**151,653.82**	**155,494.28**
B.	**LIABILITIES**						
1	**DEPOSITS**						
	Demand Deposit						
	From Banks	6.05	12.19	14.49	3.88	5.32	2.51
	From Others	2,914.83	3,256.80	3,464.10	3,289.67	3,309.13	3,892.52
2	**Saving Deposits**	14,605.94	16,242.46	17,004.97	18,340.40	20,295.38	21,553.38
3	**Term Deposits from Banks**	1,671.39	2,804.42	4,213.90	4,594.61	4,989.09	3,681.08
	Term Deposits from others	50,585.29	64,940.82	81,351.24	97,187.70	108,139.69	112,525.53
4	**Borrowings**						
	In India	0.73	2,321.19	4,419.65	819.06	4,480.43	4,752.95
	Outside India	-	-	-	-	-	-

S. NO.	PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
		2010	2011	2012	2013	2014	30.09.2014
	Subordinate Debts(Tier-II Bonds)	928.00	917.00	1,335.00	1,175.00	1,075.00	575.00
5	Other Liabilities & Provisions	2,391.65	2,336.70	3,000.98	3,276.28	3,161.18	2,951.96
	TOTAL (B)	**73,103.88**	**92,831.58**	**114,804.33**	**128,686.60**	**145,455.22**	**149,934.93**
C.	**NET WORTH (A-B)**	**3,021.99**	**4,765.06**	**4,949.74**	**5,799.74**	**6,198.60**	**5,559.35**
D.	**Share Capital**	**189.26**	**313.48**	**314.16**	**418.99**	**418.99**	**418.99**
	Equity Share Capital	189.26	313.48	314.16	418.99	418.99	418.99
E.	**RESERVE & SURPLUS**						
1	Statutory Reserve	1,219.61	1,250.05	1,314.81	1,396.47	1,463.67	1,463.67
2	Capital Reserve	305.08	311.19	315.65	397.06	529.69	529.69
3	Revaluation Reserve	401.53	395.12	387.66	1,267.12	1,253.11	1,246.45
4	Share Premium	868.05	2,217.81	2,224.42	2,906.66	2,906.66	2,906.66
5	Revenue & Other Reserve	914.69	962.89	1,098.79	1,189.20	1,108.44	1,108.44
6	Balance of Profit & Loss Account	-	20.45	21.87	-	21.74	-
	TOTAL	**3,708.96**	**5,157.51**	**5,363.20**	**7,156.51**	**7,283.31**	**7,254.91**
	Less: Revaluation Reserve	401.53	395.12	387.66	1,267.12	1,253.11	1,246.45
	Less: Deferred Tax and Intangible Assets	417.18	310.81	339.96	470.02	250.59	702.82
	Less: Profit & Loss (Dr.)	57.52	-	-	38.62	-	165.28
	TOTAL (E)	**2,832.73**	**4,451.58**	**4,635.58**	**5,380.75**	**5,779.61**	**5,140.36**
	NET WORTH (D+E)	**3,021.99**	**4,765.06**	**4,949.74**	**5,799.74**	**6,198.60**	**5,559.35**

The summary statement of assets and liabilities as restated should be read along with the accounting policy and notes on accounts.

Summary Statement of Restated Profit & Loss Account

(₹ in million)

S No.	Particulars	Financial Year ended 31st March					Half Year Ended
		2010	2011	2012	2013	2014	30.09.2014
A.	**INCOME**						
1	**Interest Earned**	**5,779.56**	**7,621.32**	**10,756.34**	**13,208.64**	**15,039.78**	**7,692.34**
1.1	Interest & Discount on advance/bills	4,171.31	6,007.41	8,615.04	10,743.45	11,386.97	5,762.99
1.2	Income on Investment	1,413.12	1,553.24	2,008.63	2,262.59	3,304.09	1,862.06
1.3	Interest on balance with RBI & other Inter Bank Funds	146.75	49.76	74.27	201.21	319.84	61.81
1.4	Interest on Others	48.38	10.91	58.40	1.39	28.88	5.48
2	**OTHER INCOME**	**739.46**	**744.41**	**851.61**	**945.66**	**1,173.18**	**470.40**
2.1	Commission, Exchange & Brokerage	200.28	166.26	173.03	162.60	166.93	94.70
2.2	Profit on sale of Investments(Net)	128.53	52.14	52.78	228.88	440.97	82.13
2.3	Profit on sale of land, building & other assets (Net)	(0.29)	5.33	12.27	4.57	0.88	(1.62)
2.4	Profit on exchange transaction(Net)	64.00	97.56	113.81	130.73	125.35	71.96
2.5	Miscellaneous Income	346.94	423.12	499.72	418.88	439.05	223.23
	TOTAL INCOME	**6,519.02**	**8,365.73**	**11,607.95**	**14,154.30**	**16,212.96**	**8,162.74**
B.	**EXPENDITURE**						
1	**Interest Expended**	**4,551.55**	**5,139.79**	**7,686.09**	**9,816.48**	**11,247.74**	**5,854.00**
1.1	Interest on Deposits	4,460.44	4,963.09	7,380.10	9,502.27	10,942.40	5,661.42
1.2	Interest on RBI/Inter Bank borrowings	0.33	31.74	65.93	73.43	115.32	111.83
1.3	Others	90.78	144.96	240.06	240.78	190.02	80.75
2	**Operating Expenses**	**2,080.66**	**2,771.76**	**2,984.73**	**3,409.52**	**3,950.24**	**2,042.53**
2.1	Payment to & provision for employees	1,348.59	1,993.79	2,120.87	2,430.90	2,816.73	1,419.21
2.2	Rent, Tax & Lighting	214.47	230.11	255.06	323.41	383.84	202.81
2.3	Printing & Stationery	21.18	24.76	29.02	32.96	36.98	16.67
2.4	Advertisement & Publicity	7.66	13.14	24.28	18.11	10.77	5.25
2.5	Depreciation on Banks Properties (net of amounts adjusted against revaluation reserve)	107.71	104.25	85.37	74.40	73.47	53.13
2.6	Director's fees, allowances and expenses	3.73	4.22	4.81	8.07	7.14	5.21
2.7	Auditor's Fees & Expenses	7.61	9.22	10.71	17.02	16.70	9.11
2.8	Law Charges	8.68	7.97	7.18	7.13	8.37	3.88
2.9	Postage, Telegrams, Telephones etc.	48.37	46.45	49.28	54.81	62.45	36.63
2.1	Repairs & Maintenance	50.82	58.79	59.15	60.10	61.15	34.96
2.11	Insurance	66.69	74.59	93.25	100.06	128.61	68.59
2.12	Other Expenditure	195.15	204.47	245.75	282.55	344.03	187.08
	TOTAL EXPENDITURE	**6,632.21**	**7,911.55**	**10,670.82**	**13,226.00**	**15,197.98**	**7,896.53**
C.	**Operating Profit (before Extra Ordinary Items and Provision & Contingencies)** Refer Anx A II (i)	**(113.19)**	**454.18**	**937.13**	**928.30**	**1,014.98**	**266.21**
	Add/(less): Extra Ordinary Items net of taxes	-	-	-	-	-	-
	Less: Provisions & Contingencies (other than Provision for Tax)	84.66	161.58	640.09	600.84	546.00	542.33
D.	**Profit(Loss) Before Tax**	**(197.85)**	**292.60**	**297.04**	**327.46**	**468.98**	**(276.12)**
	Provision for Tax	(135.97)	92.87	36.60	61.29	159.52	(94.65)
E.	**Net Profit after tax, as restated**	**(61.88)**	**199.73**	**260.44**	**266.17**	**309.46**	**(181.47)**
	Adjustment for Profit/ (Loss) Brought Forward	21.01	(57.52)	20.45	21.87	(38.62)	21.74
F.	**Profit / (Loss) available for appropriation**	**(40.87)**	**142.21**	**280.89**	**288.04**	**270.84**	**(159.73)**
a)	Statutory Reserve	4.13	30.44	64.76	81.67	67.20	-
b)	Capital Reserve	3.61	6.11	4.46	81.40	132.63	-

S No.	Particulars	Financial Year ended 31st March					Half Year Ended
		2010	2011	2012	2013	2014	30.09.2014
c)	General Reserve	0.60	11.59	76.63	13.23	15.78	-
d)	Revenue & Other Reserve	8.16	36.62	57.81	77.18	(15.78)	-
e)	Charity Fund	0.15	0.30	0.30	0.30	0.30	-
f)	Deferred Tax Liability	-	-	-	-	-	-
g)	Dividend (excluding dividend tax)	-	31.58	47.38	62.21	41.86	-
h)	Tax on Dividend	-	5.12	7.68	10.67	7.11	-
i)	Adjustment of Depreciation as per Companies Act,2013	-	-	-	-	-	5.55
j)	Balance of Profit carried forward	(57.52)	20.45	21.87	(38.62)	21.74	(165.28)
	TOTAL	(40.87)	142.21	280.89	288.04	270.84	(159.73)
	Break up of Provisions and Contingencies						
	Provision for Non-Performing Advances including Write Off	90.51	134.16	459.80	391.82	596.09	571.36
	Add back of eligible amount of provision held in respect of Agricultural Debts Waived	(1.47)	(4.62)	-	-	-	-
	Depreciation on Investments/(Written Back)	(14.59)	1.56	(5.12)	12.69	45.63	(22.71)
	Provision for standard Advances	-	36.86	109.04	126.69	(35.80)	(1.95)
	Provision for Diminution in Restructured Advances	18.20	(4.80)	63.85	73.41	(66.02)	(2.04)
	Others	(7.99)	(1.58)	12.52	(3.77)	6.10	(2.33)
	Provision for Contingencies (other than Provision for tax)	**84.66**	**161.58**	**640.09**	**600.84**	**546.00**	**542.33**
	Provision for Income Tax	(135.97)	92.87	36.60	61.29	159.52	(94.65)
	TOTAL	**(51.31)**	**254.45**	**676.69**	**662.13**	**705.52**	**447.68**

The summary statement of restated profit and loss account should be read along with the accounting policy and notes on accounts.

Statement of Cash Flows as Restated

(₹ in million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit / (Loss) before Tax	(197.85)	292.60	297.04	327.46	468.98	(276.12)
Adjustments for:						
Depreciation on Fixed Assets	86.03	81.50	63.20	53.12	59.13	45.26
Amortisation of Intangible Assets	21.69	22.76	22.18	21.28	14.34	7.87
Provisions and Contingencies	84.66	161.58	640.09	600.84	546.00	542.33
Interest on Tier II Bonds	76.00	74.75	74.60	111.03	110.67	35.12
Others	154.20	56.55	23.73	71.29	(32.03)	2.72
Operating Profit before working capital changes	224.73	689.74	1,120.84	1,185.02	1,167.09	357.18
Adjustments for						
Deposits	6,455.22	17,473.19	18,792.01	17,367.55	13,322.36	4,916.41
Borrowings	(0.55)	2,320.46	2,098.46	(3,600.59)	3,661.37	272.52
Other Liabilities	23.97	(177.57)	490.07	63.06	(29.54)	(199.14)
Investments	(1,039.83)	(4,010.03)	(4,543.77)	(1,571.74)	(18,351.64)	9.32
Advances	(7,939.61)	(17,660.29)	(14,958.81)	(12,345.00)	911.48	(8,217.02)
Other Assets	43.01	(64.32)	(381.95)	(503.09)	(50.62)	208.36
Cash (used in) / generated from Operating Activities	(2,233.06)	(1,428.82)	2,616.85	595.21	630.50	(2,652.37)
Direct Taxes Paid (Net of refunds)	(25.36)	37.15	(146.94)	8.88	(95.97)	174.36
Net Cash (used in) / generated from Operating Activities (A)	(2,258.42)	(1,391.67)	2,469.91	604.09	534.53	(2,478.01)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets and Intangible Assets	(66.90)	(55.32)	(91.13)	(127.85)	(159.96)	(56.21)
Sale of Fixed Assets	1.70	3.64	16.43	2.29	2.38	1.05
Net Cash used in Investing Activities (B)	(65.20)	(51.68)	(74.70)	(125.56)	(157.58)	(55.16)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Equity Share Capital	0.47	124.22	0.68	104.83	-	-
Proceeds from Share Premium	5.07	1,349.76	6.61	682.24	-	-
Issue / (Redemption) of Tier II Bonds	-	(11.00)	418.00	(160.00)	(100.01)	(500.00)
Interest Paid on Tier II Bonds	(76.00)	(74.75)	(74.60)	(111.03)	(110.67)	(35.12)
Dividend paid (including Tax on Dividend)	(25.77)	-	(36.70)	(54.49)	(73.44)	(48.96)
Net Cash generated / (used in) financing activities (C)	(96.23)	1,388.23	313.99	461.55	(284.12)	(584.08)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,419.85)	(55.12)	2,709.20	940.08	92.83	(3,117.25)
Cash and Cash Equivalents at the beginning of the Year	9,475.87	7,056.02	7,000.90	9,710.10	10,650.18	10,743.01
Cash and Cash Equivalents at the end of the Year	7,056.02	7,000.90	9,710.10	10,650.18	10,743.01	7,625.76
Net increase / (decrease) disclosed as above	(2,419.85)	(55.12)	2,709.20	940.08	92.83	(3,117.25)

The statement of cash flows as restated should be read along with the accounting policy and notes on accounts.

THE ISSUE

The following table summarizes the Issue details:

Issue^(1)	[●] **Equity Shares aggregating up to ₹ 4,000 million**
Of which:	
Employee Reservation Portion(2)	[●] Equity Shares aggregating up to ₹ 100 million
Net Issue	[●] Equity Shares aggregating up to ₹ 3,900 million
The Net Issue consists of:	
A. QIB Portion(2)	[●] Equity Shares
Of which:	
Anchor Investor Portion*	Not more than [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which:	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Portion(2)	Not less than [●] Equity Shares
C. Retail Portion(2)	Not less than [●] Equity Shares
Pre and post- Issue Equity Shares	
Equity Shares outstanding prior to the Issue	60,337,625 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of proceeds of this Issue	See the section titled "*Objects of the Issue*" beginning at page 96.

^ *Our Bank, in consultation with the BRLMs, is considering a Pre-IPO Placemen of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹ 1,500 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.*

* *Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see section titled "Issue Procedure" beginning at page 367. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.*

(1) The Issue has been authorised by a resolution of our Board dated December 22, 2014 and by a special resolution of our Shareholders at the EGM held on February 19, 2015.

(2) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up equity share capital of our Bank.

GENERAL INFORMATION

Our Bank was incorporated on November 26, 1920 under the Indian Companies Act, 1913 as 'The Catholic Syrian Bank Limited'. A fresh certificate of incorporation under the Companies Act, 1956 was issued by the Registrar of Companies, Kerala at Ernakulum on April 14, 1987.

Registered Office

CSB Bhavan
Post Box No. 502, St. Mary's College Road
Thrissur 680 020
Telephone: +91 487 2333 020/6451 640
Facsimile: +91 487 2333 170
Website: www.csb.co.in
Registration Number: 000175
Corporate Identity Number: U65191KL1920PLC000175

For details relating to changes in our Registered Office, see section titled "*History and Certain Corporate Matters - Changes in our Registered Office*" at page 165.

Address of the Registrar of Companies

The Registrar of Companies is located at the following address:

The Registrar of Companies, Kerala
Registrar of Companies
Company Law Bhawan, BMC Road
Thrikkakara, Kochi 682 021
Kerala, India
Telephone: +91 484 2423 749/ 2421 489
Facsimile: +91 484 2422 327

Board of Directors

The following table sets out the details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, Designation and Occupation	Age (years)	DIN	Address
Mr. S. Santhanakrishnan *Designation:* Part-time Chairman; Non-executive Director *Occupation:* Practicing Chartered Accountant	64	00032049	No. 24, Unnamalai Ammai Street, T. Nagar, Tamil Nadu, Chennai 600 017
Mr. Ajay Lal *Designation:* Non-executive Director *Occupation:* Service and Consultancy	53	00030388	No. 909 B, The Aralias, DLF Golf Links, Gurgaon, Haryana 122 009
Mr. T. S. Anantharaman *Designation:* Non-executive Director *Occupation:* Business	66	00480136	27/376, Temple View, Chembukavu, City Post Office, Kerala, Thrissur, 680 020
Mr. Bobby Jos C. *Designation:* Non-executive independent Director	41	03270042	Chirakkekaran House, Bishop Palace Road, East Fort, Kerala, Thrissur 680 005

Name, Designation and Occupation	Age (years)	DIN	Address
Occupation: Business			
Mr. C. K. Gopinathan *Designation:* Non-executive Director *Occupation:* Business	60	01236752	Chittilangat Kalam, Koottanad P.O., Kerala, Palakkad 679 533
Mr. K. Subrahmanya Sarma *Designation:* Non-executive Director *Occupation:* Retired officer of the Indian Administrative Services	70	01505787	No. 8-2-677/B/1, Road No. 12, Banjara Hills, Andhra Pradesh, Hyderabad 500 034
Mr. Sumeer Bhasin *Designation:* Non-executive independent Director *Occupation:* Service and Consultancy	51	00952238	A-88, Defence Colony, New Delhi 110 024
Ms. Radha Unni *Designation:* Non-executive independent Director *Occupation:* Retired Banker	66	03242769	No. 21/6, Riverview, Fourth Main Road, Gandhi Nagar, Adyar, Tamil Nadu, Chennai 600 020
Mr. S. Ramakrishnan *Designation:* Non-executive independent Director *Occupation:* Practicing Chartered Accountant	58	02255401	No. 1A, Sankaram, No. 11, Rani Annadurai Street, Raja Annamalaipuram, Tamil Nadu, Chennai 600 028
Mr. M. Madhavan Nambiar *Designation:* Non-executive independent Director *Occupation:* Retired officer of the Indian Administrative Services	64	03487311	No. 3, Nawab Habibullah Avenue, Third Street, Tamil Nadu, Chennai 600 006
Mr. K. Neethi Ragavan *Designation:* Additional Director - RBI Nominee *Occupation:* General Manager, RBI, Chennai	58	06617935	Flat No. Q 206, Reserve Bank Staff Quarters, P.H. Road, Tamil Nadu, Chennai 600 010
Mr. V. G. Venkatachalapathy *Designation:* Additional Director - RBI Nominee *Occupation:* General Manager, Foreign Exchange Department, RBI, Chennai	53	07137366	No. 2, 10th Cross Street, Indira Nagar, Adyar, Tamil Nadu, Chennai 600 020

For further details and profile of our Directors, see section titled "*Our Management*" beginning at page 172.

Company Secretary and Compliance Officer

Mr. Sijo Varghese
Board & Shares Dept., CSB Bhavan
Post Box No. 502
St. Mary's College Road
Thrissur 680 020
Kerala, India
Telephone: +91 487 6619 228
Facsimile: +91 487 2333 170
E-mail: investors@csb.co.in

Investors can contact the Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc.

For all Issue related queries and for redressal of complaints, investors may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.

All grievances relating to the non-ASBA process must be addressed to the Registrar to the Issue quoting the full name of the Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process must be addressed to the Registrar to the Issue with a copy to the SCSBs or the Syndicate Members if the bid was submitted to a member of Syndicate at any of the Specified Locations, or the Registered Broker, as the case may be, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number, Bidders' DP ID, Client ID, PAN and the Designated Branch of the SCSBs and the details of the Syndicate Bidding Centre where the bid cum Application Form was submitted. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

Chief Financial Officer

Mr. P.V. Antony
CSB Bhavan, Post Box No. 502
St. Mary's College Road
Thrissur 680 020
Telephone: +91 487 6619 240
Facsimile: +91 487 2333 170
Email: pvantony@csb.co.in

Book Running Lead Managers

ICICI Securities Limited

ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai 400 020
Telephone: +91 22 2288 2460
Facsimile: +91 22 2282 6580
Email ID: csb.ipo@icicisecurities.com
Website: www.icicisecurities.com
Investor grievance email: customercare@icicisecurities.com
Contact Person: Harsh Soni / Payal Kulkarni / Vishal Kanjani
SEBI Registration No.: INM000011179

Kotak Mahindra Capital Company Limited

27 BKC, 1st Floor, Plot No. C-27
'G' Block, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Telephone: +91 22 4336 0000
Facsimile: +91 22 6713 2447
Email: csb.ipo @kotak.com

Investor grievance email: kmccredressal@kotak.com
Website: www.investmentbank.kotak.com
Contact Person: Ganesh Rane
SEBI Registration No.: INM000008704

Syndicate Members

[●]

Legal Counsel to the Bank as to Indian Law

Luthra & Luthra Law Offices
9th Floor, Ashoka Estate
Barakhamba Road
New Delhi 110 001
Telephone: +91 11 4121 5100
Facsimile: +91 11 2372 3909

Legal Counsel to the BRLMs as to Indian Law

Khaitan & Co.
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013
Telephone: +91 22 6636 5000
Facsimile: +91 22 6636 5050

Registrar to the Issue

Link Intime (I) Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Telephone: +91 22 617 15400
Facsimile: +91 22 2596 0329
E-mail: csb.ipo@linkintime.co.in
Investor Grievance ID: csb.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sachin Achar
SEBI Registration No.: INR000004058

Escrow Collection Banks

[●]

Refund Banker(s)

[●]

Self Certified Syndicate Banks

The list of banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations, is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time, or at such other website as may be prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit Bid cum Application Forms in the Issue to Registered Brokers at the Non Syndicate Broker Centres. For further details, see section titled "*Issue Procedure*" beginning at page 367.

Joint Statutory Central Auditors to our Bank

Sundaram & Srinivasan, Chartered Accountants
New No. 4, Old No. 23
C.P Ramaswamy Road
Alwarpet
Chennai 600 018
Telephone: +91 44 2498 8762/ 2498 8463
Facsimile: +91 44 2498 8463
E-mail: yessendes@vsnl.net
Website: www.sundaramandsrinivasan.com
Contact Person: C. Naresh
Membership No.: 028684

Varma & Varma, Chartered Accountants
Building No.53/333, A,B,C & D
Off. Subash Chandra Bose Road
Opp Reliance Fresh Shop, Vytilla
Kochi 682 019
Telephone: +91 487 2335 347/233 5394/230 1596
Facsimile: +91 487 2322 889
E-mail: thrissur@varmaandvarma.com/kochi@varmaandvarma.com
Website: www.varmaandvarma.com
Contact Person: C. Pankajakshan
Membership No.: 012948

Statement of Responsibilities of the BRLMs

The responsibilities of the BRLMs for various activities in this Issue are as follows.

Sr. No.	Activities	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of issue, allocation between primary and secondary, etc.	I-Sec, Kotak	I-Sec
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same, follow up and coordination till final approval from all regulatory authorities,	I-Sec, Kotak	I-Sec
3.	Drafting and approval of statutory advertisement and application forms	I-Sec, Kotak	I-Sec
4.	Drafting and approval of other publicity material including non-statutory advertisement, corporate advertisement, brochure, etc.	I-Sec, Kotak	Kotak
5.	Appointment of all other intermediaries (e.g. Registrar(s), Printer(s) and Banker(s) to the Issue, Advertising agency etc.)	I-Sec, Kotak	I-Sec
6.	International Institutional Marketing; allocation of investors for meetings and finalizing road show schedules and preparation and finalization of the road-show presentation and FAQs	I-Sec, Kotak	I-Sec

Sr. No.	Activities	Responsibility	Coordinator
7.	Domestic Institutional Marketing (including banks/ mutual funds); allocation of investors for meetings and finalizing road show schedules	I-Sec, Kotak	Kotak
8.	Non-Institutional & Retail Marketing of the Issue, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalizing Media and PR strategy • Finalizing centres for holding conferences for brokers etc. • Finalizing collection centres; and • Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	I-Sec, Kotak	Kotak
9.	Pricing and managing the book	I-Sec, Kotak	I-Sec
10.	Coordination with Stock-Exchanges for book building software, bidding terminals etc.	I-Sec, Kotak	Kotak
11.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks etc. Including responsibility for underwriting arrangements, as applicable. The designated coordinating BRLM shall also be responsible for coordinating the redressal of investor grievances in relation to post issue activities and coordinating with Stock Exchanges and SEBI for Release of 1% security deposit post closure of the issue	I-Sec, Kotak	Kotak

Monitoring Agency

In terms of the proviso to Regulation 16(1) of the SEBI Regulations, our Bank is not required to appoint a monitoring agency for this Issue.

Expert

Our Bank has not obtained any expert opinions, other than the consents from the Auditors, M/s. Sundaram & Srinivasan, Chartered Accountants and M/s. Varma & Varma, Chartered Accountants to include their names as experts under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to their reports on the restated audited financial statements as on and for Fiscals 2010, 2011, 2012, 2013 , 2014 and the six months ended September 30, 2014 and statement of special tax benefits.

Project Appraisal

The objects of this Issue have not been appraised.

Credit Rating

As this is an issue of equity shares, credit rating is not required.

Trustees

As this is an issue of equity shares, the appointment of trustees is not required.

Book Building Process

"Book building" refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms, Revision Forms and the ASBA Forms. The Issue Price shall be determined by our Bank, in consultation with the BRLMs, after the Bid Closing Date. The principal parties involved in the Book Building Process are:

(1) our Bank;
(2) the BRLMs;
(3) Syndicate Members who are intermediaries registered with SEBI and eligible to act as underwriters;
(4) Registered Brokers
(5) Registrar to the Issue;
(6) Escrow Collection Banks; and
(7) SCSBs.

This Issue is being made through the Book Building Process, wherein 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs.

Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see section titled "*Issue Procedure*" on page 367. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 100 million. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than Equity Shares representing 5% of the Net QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with SEBI Regulations, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, each Retail Individual Bidder shall be allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. Under-subscription in any category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Bank in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up equity share capital of our Bank.

Further, QIBs (except Anchor Investors) and NIIs can participate in the Issue only through the ASBA mechanism.

In accordance with the SEBI Regulations Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Period. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid. For further details, see sections titled "*Issue Structure*" and "*Issue Procedure*" on pages 362 and 367 respectively.

Our Bank will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Bank has appointed the BRLMs to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Steps to be taken by the Bidders for Bidding:

- Check eligibility for making a Bid. Specific attention of ASBA Bidders is invited to section titled "*Issue Procedure*" on page 367;
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
- Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the state of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the IT Act in the Bid cum Application Form and the ASBA Form (see section titled "*Issue Procedure*" on page 367). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims;
- Bids by QIBs (except Anchor Investors) and NIIs shall be submitted only through the ASBA process.
- Ensure the correctness of your Demographic Details such as the address, the bank account details for printing on refund orders and occupation, given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
- Ensure the correctness of your PAN, DP ID and Client ID given in the Bid cum Application Form and the ASBA Form. Based on these parameters, the Registrar will obtain details of the Bidders from the Depositories including the Bidder's name, bank account number etc.
- ASBA Bidders can submit their Bids by submitting Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the Syndicate, the sub-Syndicate or the Registered Brokers. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected; and
- Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange.

For further details, see section titled "*Issue Procedure*" on page 367.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders can Bid at any price within the Price Band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the Bidding Centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to offer the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. Our Bank, in consultation with the BRLMs, will finalise the offer price at or below such cut-off, i.e., at or below ₹ 22. All bids at or above the offer price and cut-off price are valid bids and are considered for allocation in the respective categories.

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Bank intends to enter into the Underwriting Agreement with the Underwriters and the Registrar to the Issue for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters shall be responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (In ₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the 'Basis of Allotment' and subject to Regulation 13(2) of the SEBI Regulations.

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement on behalf of our Bank.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure subscription for or subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in the Issue, except for ASBA Bids procured by the Syndicate Member(s). The underwriting agreement shall list out the role and obligations of each Syndicate Member, and *inter alia* contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the investors at the time of Bidding.

CAPITAL STRUCTURE

The equity share capital of our Bank, as of the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹ million, except share data)

		Aggregate nominal value	Aggregate value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	120,000,000 Equity Shares of ₹ 10 each	1,200.00	-
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE**		
	60,337,625 Equity Shares of ₹ 10 each	603.38	[●]
C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS****		
	Public issue of up to [●] Equity Shares	4,000.00	[●]
	Of which		
(a)	**EMPLOYEE RESERVATION PORTION**		
	[●] Equity Shares	100.00	
(b)	**NET ISSUE**		
	[●] Equity Shares	3,900.00	
D)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares	[●]	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	4,466.18	
	After the Issue*	[●]	

**The securities premium account will be determined after determination of the Issue Price.*

*** Our Bank, in consultation with the BRLMs, is considering the Pre-IPO Placement of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹1,500 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.*

(a) Provided below are details of changes in our authorised share capital since incorporation.

(i) ***From incorporation till the financial year ended December 31, 1961***

We have been unable to trace corporate resolutions and filings in relation to changes in our authorised share capital from incorporation till the financial year ended December 31, 1961. Accordingly, disclosures in relation to changes in our authorised share capital from our incorporation to the financial year ended December 31, 1961 have been made in reliance of (i) our memorandum of association filed with the Registrar of Companies at the time of our incorporation; and (ii) our audited balance sheets comprised in our Annual Reports from the financial year ended December 31, 1949 till the financial year ended December 31, 1961. See the section titled "*Risk Factors - Some of our corporate records, including records on allotments of our equity shares in the past are not traceable*" on page 20.

S no.	As on	Authorised capital
1.	November 26, 1920	The initial authorised share capital of our Bank at incorporation stood at ₹ 0.5 million divided into 5,000 equity shares of face value of ₹ 100 each.
2.	December 31, 1949	The authorised share capital of our Bank stood increased from ₹ 0.5 million divided into 5,000 equity shares of face value of ₹ 100 each to ₹ 2 million divided into 20,000 equity shares of face value of ₹ 100 each.

S no.	As on	Authorised capital
3.	December 31, 1961	The authorised share capital of our Bank stood increased from ₹ 2 million divided into 20,000 equity shares of face value of ₹ 100 each to ₹ 10 million divided into 100,000 equity shares of face value of ₹ 100 each.

(ii) ***From the financial year ended December 31, 1961 till date***

Disclosures in relation to changes in our authorised share capital from the financial year ended December 31, 1961 till date have been made in reliance of (i) our audited balance sheets comprised in our Annual Reports from the financial year ended December 31, 1961 till the financial year ended March 31, 1990, such balance sheets evidencing no change in the authorised share capital of our Bank in this period; and (ii) board and shareholder resolutions and filings with the RoC from the financial year ended March 31, 1990 till date. See the section titled "*Risk Factors – Some of our corporate records, including records on allotments of our equity shares in the past are not traceable*" on page 20.

S no.	Date of shareholder's resolution	Particulars
1.	September 19, 1990	The authorised share capital of our Bank was increased from ₹ 10 million divided into 100,000 equity shares of face value of ₹ 100 each to ₹ 100 million divided into 1,000,000 equity shares of face value of ₹ 100 each.
2.	September 29, 1992	The authorised share capital of our Bank was increased from ₹ 100 million divided into 1,000,000 equity shares of face value of ₹ 100 each to ₹ 1,000 million divided into 100,000,000 Equity Shares of face value of ₹ 10 each.
3.	September 25, 1998	The authorised share capital of our Bank was changed from ₹ 1,000 million divided into 100,000,000 Equity Shares of face value of ₹ 10 each to ₹ 1,000 million divided into 80,000,000 equity shares of face value of ₹ 10 each and 2,000,000 preference shares of face value of ₹ 100 each. An aggregate of un-issued 20,000,000 Equity Shares of ₹ 10 each were cancelled, and 2,000,000 preference shares of face value of ₹ 100 each were created in lieu thereof, as part of the authorised share capital of our Bank.
4.	September 28, 2012	The authorised share capital of our Bank was changed from ₹ 1,000 million divided into 80,000,000 Equity Shares of face value of ₹ 10 each and 2,000,000 preference shares of face value of ₹ 100 each to ₹ 1,200 million divided into 100,000,000 Equity Shares of face value of ₹ 10 each and 2,000,000 preference shares of face value of ₹ 100 each.
5.	February 19, 2015	The authorised share capital of our Bank was changed from ₹ 1,200 million divided into 100,000,000 Equity Shares of face value of ₹ 10 each and 2,000,000 preference shares of face value of ₹ 100 each to ₹ 1,200 million divided into 120,000,000 Equity Shares of face value of ₹ 10 each, by reclassification of 2,000,000 preference shares of face value of ₹ 100 each to 20,000,000 Equity Shares of ₹ 10 each.

(b) The Issue has been authorized by a resolution of our Board dated December 22, 2014, and by a special resolution passed by our shareholders pursuant to Section 62(1)(c) of the Companies Act, 2013 at an EGM held on February 19, 2015.

(c) Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see the section titled "*Issue Procedure*" on page 367. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion.

(d) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 5% of the Net QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

Notes to Capital Structure

1. *Share Capital History*

a) Share capital history of our Bank from incorporation to the financial year ended December 31, 1982

We have been unable to trace corporate resolutions and filings in relation to changes in our issued, subscribed and paid up equity share capital from incorporation till the financial year ended December 31, 1982. Accordingly, disclosures in relation to changes in our issued, subscribed and paid up equity share capital from our incorporation to the financial year ended December 31, 1982 have been made in reliance of (i) our memorandum of association filed with the Registrar of Companies at the time of our incorporation in 1920; and (ii) our audited balance sheets comprised in our Annual Reports from the financial year ended December 31, 1945 till the financial year ended December 31, 1982. See the section titled "*Risk Factors – Some of our corporate records, including records on allotments of our equity shares in the past are not traceable*" on page 20.

The table below profiles all increases or decreases in the cumulative number of equity shares of our Bank (as at the end of the relevant fiscal where such increase or decrease occurred) and corresponding changes to the cumulative paid up equity share capital of our Bank from its incorporation till the financial year ended December 31, 1982. The cumulative paid up equity share capital of our Bank has undergone changes on a regular basis on account of payment by shareholders of pending amounts called up on equity shares previously issued by our Bank until May 2, 2012 (wherein all existing Equity Shares in respect of which call monies were pending, were forfeited). Consequently, the cumulative equity share capital of our Bank may have changed in the financial years not mentioned in the table below (without any corresponding increase or decrease in cumulative number of equity shares allotted).

As on	Cumulative number of equity shares	Face value (₹)	Cumulative paid-up share capital (₹)
November 26, 1920	490	100	49,000
December 31, 1945	4,757	100	216,320(1)
December 31, 1949	9,757	100	362,325(2)
December 31, 1958	15,000	100	614,750(3)
December 31, 1960	20,000	100	841,490(4)
December 31, 1962	30,000	100	1,444,475(5)
December 31, 1965	29,140(6)	100	1,465,355(7)
December 31, 1966	29,096(8)	100	1,465,355(9)
December 31, 1967	30,000	100	1,500,000(10)
December 31, 1982	30,000	100	2,957,740(11)

(1) *An amount of ₹ 50 per share was called up on 3,133 equity shares of ₹ 100 each and an amount of ₹ 40 per share was called upon on 1,624 shares of ₹ 100 each, of which ₹ 5,290 was unpaid as on December 31, 1945.*
(2) *An amount of ₹ 50 per share was called up on 4,757 equity shares of ₹ 100 each and an amount of ₹ 25 per share was called upon on 5,000 shares of ₹ 100 each, of which ₹ 525 was unpaid as on December 31, 1949.*
(3) *An amount of ₹ 50 per share was called up on 9,757 equity shares of ₹ 100 each and an amount of ₹ 25 per share was called upon on 5,243 shares of ₹ 100 each, of which ₹ 4,175 was unpaid as on December 31, 1958.*
(4) *An amount of ₹ 50 per share was called up on 15,000 equity shares of ₹ 100 each and an amount of ₹ 20 per share was called upon on 5,000 shares of ₹ 100 each, of which ₹ 8,510 was unpaid as on December 31, 1960.*
(5) *An amount of ₹ 50 per share was called up on 30,000 equity shares of ₹ 100 each, of which ₹ 55,525 was unpaid as on December 31, 1962.*
(6) *860 equity shares of ₹ 100 each were forfeited and cancelled in the financial year ended December 31, 1965.*
(7) *An amount of ₹ 50 per share was called up on 29,140 equity shares of ₹ 100 each, of which ₹ 1,610 was unpaid as on December 31, 1965.*

(8) *44 equity shares of ₹ 100 each were forfeited and cancelled in the financial year ended December 31, 1966.*
(9) *An amount of ₹ 50 per share was called up on 29,096 equity shares of ₹ 100 each.*
(10) *An amount of ₹ 50 per share was called up on 30,000 equity shares of ₹ 100 each.*
(11) *An amount of ₹ 100 per share was called up on 30,000 equity shares of ₹ 100 each, of which ₹ 42,260 was unpaid as on December 31, 1982.*

b) *History of equity share capital of our Bank from the financial year ended December 31, 1982 till date*

Disclosures in relation to changes in our issued, subscribed and paid up equity share capital from the financial year ended December 31, 1982 till date have been made in reliance of (i) our audited balance sheets comprised in our Annual Reports from the financial year ended December 31, 1982 till the financial year ended March 31, 2012 (ii) resolutions of our Board of Directors and the associated board agendas from the financial year ended December 31, 1982 till the financial year ended March 31, 1991, and (iii) resolutions of our Board of Directors and the associated board agendas and filings made with the Registrar of Companies from the financial year ended March 31, 1992 till date. See the section titled "*Risk Factors – Some of our corporate records, including records on allotments of our equity shares in the past are not traceable*" on page 20.

The cumulative paid up equity share capital of our Bank has undergone changes on a regular basis on account of payment by shareholders of pending amounts called up on equity shares previously issued by our Bank until May 2, 2012 (wherein all existing Equity Shares on which call monies were pending were forfeited). Consequently (from the financial year ended December 31, 1983 till the financial year ended March 31, 2012) the cumulative equity share capital of our Bank has been disclosed as at the end of each financial year wherein there was a change in the cumulative number of equity shares allotted by our Bank.

Disclosures on the paid cumulative equity share of our Bank made in reliance of our audited balance sheets from Fiscal 1992 till Fiscal 2012 are subject to rounding off.

Date of allotment	Number of equity shares	Face value (₹)	Issue Price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares allotted	Cumulative paid-up equity share capital (₹)
December 7, 1983	6,000	100	100	Cash	Rights issue(1)	36,000	-
December 31, 1983	-	-	-	-	-	36,000	3,119,720(2)
November 7, 1984	6,000	100	100	Cash	Rights issue (3)	42,000	-
December 31, 1984	-	-	-	-	-	42,000	3,805,800(4)
October 9, 1985	8,000	100	100	Cash	Rights issue (5)	50,000	-
December 31, 1985	-	-	-	-	-	50,000	4,957,065(6)
August 19, 1987	10,000	100	100	Cash	Rights issue(7)	60,000	-
December 31, 1987	-	-	-	-	-	60,000	5,904,035(8)
September 14, 1988	10,000	100	100	Cash	Rights issue(9)	70,000	-
March 31, 1989	-	-	-	-	-	70,000	6,906,100(10)
March 28, 1990	8,122	100	100	Cash	Rights issue ("**1989 Rights Issue**")(11)	78,122	-
March 31, 1990	-	-	-	-	-	78,122(12)	7,180,145(12)
November 28, 1990	6,878	100	100	Cash	Allotment of additional	85,000	-

Date of allotment	Number of equity shares	Face value (₹)	Issue Price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares allotted	Cumulative paid-up equity share capital (₹)
					equity shares to existing shareholders of our Bank who had applied for additional shares in the 1989 Rights Issue[13]		
March 31, 1991	-	-	-	-	-	85,000	9,100,745[14]
April 10, 1991	30,000	100	100	Cash	Rights issue[15]	115,000	-
August 14, 1991	30,000	100	100	Cash	Rights issue[16]	145,000	-
January 8, 1992	33,000	100	100	Cash	Rights issue[17]	178,000	-
March 31, 1992	-	-	-	-	-	178,000	17,209,000[18]
June 25, 1992	37,000	100	100	Cash	Rights issue[19]	215,000	-
215,000 equity shares of face value of ₹ 100 of our Bank were sub-divided into 2,150,000 equity shares of face value of ₹ 10 of our Bank pursuant to the resolution of our shareholders at an AGM held on September 29, 1992.							
January 13, 1993	2,415,475	10	10	Cash	Rights issue ("**1992 Rights Issue**")[20]	4,565,475	-
	155,431	10	10	Cash	Preferential allotment to employees	4,720,906	-
January 27, 1993	592,279	10	10	Cash	Allotment of renounced rights entitlements in the 1992 Rights Issue to renouncees and unaccepted rights entitlements in the 1992 Rights Issue to shareholders who had applied for additional shares [21]	5,313,185	-
March 31, 1993	-	-	-	-	-	5,313,185	43,549,000[22]
October 20, 1993	100,866	10	10	Cash	Allotment of renounced rights entitlements and the unsubscribed portion of the 1992 Rights	5,414,051	-

Date of allotment	Number of equity shares	Face value (₹)	Issue Price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares allotted	Cumulative paid-up equity share capital (₹)
					Issue to existing shareholders of our Bank(23)		
March 31, 1994	-	-	-	-	-	5,414,051	52,709,000(24)
January 27, 1999	5,233,624	10	32	Cash	Rights issue ("**1998 Rights Issue**")(25)	10,647,675	-
March 23, 1999	54,682	10	32	Cash	Allotment pursuant to receipt of complete applications in respect of certain erstwhile incomplete applications received in the 1998 Rights Issue(26)	10,702,357	-
March 31, 1999	-	-	-	-	-	10,702,357	99,981,000(27)
November 3, 1999	177,298	10	32	Cash	Allotment of additional equity shares to existing shareholders of our Bank who had applied for additional shares in the 1998 Rights Issue(28)	10,879,655	-
March 31, 2000	-	-	-	-	-	10,879,655	105,202,000(29)
July 27, 2007	1,752,467	10	190	Cash	Preferential allotment	12,632,122	-
March 31, 2008	-	-	-	-	-	12,632,122	125,403,000(30)
August 12, 2008	3,214,104	10	32	Cash	Allotment of Equity Shares offered in the 1998 Rights Issue and kept in abeyance, to existing shareholders of our Bank (31)	15,846,226	-
February 12, 2009	15,583,147	10	120	Cash	Rights issue ("**2008 Rights Issue**")(32)	31,429,373	-
March 31, 2009	-	-	-	-	-	31,429,373	188,790,000(33)

Date of allotment	Number of equity shares	Face value (₹)	Issue Price per equity share (₹)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares allotted	Cumulative paid-up equity share capital (₹)
January 15, 2010	149,714	10	120	Cash	Allotment of Equity Shares offered in the 2008 Rights Issue and kept in abeyance to existing shareholders of our Bank[(34)]	31,579,087	-
March 31, 2010	-	-	-	-	-	31,579,087	189,259,000[(35)]
May 2, 2012	(219,520)	10	-	-	Forfeiture of Equity Shares on account of non-payment of pending call monies on Equity Shares	31,359,567	313,595,670[(36)]
November 8, 2012[(37)]	25,777	10	-	-	Annulment of the forfeiture of Equity Shares effected on May 2, 2012, on account of the subsequent payment by shareholders of allotment/ call monies in arrears along with interest	31,385,344	313,853,440
March 30, 2013	10,461,781	10	75	Cash	Rights issue[(38)]	41,847,125	418,471,250
October 14, 2014	3,406,094	10	180	Cash	Preferential allotment	45,253,219	452,532,190
March 27, 2015	15,084,406	10	75	Cash	Rights issue[(39)]	60,337,625	603,376,250

[(1)] *Rights issue of 6,000 equity shares of ₹100 to existing shareholders of our Bank in the ratio of one equity share for every five equity shares of face value ₹100 each held.*

[(2)] *An amount of ₹ 100 per share was called up on 30,000 equity shares of ₹ 100 each and an amount of ₹ 20 per share was called upon on 6,000 shares of ₹ 100 each, of which ₹ 280 was unpaid as on December 31, 1983.*

[(3)] *Rights issue of 6,000 equity shares of ₹100 to existing shareholders of our Bank in the ratio of one equity share for every six equity shares of face value ₹100 held.*

[(4)] *An amount of ₹ 100 per share was called up on 36,000 equity shares of ₹ 100 each and an amount of ₹ 40 per share was called upon on 6,000 equity shares of ₹ 100 each, of which ₹ 34,200 was unpaid as on December 31, 1984.*

[(5)] *Rights issue of 8,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every five equity shares of face value ₹100 held.*

[(6)] *An amount of ₹ 100 per share was called up on 50,000 equity shares of ₹ 100 each, of which ₹ 42,935 was unpaid as on December 31, 1985.*

[(7)]*Rights issue of 10,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every five equity shares of face value ₹100 held.*

[(8)] *An amount of ₹ 100 per share was called up on 60,000 equity shares of ₹ 100 each, of which ₹ 95,965 was unpaid as on December 31, 1987.*

[(9)]*Rights issue of 10,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every six equity shares of face value ₹100 held.*

[10] *An amount of ₹ 100 per share was called up on 70,000 equity shares of ₹ 100 each, of which ₹ 93,900 was unpaid as on March 31, 1989 (the financial year ended March 31, 1989 was fifteen months long in light of our Bank changing the duration of its financial year)*

[11] *Rights issue of 15,000 equity shares of face value of ₹100 each to existing shareholders of our Bank in the ratio of one equity share for every five equity shares of face value ₹100 held, of which 8,122 equity shares of face value ₹100 were allotted.*

[12] *An amount of ₹ 100 per share was called up on 70,000 equity shares of ₹ 100 each, and ₹25 per share was called up on 8,122 equity shares of ₹ 100 each, of which ₹ 22,905 was unpaid as on March 31, 1990. Our Bank also received share application money for 6,878 equity shares of face value of ₹100 each as additional equity shares offered in the 1989 Rights Issue. However, allotment of these shares was not made in light of a pending suit that had been filed challenging the allotment of the additional equity shares. Consequently, share application money for the aforementioned shares was not reflected in the audited balance sheet of our Bank for the financial year ended March 31, 1990. Upon the suit being decided in favour of our Bank, allotment of the 6,878 additional shares was made on November 28, 1990. See note (13) below.*

[13] *Allotment of 6,878 equity shares of face value ₹100 to existing shareholders of our Bank who had applied for additional equity shares in the 1989 Rights Issue.*

[14] *An amount of ₹ 100 per share was called up on 85,000 equity shares of ₹ 100 each, of which ₹ 154,430 was unpaid as on March 31, 1991. Further, application amounts of ₹755,175 for issuance of 30,000 equity shares of ₹ 100 each had been received by our Bank as on March 31, 1991, and included in the paid up share capital of our Bank for Fiscal 1991, for which shares were allotted on April 10, 1991.*

[15] *Rights issue of 30,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every three equity shares of face value ₹100 held.*

[16] *Rights issue of 30,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every three equity shares of face value of ₹100 held.*

[17] *Rights issue of 33,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every four fully paid up equity shares of face value ₹100 held.*

[18] *An amount of ₹ 100 per share was called up on 178,000 equity shares of ₹ 100 each, of which ₹ 591,000 was unpaid as on March 31, 1992.*

[19] *Rights issue of 37,000 equity shares of face value ₹100 to existing shareholders of our Bank in the ratio of one equity share for every five fully paid up equity shares of face value ₹100 held.*

[20] *Rights issue of 3,108,620 Equity Shares to existing shareholders of our Bank in the ratio of (i) one Equity Share for every nine Equity Shares held by shareholders holding 10 Equity Shares; (ii) two Equity Shares for every eight Equity Shares held by shareholders holding 20 Equity Shares; (iii) three Equity Shares for every seven Equity Shares held by shareholders holding 30 Equity Shares; (iv) four Equity Shares for every six Equity Shares held by shareholders holding 40 Equity Shares; and (v) one Equity Share for one Equity Share held by shareholders holding 50 Equity Shares or more, of which 2,415,475 Equity Shares were allotted.*

[21] *Allotment of 280,810 Equity Shares to renouncee applicants in the 1992 Rights Issue, and 311,469 Equity Shares to existing shareholders of our Bank who had applied for additional shares.*

[22] *An amount of ₹ 10 per share was called up on 4,720,906 Equity Shares and an amount of ₹ 7.50 per share was called up on 592,279 Equity Shares, of which ₹ 8,357,000 was unpaid as on March 31, 1993. Further, application amounts of ₹ 225,000 for issuance of 100,866 Equity Shares had been received by our Bank as on March 31, 1993 and included in the paid up share capital of our Bank for Fiscal 1993, for which shares were allotted on October 20, 1993.*

[23] *Allotment of 100,866 Equity Shares to existing shareholders of our Bank in lieu of renounced rights entitlement and the unsubscribed portion of the 1992 Rights Issue. The allotment was made pursuant to receipt of approval of the RBI by its letter dated September 15, 1993 which was required given that the allottees either held, or after such allotment, would hold more than 1% of the equity share capital of our Bank.*

[24] *An amount of ₹ 10 per share was called up on 4,720,906 Equity Shares and an amount of ₹7.50 per share was called up on 592,279 Equity Shares, of which ₹ 1,431,000 was unpaid as on March 31, 1994.*

[25] *Rights issue of 8,121,076 Equity Shares with an option to retain oversubscription of 12% of the offer (pursuant to approval by the RBI for such retention of oversubscription by its letter dated January 12, 1999) to existing shareholders of our Bank in the ratio of three Equity Shares for every two Equity Shares held by existing shareholders of our Bank, of which 5,233,624 Equity Shares were allotted.*

[26] *Allotment of 54,682 Equity Shares to existing shareholders of our Bank upon submission of completed application forms for applying in the 1998 Rights Issue.*

[27] *An amount of ₹ 10 per share was called up on 10,647,675 Equity Shares, and an amount of ₹2.50 per Equity Share was called up on 54,682 Equity Shares, of which ₹ 6,632,000 was unpaid as on March 31, 1999.*

[28] *Allotment of 177,298 Equity Shares to existing shareholders of our Bank in lieu of the additional shares pursuant to the 1998 Rights Issue. Prior to the allotment, our Bank had made an application to the RBI for its acknowledgement for this allotment given that the allottees either held, or after such allotment, would hold more than 1% of the equity share capital of our Bank. Subsequently, the RBI, by its circular dated September 21, 1999, clarified that allotments/ transfers of equity shares in an Indian bank which would result in the allottees/ transferees holding 5% or more of its equity share capital would require acknowledgement by the RBI. Further, the RBI, by its letter dated October 11, 1999, clarified to our Bank that the current allotment would not require acknowledgement by the RBI given that the allotment did not breach the 5% threshold, subsequent to which this allotment was made.*

[29] *An amount of ₹ 10 per share was called up on 10,879,655 Equity Shares, of which ₹ 3,595,000 was unpaid as on March 31, 2000.*

[30] *An amount of ₹ 10 per share was called up on 12,632,122 Equity Shares, of which ₹ 918,000 was unpaid as on March 31, 2008.*

[31] *Allotment of 3,214,104 Equity Shares to existing shareholders of our Bank that were offered in the 1998 Rights Issue and kept in abeyance pursuant to the requirements of section 205A of the Companies Act, 1956. The Equity Shares kept in abeyance represented Equity Shares arising out of rights entitlements on 2,142,736 Equity Shares, which had been lodged for transfer by their transferees and such transfer pending the approval of the RBI. Upon receipt of the approval of the RBI by its letter dated November 28, 2007 for such transfer, the transferees were allotted 3,214,104 Equity Shares forming part of the 1998 Rights Issue, through an additional letter of offer dated July 24, 2008.*

[32] *Rights issue of 15,583,147 Equity Shares to existing shareholders of our Bank in the ratio of one Equity Share for every one Equity Share held by existing shareholders of our Bank.*

[33] *An amount of ₹ 10 per share was called up on 15,846,226 Equity Shares and an amount of ₹ 2 per share was called up on 15,583,147 Equity Shares, of which ₹ 838,000 was unpaid as on March 31, 2009.*

[34] *Allotment of 149,714 Equity Shares to existing shareholders of our Bank that were offered in the 2009 Rights Issue and kept in abeyance pursuant to the requirements of section 205A of the Companies Act, 1956. The Equity Shares kept in abeyance represented Equity Shares arising out of rights entitlements on 149,714 Equity Shares, which had been lodged for transfer by their transferees and such transfer pending the approval of the RBI. Upon receipt of the approval of the RBI by its letter dated August 11, 2009 for such transfer, the transferees were allotted 149,714 Equity Shares forming part of the 2008 Rights Issue, through an additional letter of offer dated December 15, 2009.*
[35] *An amount of ₹ 10 per share was called up on 31,579,087 Equity Shares, of which ₹ 810,000 was unpaid and ₹ 125,722,000 was called up but not due as on March 31, 2010.*
[36] *In addition to the forfeiture, the difference between the cumulative paid up equity share capital of our Bank from March 31, 2010 to May 2, 2012 was primarily on account of payments on a call of Equity Shares allotted in the 2008 Rights Issue that was made in Fiscal 2012.*
[37] *No separate allotment of these Equity Shares was made, and the forfeiture in respect of these 25,777 Equity Shares was annulled.*
[38] *Rights issue of 10,461,781 Equity Shares to existing shareholders of our Bank in the ratio of one Equity Share for every three Equity Shares held by existing shareholders of our Bank.*
[39] *Rights issue of 15,084,406 Equity Shares to existing shareholders of our Bank in the ratio of one Equity Share for every three Equity Shares held by existing shareholders of our Bank.*

c) *Equity shares issued for consideration other than cash*

No equity shares have been issued by our Bank for consideration other than cash since Fiscal 1982.

d) *Equity Shares issued at a price which may be lower than the Issue Price during the preceding one year*

Our Bank has made the following allotments of Equity Shares during preceding one year from the date of filing this Draft Red Herring Prospectus, which could be at a price lower than the Issue Price.

Date of allotment	Name of the Allottee	No. of Equity Shares	Issue Price (₹)	Reasons for allotment
October 14, 2014	Mr. C.K. Gopinathan	920,000	180	Preferential allotment
	Mr. Sat Pal Khattar	355,430	180	Preferential allotment
	Mr. Anand Krishnamurthy	333,333	180	Preferential allotment
	Mr. Alok Oberoi	273,000	180	Preferential allotment
	Angus Capital LLC	627,333	180	Preferential allotment
	Acumen Capital Market (India) Limited	125,000	180	Preferential allotment
	Mr. Yusuff Ali M.A.	172,000	180	Preferential allotment
	Plant Lipids (P) Limited	388,888	180	Preferential allotment
	Vikram Kundur Reddy	55,555	180	Preferential allotment
	Mr. Nilesh Navlakha	55,555	180	Preferential allotment
	Mr. Ravi Mehrotra and Ms. Renuka Mehrotra	100,000	180	Preferential allotment
March 27, 2015	Existing shareholders of our Bank*	15,084,406	75	Rights issue in the ratio 1:3

* *Since the allotment was made to various existing shareholders of our Bank, the allottees have not been disclosed individually.*

2. Details of Lock-in

a) *Details of share capital locked in for three years*

Our Bank is a professionally managed company and has no identifiable promoter. Accordingly, as per Regulation 34(a) of the SEBI Regulations, the requirement of promoters' contribution and lock-in is not applicable to the Issue.

b) *Details of share capital locked in for one year*

The entire pre- Issue equity share capital of our Bank shall be locked- in for a period of one year from the date of Allotment other than:

(i) the Equity Shares held by a VCF or a category I AIF or an FVCI, and which have been locked-in for a period of at least one year from the date of purchase by such entity; and

(ii) the Equity Shares, if any, held pursuant to allotment under the ESOS 2013 by persons who are employees of our Bank as on the date of Allotment.

c) Lock in of Equity Shares to be Allotted, if any, to the Anchor Investors

Equity Shares allotted to Anchor Investors, if any, under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

d) Other requirements in respect of lock-in

The Equity Shares under lock-in may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable.

3. Our shareholding pattern

a) The table below represents the shareholding pattern of our Bank as on March 27, 2015:

Description	**Pre-Issue**						**Post Issue***			
Category of Shareholder	**Number of shareholders**	**Total number of Equity Shares**	**Number of shares held in dematerialized form**	**Total shareholding as a % of total number of Equity Shares (A+B)**	**Shares pledge or otherwise encumbered#**		**Total number of Equity Shares**	**Total shareholding as a % of total number of Equity Shares**	**Shares pledge or otherwise encumbered**	
					Number of shares	**As a %**			**Number of shares**	**As a %**
Shareholding of Promoters and Promoter Group (A)	-	-	-	-	-	-	-	-	-	-
Indian	-	-	-	-	-	-	-	-	-	-
Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-	-	-	-
Central Government/ State Government (s)	-	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-	-
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-
Any Other (Under Trust)	-	-	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-	-
Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-	-	-	-
Bodies Corporate (OCBs)	-	-	-	-	-	-	-	-	-	-
Institutions/FII	-	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters and Promoter Group (A)	-	-	-	-	-	-	-	-	-	-
Public shareholding (B)										
Institutions (B)(1)										
Mutual Funds/ UTI	-	-	-	-	-	-	[●]	[●]	-	-
Financial Institutions / `Banks	1	2,785,661	2,785,661	4.62	-		[●]	[●]	-	-
Central Government/State Government(s)	-	-	-	-	-	-	[●]	[●]	-	-
Foreign Portfolio Investors	-	-	-	-	-	-	[●]	[●]	-	-
Foreign Venture Capital Investor	-	-	-	-	-	-	[●]	[●]	-	-
Venture Capital Fund	-	-	-	-	-	-	[●]	[●]	-	-
Insurance Companies	-	-	-	-	-	-	[●]	[●]	-	-
Sub-Total (B)(1)	**1**	**2,785,661**	**2,785,661**	**4.62**	-	-	[●]	[●]	-	-
Non-institutions (B)(2)							[●]	[●]	-	-
Bodies Corporate	113	16,385,446	15,094,825	27.16	-	-	[●]	[●]	-	-
Non Resident Indians	40	11,265,768	2,261,211	18.67	-	-	[●]	[●]	-	-
OCBs					-	-	[●]	[●]	-	-
Trust	4	265,144	0	0.44	-	-	[●]	[●]	-	-

Description	Pre-Issue						Post Issue*			
Category of Shareholder	**Number of shareholders**	**Total number of Equity Shares**	**Number of shares held in dematerialized form**	**Total shareholding as a % of total number of Equity Shares (A+B)**	**Shares pledge or otherwise encumbered#**		**Total number of Equity Shares**	**Total shareholding as a % of total number of Equity Shares**	**Shares pledge or otherwise encumbered**	
					Number of shares	**As a %**			**Number of shares**	**As a %**
Individuals	25,399	19,728,155	8,915,544	32.70	-	-	[●]	[●]	-	-
+Foreign Bodies	3	6,256,179	0	10.37	-	-	[●]	[●]	-	-
Others	42	3,651,272	3,583,489	6.05	-	-	[●]	[●]	-	-
Sub-Total (B)(2)	**25,601**	**57,551,964**	**29,855,069**	**95.38**	-	-	[●]	[●]	-	-
Public shareholding pursuant to the Issue (B)(3)	-	-	-	-	-	-	[●]	[●]	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)+B(3)	**25,602**	**60,337,625**	**32,640,730**	**100**	-	-	[●]	[●]	-	-
(C) Shares held by custodians and against which Depository receipts have been issued	-	-	-	-	-	-	[●]	[●]	-	-
Promoter and Promoter Group	-	-	-	-	-	-	[●]	[●]	-	-
Public	-	-	-	-	-	-	[●]	[●]	-	-
GRAND TOTAL (A)+(B)+(C)	**25,602**	**60,337,625**	**32,640,730**	**100**	-	-	[●]	[●]	-	-

* *Based on the assumption that such shareholders shall continue to hold the same number of Equity Shares after this Issue. This does not include any Equity Shares that such shareholders may Bid for and be Allotted.*

#*Given that a large number of shareholders hold Equity Shares in physical form, we are unable to ascertain whether such Equity Shares have been pledged. None of our outstanding Equity Shares that are in dematerialised form are pledged.*

4. Shareholding of Directors and Key Management Personnel

Other than as set forth below, none of our Directors or Key Management Personnel hold Equity Shares as on the date of filing this Draft Red Herring Prospectus.

S. No.	Name	No. of Equity Shares	Percentage of shareholding (%)
Directors			
1.	Mr. S. Santhanakrishnan	9,066	0.02
2.	Mr. C. K. Gopinathan	2,370,724	3.93
3.	Mr. Bobby Jos C.	18,156	0.03
4.	Mr. T.S. Anantharaman	331,520	0.55
5.	Mr. Sumeer Bhasin	27,000	0.05
6.	Mr. K. Subrahmanya Sarma	10,730	0.02
Key Management Personnel			
1.	Mr. Anand Krishnamurthy	444,444	0.74
2.	Sekhar Rao	666	*Negligible*
3.	Thomas K. George	500	*Negligible*
4.	Mr. Mohan Menon T.	420	*Negligible*
5.	Mr. Kurian George	4,000	0.01
6.	Mr. Ajith Prabhakar	1,000	*Negligible*
7.	Mr. Bharath Mani	666	*Negligible*
8.	Mr. M.P. Davies	2,400	*Negligible*
9.	Mr. P.V. Antony	533	*Negligible*

5. Public shareholders holding more than 1% of the pre-Issue paid-up capital of our Bank

Details of the public shareholders holding more than 1% of the pre-Issue paid-up Equity Share capital of our Bank and their pre-Issue and post-Issue shareholding percentage are as follows:

S.	Name	Pre-Issue	Post-Issue

No.		No. of Equity Shares	Percentage of shareholding (%)	No. of Equity Shares	Percentage of shareholding (%)
1.	Mr. Yusuff Ali M A	3,007,722	4.98	[●]	[●]
2.	The Federal Bank Limited	2,785,661	4.62	[●]	[●]
3.	A T Invofin India Private Limited	2,498,229	4.14	[●]	[●]
4.	Mr. C.K. Gopinathan	2,370,724	3.93	[●]	[●]
5.	AIF Capital Development Limited	2,085,393	3.46	[●]	[●]
6.	GPE III Mouritius Direct Investment Limited	2,085,393	3.46	[●]	[●]
7.	Siguler Guff Bric Mauritius	2,085,393	3.46	[●]	[●]
8.	Agnus Capital LLP	2,081,854	3.45	[●]	[●]
9.	Edelweiss Finance & Investments Limited	1,913,452	3.17	[●]	[●]
10.	Anitha P.V	1,841,801	3.05	[●]	[●]
11.	Lal Arakulath Sankappa	1,756,908	2.91	[●]	[●]
12.	Thomas John Muthoot	1,665,633	2.76	[●]	[●]
13.	Miss Amornthip Chansri Chawla	1,622,924	2.69	[●]	[●]
14.	Way2Wealth Securities Limited	1,555,214	2.58	[●]	[●]
15.	JPT Securities Limited	1,531,897	2.54	[●]	[●]
16.	Mr. Surachan Chansri Chawla	1,362,582	2.26	[●]	[●]
17.	Alok Knit Exports Private Limited	1,073,316	1.78	[●]	[●]
18.	Mr. Gurdist Chansri Chawla	1,022,633	1.69	[●]	[●]
19.	Edelweiss Commodities Services Limited	874,814	1.45	[●]	[●]
20.	ACG Associated Capsules Private Limited	689,266	1.14	[●]	[●]
21.	P-Cube Enterprises Private Limited	648,000	1.07	[●]	[●]
	Total	**36,558,809**	**60.59**	[●]	[●]

6. Employee stock option and stock purchase schemes

Our shareholders by a resolution passed through postal ballot and e-voting, the results of which were declared on August 18, 2014 approved the ESOS 2013, and the grant/ issuance of options to eligible employees of our Bank, such that the offer, issue and allotment of Equity Shares pursuant to the option does not exceed 5% of the issued Equity Shares of our Bank at any point of time. The ESOS 2013 will be administered by the Nomination and Remuneration Committee (formerly, the Remuneration and Compensation Committee) of our Board of Directors. The ESOS 2013 scheme is currently not in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Remuneration and Compensation Committee of the Board of Directors and the Board of Directors, through their resolutions dated April 8, 2014, and our shareholders, through a special resolution passed by postal ballot and e-voting, the results being declared on August 18, 2014, approved the grant of 836,943 stock options under ESOS 2013 to Mr. Rakesh Bhatia, our former MD & CEO. We had applied to the RBI for its approval for grant of these stock options to Mr. Bhatia. Pending approval from the RBI, Mr. Bhatia resigned from his position as MD & CEO of our Bank.

As on the date of this Draft Red Herring Prospectus, no options have been granted under ESOS 2013. Our Bank may, during the period of filing of this Draft Red Herring Prospectus till listing of the Equity Shares offered in the Issue, grant options under ESOS 2013 to certain of its employees.

7. Top 10 shareholders

As on March 27, 2015, our Bank has 25,602 shareholders. The list of the principal shareholders of our Bank and the number of Equity Shares held by them is provided below:

(a) Our top 10 shareholders and the number of Equity Shares held by them, as on March 27, 2015, are as follows:

S. No.	Shareholder	No. of Equity Shares	Pre-Issue %
1.	Mr. Yusuff Ali M A	3,007,722	4.98
2.	The Federal Bank Limited	2,785,661	4.62
3.	A T Invofin India Private Limited	2,498,229	4.14
4.	Mr. C. K. Gopinathan	2,370,724	3.93
5.	AIF Capital Development Limited	2,085,393	3.46
6.	GPE III Mauritius Direct Investment Limited	2,085,393	3.46
7.	Siguler Guff Bric Mauritius	2,085,393	3.46
8.	Agnus Capital LLP	2,081,854	3.45
9.	Edelweiss Finance & Investments Limited	1,913,452	3.17
10.	Ms. Anitha P.V	1,841,801	3.05
	Total	**22,755,622**	**37.71**

(b) Our top 10 shareholders and the number of Equity Shares held by them 10 days prior to March 27, 2015 (March 18, 2015) were as follows:

S. No.	Shareholder	No. of Equity Shares	Pre Issue %
1.	Mr. Yusuff Ali M A	2,255,792	4.98
2.	The Federal Bank Limited	2,089,246	4.62
3.	AIF Capital Development Limited	2,085,393	4.61
4.	GPE III Mauritius Direct Investment Limited	2,085,393	4.61
5.	Siguler Guff Bric Mauritius	2,085,393	4.61
6.	Edelweiss Finance & Investments Limited	1,913,452	4.23
7.	A T Invofin India Private Limited	1,873,672	4.14
8.	Mr. C. K. Gopinathan	1,778,043	3.93
9.	Amornthip Chansri Chawla	1,622,924	3.59
10.	Way2Wealth Securities Private Limited	1,555,214	3.44
	Total	**19,344,522**	**42.75**

(c) Our top ten shareholders and the number of Equity Shares held by them two years prior to March 27, 2015 (March 27, 2013) were as follows:

S. No.	Shareholder	No. of Equity Shares	Pre Issue %
1.	Edelweiss Finance & Investments Limited	2,091,200	4.99
2.	The Federal Bank Limited	2,089,246	4.99
3.	AIF Capital Development Limited	2,085,393	4.98
4.	GPE III Mauritius Direct Investment Limited	2,085,393	4.98
5.	Siguler Guff Bric Mauritius	2,085,393	4.98
6.	A T Invofin India Private Limited	1,873,672	4.48
7.	Amornthip Chansri Chawla	1,622,924	3.88
8.	Way2Wealth Securities Private Limited	1,555,214	3.72
9.	JPT Securities Limited	1,531,897	3.66
10.	Mr. Surachan Chansri Chawla	1,362,582	3.26
	Total	**18,382,914**	**43.93**

8. Sale, purchase or subscription of our Bank's securities by our Directors aggregating to 1% or more of the pre-Issue capital within the last three years

The details of sale, purchase or subscription of our Bank's securities by our Directors within three years immediately preceding the date of this Draft Red Herring Prospectus, which in aggregate is equal to or greater than 1% of the pre-Issue capital of our Bank are as follows:

Name of Director	Date of allotment/ transfer	Number of Equity Shares	Pre-Issue %	Face value (₹)	Issue Price (₹)	Nature of transaction
Mr. C. K. Gopinathan	October 14, 2014	920,000	1.52	10	180	Preferential Issue

9. Our Bank, our Directors, the BRLMs have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.

10. The BRLMs and their associates do not hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

11. Other than allotments pursuant to the ESOS 2013 and the Pre-IPO Placement, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares offered through the Red Herring Prospectus have been listed on the Stock Exchanges or until the application moneys are refunded on account of non-listing, under subscription etc.

12. Our Bank has not issued Equity Shares out of its revaluation reserves.

13. Other than the options granted under the ESOS 2013 described above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on the date of this Draft Red Herring Prospectus.

14. Since Fiscal 1982, our Bank has not allotted any Equity Shares pursuant to any scheme approved under sections 391 to 394 of the Companies Act, 1956.

15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

16. Our Bank has not made any public issue of any kind or class of securities since its incorporation.

17. Our Bank does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split /consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Bid Opening Date, except allotment of Equity Shares pursuant to options under the ESOS 2013 that may vest and be exercised in this period.

18. None of our Directors or their immediate relatives have purchased or sold any securities of our Bank, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

19. During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus, no financing arrangements existed whereby our Directors or their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.

20. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of the minimum Allotment lot.

21. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

22. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

23. In the event of under-subscription in the Retail Portion or the Non-Institutional Portion in the Issue, the unsubscribed portion would be allowed to be met with spill over from any other category or a combination of categories at the sole discretion of our Bank, in consultation with the BRLMs. Under-subscription, if any, in the Employee Reservation Portion shall be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted under the Employee Reservation Portion. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any category or combination thereof.

24. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us to the persons who receive Allotments.

25. Our Bank shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

OBJECTS OF THE ISSUE

Objects of the Issue

The objects of the Issue are to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines. Further, the proceeds from the Issue will be used towards meeting the expenses of the Issue.

In addition, our Bank expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

Utilization of the proceeds of the Issue

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated Amount (₹ million)
Issue Proceeds	4,000
Less Issue related expenses*	[●]
Net Proceeds (Issue Proceeds less the Issue related expenses)	[●]

* *Will be incorporated after finalization of the Issue Price.*

The Banking Regulation Act and our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised by our Bank in the Issue.

Requirement and sources of funds

We intend to utilize the entire Net Proceeds to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines.

Details of the Objects

Augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines

As prescribed by the RBI, our Bank has adopted Basel III starting from April 1, 2013. The minimum capital adequacy ratio ("**CRAR**") required to be maintained by our Bank for Fiscal 2015 is 9.625%, with Tier-I CAR of 7%. As on September 30, 2014, our CRAR, Tier 1 Capital and Tier 2 Capital was 9.87%, 7.96% and 1.91% respectively as per Basel – II, and 9.72%, 7.87% and 1.85%, respectively as per Basel – III.

Basel III is being implemented by RBI from April 1, 2013 is subject to a series of transitional arrangements to be phased in over a period of time and will be fully implemented on March 31, 2019. The RBI has indicated that the capital requirements for the implementation of the RBI Basel III Capital Regulations may be lower during the initial period and higher in later years. While our Bank has raised capital from time to time, with adoption of Basel III by our Bank and the ongoing implementation of BASEL III by RBI, the minimum capital requirements of our Bank will increase in a phased manner over the next few years.

Accordingly, the objects of the Issue are to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio and to ensure compliance with Basel III and other RBI guidelines.

Schedule of Implementation and Deployment of Funds

The Bank proposes to deploy the Net Proceeds in the aforesaid object in the Fiscal 2016.

Appraisal of the Objects

The objects have not been appraised by any banks, financial institutions or agency and we have not raised any bridge loans against the Net Proceeds.

Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Issue Expenses

The Issue related expenses consist of fees payable to the BRLMs, underwriting commission, brokerage and selling commission, commission payable to Registered Brokers, SCSBs' fees, Escrow Banks' and Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The total expenses of the Issue are estimated to be approximately ₹ [●] million.

The break-down for the Issue expenses is as follows:

S. No.	**Activity Expense**	**Amount*** **(₹ in million)**	**Percentage of Total Estimated Issue Expenses***	**Percentage of Issue Size***
1.	Fees of the BRLMs, underwriting commission, brokerage and selling commission (including commissions to SCSBs for ASBA Applications) and Commission payable to Registered Brokers	[●]	[●]	[●]
2.	Processing fee to the SCSBs for processing Bid cum Application Forms procured by Syndicate/Sub Syndicate and submitted to SCSBs or procured by Registered Brokers**	[●]	[●]	[●]
3.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]
4.	Fees to the Registrar to the Issue	[●]	[●]	[●]
5.	Listing fees and other regulatory expenses	[●]	[●]	[●]
6.	Other expenses (Legal advisors, Auditors and other Advisors *etc.*)	[●]	[●]	[●]
	Total Estimated Issue Expenses	[●]	[●]	[●]

* *To be completed after finalisation of the Issue Price*
***SCSBs would be entitled to a processing fee of ₹ [●] per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate and submitted to SCSBs.*

Monitoring of Utilization of Funds

As we are a bank, in accordance with Regulation 16 of the SEBI Regulations, there is no requirement for appointment of a monitoring agency. Hence details of utilization of the Net Proceeds will not be separately disclosed in our financial statements.

Other Confirmations

No part of the Net Proceeds will be paid by our Bank as consideration to our Directors and Key Management Personnel, except in the ordinary course of business.

We further confirm that the amount raised by our Bank through the Issue shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

In accordance with Section 27 of the Companies Act, 2013, a company shall not vary the objects of the issue, unless authorised by its shareholders in a general meeting by way of a special resolution. Additionally, the notice in respect of such resolution issued to the shareholders shall contain details as prescribed under the Companies Act, 2013 and such details of the notice, clearly indicating the justification for such variation, shall also be published in one English and one vernacular newspaper in the city where the registered office of the company is situated, as per the Companies Act, 2013 and the rules framed there under. Pursuant to the Companies Act, 2013, the controlling shareholders of such company are required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects, in accordance with the articles of association, and as may otherwise be prescribed by SEBI.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Bank in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for the Issue Price are:

- Strong and trusted brand in south India;
- Focus on the SME business;
- Retail offering focused on gold loans and NRI business;
- Professional and experienced management;
- Streamlined risk management controls, policies and procedures

For further details see, "***Risk Factors***", "***Our Business***" and "***Financial Statements***" on pages 13, 127 and 190, respectively.

Quantitative Factors

The information presented below relating to our Bank is based on the restated financial information for Fiscal 2010, 2011, 2012, 2013, 2014 and six months ended September 30, 2014, prepared in accordance with Indian GAAP, RBI guidelines and restated in accordance with the SEBI Regulations. For details, see section titled "*Financial Information – Independent Auditors' Report on Restated Financial Information*" on page F-1.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings Per Share ("EPS") as per our restated financial statements:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Year ended March 31, 2012	6.99	6.99	1
Year ended March 31, 2013	7.13	7.13	2
Year ended March 31, 2014	7.39	7.39	3
Weighted Average	7.24	7.24	
September 30, 2014 *	(4.34)	(4.34)	

** September 30, 2014 numbers are not annualized*

Notes:

(1) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.
Earnings per share (Rs) = Net profit / (Net loss) available to equity shareholders (after extra-ordinary items)/ Weighted average number of equity shares outstanding during the year/period

(2) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

2. Price/Earning (P/E) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share of face value of ₹ 10 each:

Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on Basic and Diluted EPS for Year ended March 31, 2014	[●]	[●]
Based on Weighted Average EPS	[●]	[●]

Numbers as per restated financial statements.

Industry P/E*

(i) Highest: 17.96
(ii) Lowest: 6.56
(iii) Average: 12.97

** Source: The highest and lowest Industry P/E shown above is based on the Industry peer set provided below under "Comparison of accounting ratios with Industry Peers". The Industry composite has been calculated as the arithmetic average P/E of the Industry peer set provided below, based on consolidated EPS numbers. For further details, see "* **- Comparison of accounting ratios with Industry Peers**" *hereunder.*

3. Average Return on Net Worth ("RoNW") as per our restated financial statements:

Particulars	RONW %	Weight
Year ended March 31, 2012	5.26	1
Year ended March 31, 2013	4.59	2
Year ended March 31, 2014	4.99	3
Weighted Average	**4.90**	
For 6 months ended September 30, 2014*	**(3.26)**	

**September 30, 2014 numbers are not annualized*

Note:

Return on net worth (%) = Net profit / (Net loss) after tax (after extra- ordinary items) / Net worth excluding revaluation reserve at the end of the year/period

4. Minimum Return on Increased Net Worth required for maintaining pre-Issue Basic / Diluted EPS for the financial year 2014:

At the Floor Price: The minimum return on increased net worth required to maintain pre-Issue EPS for the year ended March 31, 2014 is [●]% at the Floor Price.

At the Cap Price: The minimum return on increased net worth required to maintain pre-Issue EPS for the year ended March 31, 2014 is [●]% at the Cap Price.

5. Net Asset Value ("NAV") per equity share / Book Value per equity share:

The adjusted NAV per equity share of face value of ₹ 10 each is as under:

(i) As on March 31, 2014 : ₹ 148.13*
(ii) As on September 30, 2014 : ₹ 132.85*
(iii) Issue Price per Equity Share : ₹ [●] **
(iv) As on March 31, 2014 after the Issue: ₹ [●]

**As per restated financial statements.*
*** Issue Price will be determined on conclusion of the Book Building Process.*

Notes:

Net asset value per equity share (₹) = Net worth excluding revaluation reserves and DTA & intangible assets at the end of the year/period / Number of equity shares outstanding at the end of the year/period

6. Comparison with listed industry peers:

	Name of the Bank	For the year ended March 31, 2014						
		Face Value (₹)	Total Income (₹ Million)	Basic EPS (₹)	P/E	P/BV	Ro NW (%)	NAV (₹)
1.	The Catholic Syrian Bank Ltd#	10	16,212.96	7.39	[●]	[●]	4.99	148.13
2.	**Peer Group[@]**							
	DCB Bank Limited	10	12,669.22	6.05	17.96	2.36	13.12%	46.10
	City Union Bank Ltd	1	28,471.32	6.69	14.33	2.57	17.14%	37.31
	The Federal Bank Ltd	2	76,399.30	9.81	14.03	1.69	12.07%	81.26
	The Karnataka Bank Ltd	10	46,944.10	16.51	7.54	0.77	10.19%	162.00
	The Karur Vysya Bank Ltd	10	56,804.14	40.08	14.40	1.86	12.92%	310.35
	The Lakshmi Vilas Bank ltd	10	22,019.42	6.11	15.96	0.90	5.66%	107.99
	The South Indian Bank Ltd	1	53,835.27	3.78	6.56	0.99	15.06%	25.08
3.	**Industry Composite**				**12.97**	**1.59**	**12.31%**	

 # Source: Based on the restated financial information for the year ended March 31, 2014
@Based on audited standalone financial results for the financial year ended March 31, 2014

Notes:
1. *Total Income is as sourced from the annual reports of the companies.*
2. *Basic EPS refer to the basic EPS sourced from the annual reports of the companies.*
3. *P/E Ratio has been computed as the closing market prices of the companies sourced from the BSE website as on March 20, 2015 as divided by the basic EPS provided under Note 2.*
4. *P/B Ratio has been computed as the closing market prices of the companies sourced from the BSE website as on March 20, 2015, as divided by the NAV provided under Note 6.*
5. *RoNW (%) has been computed as net profit after tax divided by the net worth of these companies. Net worth has been computed as sum of share capital and reserves.*
6. *NAV is computed as the closing net worth of these companies, computed as per Note 5, divided by the closing outstanding number of fully paid up equity shares as sourced from the BSE website for the Bank as on March 31, 2014.*

The Issue Price of ₹ [●] has been determined by our Bank, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*" and "*Financial Statements*" on pages 13 and 190, respectively, to have a more informed view. The trading price of the Equity Shares of our Bank could decline due to the factors mentioned in *"Risk Factors"* or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors,
The Catholic Syrian Bank Limited,
Regd Office – CSB Bhavan,
St. Mary College Road,
Thrissur- 680020
Kerala.

Dear Sir,

We hereby report that the attached Annexure states the possible special tax benefits available to The Catholic Syrian Bank Limited ("the Bank") and to the shareholders of the Bank under the Income Tax Act, 1961, Wealth Tax Act, 1957 presently in force in India, subject to the fact that several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Bank or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Bank may or may not choose to fulfill.

We hereby report that the attached Annexure states the possible special tax benefits available to The Catholic Syrian Bank Limited ("the Bank") under the Income Tax Act, 1961, Wealth Tax Act, 1957 presently in force in India, subject to the fact that several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Bank or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Bank may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Bank or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing of these benefits have been / would be met with.

The contents of this Annexure are based on the information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank and interpretations of the current tax laws and tax laws prevailed at this point of time.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No: 004207S

C. Naresh
M.No. 28684

For Varma & Varma
Chartered Accountants
Firm Registration No: 004532S

C. Pankajakshan
M.No.012948

Place: Thrissur
Date: March 30, 2015

Annexure

The following special tax benefits are available to the Bank and the prospective shareholders under the current direct tax laws in India.

This statement is only intended to provide the special tax benefits to the Bank and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

The information on Tax benefit set out below as available to the bank and its shareholders are mainly dependent upon fulfilling conditions prescribed under the relevant Act. The benefits discussed are not exhaustive but is intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. Some or all of the tax consequences of described herein may be amended or modified by future amendments to the Income-tax Act.

SPECIAL TAX BENEFITS AVAILABLE TO THE BANK

1. INCOME TAX

1. In terms of Section 36(1)(viia) of the Income-tax Act, and subject to the conditions specified therein, deduction in respect of any provision for bad and doubtful debts made by the bank is allowed at 7.5% of the total income (computed before making any deduction under this Section and Chapter VIA of the Income-tax Act) and 10% of the aggregate average advances made by rural branches.
2. In terms of Section 36(1)(viii) of the Income-tax Act, bank is allowed deduction at 20% of the profits derived from the business of providing long-term finance for industrial or agricultural development or development of infrastructure facility in India or construction or purchase of houses in India for residential purposes computed in the manner specified under the Section and carried to a Special Reserve account from time to time not exceeding twice the paid-up share capital and general reserves. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions of Section 41(4A) of the Income-tax Act.
3. In terms of section 43D of the Act, interest on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.

SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders with regards to the investment made in the shares of the Bank.

SECTION IV – ABOUT THE BANK

INDUSTRY OVERVIEW

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the RBI and the Indian Banks Association, and has not been prepared or independently verified by our Bank or the Book Running Lead Managers. The information in this section may not be consistent with other information compiled by third parties within or outside India. Industry and government publications are also prepared based on information as of specific dates, which may no longer be relevant or reflect current trends. Industry sources and publications generally state that the information stated therein have been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed. Accordingly, investment decisions should not be based on such information. Statements in this section that are not statements of historical fact and constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially.

Overview of the Indian Economy

India is the world's largest democracy in terms of population (approximately 1,236.3 million people as on July 2014 estimate) with an estimated GDP (by purchasing powering parity valuation of country GDP) of approximately US$ 4,990,000 million in 2013. Economic liberalization measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and served to accelerate the country's growth, which averaged under 7% per year from 1997 to 2011. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly less than half of the work force is in agriculture, but, services are the major source of economic growth, accounting for nearly two-thirds of India's output with less than one-third of its labor force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services, business outsourcing services, and software workers. India's economic growth began slowing in 2011 because of a decline in investment, caused by high interest rates, rising inflation, and investor pessimism about the government's commitment to further economic reforms and about the global situation. In late 2012, the Government announced additional reforms and deficit reduction measures, including allowing higher levels of foreign participation in direct investment in the economy. The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. (*Source: CIA World Factbook*)

The table below sets forth the key indicators of the Indian economy for the last five Fiscals.

(*Annual percent change, except for foreign currency reserves*)

Particulars	**As on and for the year ended March 31**				
	2014	**2013**	**2012**	**2011**	**2010**
GDP growth rate	4.7	4.5	6.7	8.9	8.6
Index of Industrial productivity (growth)	(0.1)	1.1	2.9	8.2	5.3
Inflation – Wholesale Price Index (average)	6.0	7.4	8.9	9.6	3.8
Foreign Exchange Reserves (in US$ crore)	30,420	29,200	29,440	30,480	27,910

(*Source: Indian Economic Survey 2013-14, MoF, GoI*)

After achieving growth of over 9% for three successive years between Fiscal 2006 and Fiscal 2008 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that have resulted in lower than 5% growth of GDP for the last two years, i.e., Fiscal 2014 and Fiscal 2013. Persistent uncertainty in the global outlook, caused by the crisis in Europe and general slowdown in the global economy, compounded by domestic structural constraints and inflationary pressures, resulted in a protracted slowdown. The slowdown is broadly in sync with trends in other emerging and developing economies. India's growth declined from an average of 8.3% per annum during Fiscal 2005 to Fiscal 2012 to an average of 4.6% during Fiscal 2013 to Fiscal 2014. In comparison, average growth in the emerging markets and developing economies including China declined from 6.8% to 4.9% in this period (calendar-year basis) *(Source: Indian Economic Survey 2013-14, Ministry of Finance, Government of India)*.

As part of liberalization measures, the RBI has taken a number of measures to enhance the effectiveness of the prevailing foreign direct investment policy and provide greater clarity on ownership and control. Overall, India attracted FDI equity inflows of US$24.3 billion in Fiscal 2014, which is an 8.0% increase over the FDI equity inflows of US$22.42 billion received during the previous Fiscal 2013. (*Source: Annual Report 2013-14, Department of Industrial Policy and Promotion)*

Overview of the Indian Banking Industry

Until the 1980s, the Indian financial system was strictly controlled. Interest rates were administered by the Government. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. The profitability of banks was relatively lower, NPAs were comparatively high, capital adequacy was diminished and operational flexibility was hindered. The Government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with implementation of the recommendations of the Committee on the Financial System, namely the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, namely, the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This, in turn, led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies.

Banks in India may be categorised as scheduled banks and non-scheduled banks. Scheduled banks are those that are included in the second schedule to the RBI Act, comprising scheduled commercial banks and scheduled cooperative banks. Scheduled commercial banks may further be classified as the State Bank of India and its associates, nationalised banks, private sector banks, foreign banks and regional rural banks. (In RBI reports, regional rural banks are usually excluded in tables providing details of individual banks and their summary tables at bank group level). As of Fiscal 2014, there were 146 scheduled commercial banks in India of which 57 were regional rural banks. *(Source: Quarterly Statistics on Deposits and Credits of Scheduled Commercial Banks, December 2014)* As of Fiscal 2014 scheduled commercial banks had total liabilities/ assets of ₹ 109,635 billion, registering a growth of 14.3% from Fiscal 2013, and approximately ₹ 85,331 billion of deposits and approximately ₹ 67,352 billion of loans and advances. Aggregate deposits for all scheduled commercial banks had registered an annual growth rate of 14.9% while the loans and advances for all scheduled commercial banks had increased by 14.5%. *(Source: RBI Report on the Indian Banking Sector at a glance, 2013-2014)* As on December 31, 2014, all scheduled commercial banks registered an annual growth of 15.8%, 14.0%, 12.4% and 8.5% in terms of aggregate deposits from the rural, semi-urban, urban and metropolitan population, respectively, and an annual growth of 12.7%, 15.0%, 9.2% and 9.2% in terms of gross bank credit from the rural, semi-urban, urban and metropolitan population, respectively. The credit deposit ratio for all scheduled commercial banks stood at 76.4. *(Source: Quarterly Statistics on Deposits and Credits of Scheduled Commercial Banks, December 2014)*

Constituents of the Indian Banking Industry

The Reserve Bank of India

The RBI is the central regulatory and supervisory authority for the Indian banking sector. Besides regulating and supervising the banking system, the RBI performs the following important functions:

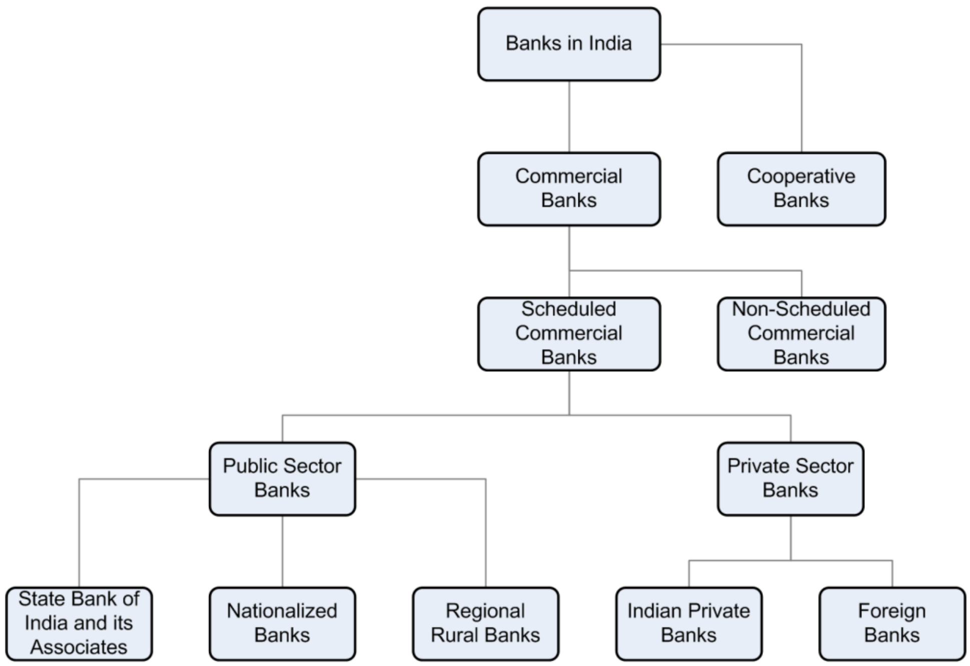
- acts as the central bank and the monetary authority;
- issues currency;
- manages debt for the central and certain state governments that have entered into agreement with it;
- regulates and supervises NBFCs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- regulates and supervises payment settlement systems;
- operates a grievance redressal scheme for bank customers through the banking ombudsmen and formulates

policies for fair treatment of banking customers; and

- develops initiatives such as financial inclusion and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

The RBI issues guidelines on various issues relating to the financial reporting of entities under its supervision. These guidelines regulate exposure standards, income recognition practices, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy. All the institutions under the purview of the RBI are required to furnish information relating to their businesses on a regular basis.

Banks in India can be classified as follows.



(Source: RBI's Manual on Financial and Banking Statistics, March 2007)

Commercial Banks

Commercial banks in India are divided into scheduled and non-scheduled commercial banks. Scheduled commercial banks are banks that are listed in the schedule to the Reserve Bank of India Act, 1934 (the "**RBI Act**"). Scheduled commercial banks include the State Bank of India ("**SBI**") and its associates, nationalized banks, regional rural banks, foreign banks, Indian private banks and other scheduled commercial banks. SBI and its associates together with the nationalized banks and regional rural banks are known as public sector banks while the other scheduled commercial banks, excluding foreign banks, are known as private sector banks. Commercial banks which are not included in the second schedule to the RBI Act are classified as "non-scheduled banks".

The focus of commercial banks in India has traditionally been on meeting the short-term financing needs of industry, trade and agriculture. The priority sectors for lending, as determined by the RBI, currently include agriculture, micro and small enterprises, education and housing. Growth in aggregate deposits of all scheduled commercial banks accelerated to 12.3% in September 2014 from 11.5% one year ago, whereas gross bank credit decelerated to 9.5% in September 2014 from 15.1% one year ago. *(Sources: RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Bank, September 2014; RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2014; RBI's Report on Currency and Finance 2005-2006; RBI's Annual Report 2013-14)*

Public sector banks

Public sector banks are scheduled commercial banks with a significant Government shareholding and constitute the largest category in the Indian banking system. These include, as on Fiscal 2014, the SBI and its five associate banks, 21 nationalised banks and 57 regional rural banks. As on March 31, 2014, public sector banks in India had total deposits of approximately ₹ 6,589.02 billion and loans and advances of approximately ₹ 5,101.14 billion. SBI and its associates accounted for approximately 21.43% of the total deposits and approximately 23.23% of the loans and advances and nationalised banks accounted for approximately 55.79% of the total deposits and approximately 52.51% of the loans and advances of the scheduled commercial banks. The public sector banks, in total, accounted for approximately 75.22% of the deposits and approximately 75.74% of the advances of the scheduled commercial banks. These figures do not include regional rural banks. *(Source: Statistical Tables Relating to Banks in India, March 2014)*

Regional rural banks have established from 1976 by the central Government, state governments and sponsoring commercial banks jointly, with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural labourers. The NABARD is responsible for regulating and supervising the functions of the regional rural banks.

Private sector banks

After bank nationalisation was completed in 1969 and 1980, the majority of Indian banks were public sector banks. Some of the existing private sector banks, which showed signs of an eventual default, were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry by the private sector into the banking system. This resulted in the emergence of private sector banks, collectively known as the "New Private Sector Banks". There were seven New Private Sector Banks operating as of Fiscal 2013. In addition, 13 private sector banks existing prior to July 1993 were operating as of Fiscal 2013. These are collectively known as the "Old Private Sector Banks". (*Source: RBI's Profile of Banks 2012-2013*)

As of Fiscal 2014, private sector banks accounted for approximately 18.7% of the deposits and approximately 19.9% of the advances of the scheduled commercial banks. These figures do not include regional rural banks. *(Source: Statistical Tables Relating to Banks in India, March 2014)*

The Union Finance Minister made an announcement in his budget speech for 2010-11 that there was a need to extend the geographic coverage of banks and improve access to banking services and the RBI considered whether to begin granting additional banking licences to private sector players.

Following the budget announcement, the New Banks Licensing Guidelines were issued by the RBI in February 2013 specifying that select entities or groups in the private sector, entities in the public sector and non-banking financial companies with a successful track record of at least 10 years would be eligible to promote banks. Further, the RBI has published certain criteria for ascertaining whether a bank is 'fit and proper' for the grant of a licence. The new banks can be set up only through a non-operative financial holding company registered with the RBI and the initial minimum paid up equity voting capital requirement for the applicants is ₹ 5.0 billion, with foreign shareholding not exceeding 49.0% for the first five years. The applicants were required to submit applications for these licences to RBI by July 1, 2013 and 25 applications were reviewed by the RBI. These applications were screened by the RBI before being forwarded to the RBI's HLAC for further scrutiny, which submitted its recommendations to the RBI on February 25, 2014.

On April 2, 2014, the RBI granted "in-principle" approval to two applicants to set up banks under the New Banks Licensing Guidelines. The "in-principle" approval is valid for a period of 18 months and the applicants will not be permitted to engage in banking business until a regular licence is issued after satisfaction of the conditions stipulated by the RBI. In the future, the RBI intends to issue licences on an on-going basis, subject to the RBI's qualification criteria.

Additionally, the RBI is working on a policy of having various categories of "differentiated" bank licenses which will allow a wider pool of entrants into banking. Guidelines for licensing of payment banks and small banks have been issued in November 2014. In terms of these guidelines, payment banks, registered as public limited companies under the Companies Act, 2013 and licensed under section 22 of the Banking Regulation Act, would only be allowed to accept demand deposits and provide payment and remittance services, and will be provide scheduled bank status once they commence operations, and are found suitable in terms of section 42 of the RBI Act.

In terms of a press release on February 4, 2015, the RBI announced that it had received applications from 72 applicants for registration as small finance banks, and 41 applications from payment banks. (*Source: RBI Press Release 2014-2015/1639, dated February 4, 2015*)

Foreign banks

As of Fiscal 2014, there were 42 foreign banks operating in India. Foreign banks accounted for approximately 4.1% of deposits and approximately 4.3% of aggregate advances of scheduled commercial banks (not including regional rural banks). *(Source: Statistical Tables Relating to Banks in India, March 2014)*

The RBI has stipulated that banks, including foreign banks operating in India, should not acquire any fresh stake in another bank's equity shares if by such acquisition, the investing bank's holding would exceed 5.0% of the investee bank's equity capital. In February 2005 the RBI issued a "Roadmap for Presence of Foreign Banks in India", announcing the following measures to be implemented in two phases:

- During the first phase (from March 2005 through to March 2009), foreign banks were allowed to establish a presence by setting up wholly owned subsidiaries or by converting existing branches into wholly-owned subsidiaries.

- Also during the first phase, foreign banks were allowed to acquire a controlling stake in private sector banks identified by the RBI for restructuring. This was only to be done in a phased manner.

- For new and existing foreign banks, proposals were made to go beyond the existing World Trade Organisation commitment of allowing increases of 12 branches per year. A more liberal policy will be followed for areas with a small number of banks.

- During the second phase (from April 2009 onwards) and after a review of the first phase, foreign banks would be allowed to acquire up to 74.0% in private sector banks in India.

The second phase of the roadmap which was to commence in April 2009 envisaged removal of limitations on the operations of wholly owned subsidiaries of foreign banks and treating them on par with the domestic banks to the extent appropriate. During the first phase no foreign bank came forward to set up or convert their branches into a wholly owned subsidiary in the absence of adequate incentives. (*Source: RBI Press Release 2013-2014/936 dated November 6, 2013*).

In January 2011, the RBI released a draft discussion paper on the mode of presence of foreign banks in India. The paper indicates a preference for a wholly-owned subsidiary model of presence over a branch model. Other recommendations of the discussion paper include requiring systemically important foreign banks to convert their Indian operations into wholly-owned subsidiaries, a less restrictive branch expansion policy and ability to raise Rupee debt through issuance of non-equity capital instruments for such converted subsidiaries, lower priority sector targets as compared to domestic banks and unified regulation for both Indian and foreign banks with respect to investments in subsidiaries and associates.

In July 2012, the RBI revised priority sector lending norms and mandated foreign banks with 20 branches or more in India to meet priority lending norms as prescribed for domestic banks.

In November 2013, the RBI issued a scheme for setting up wholly-owned subsidiaries by foreign banks in India. The scheme envisages that foreign banks that commenced business in India after August 2010, or do so in the future, would be permitted to do so only through wholly-owned subsidiaries if certain specified criteria apply to them. These criteria include incorporation in a jurisdiction which gives legal preference to home country depositor claims in case of a winding up proceeding, among others.

Further, a foreign bank that has set up operations in India through the branch mode after August 2010 will be required to convert its operations into a subsidiary if it is considered to be systemically important. A bank would be considered to be systemically important if the assets on its Indian balance sheet (including credit equivalent of off-balance sheet items) equals 0.25% of the total assets (inclusive of credit equivalents of off-balance sheet items) for all scheduled commercial banks in India as of March 31 of the preceding year. Establishment of a subsidiary would require approval of the home country regulator/supervisor and the RBI which would be subject to various factors including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to priority sector lending and branch expansion. Wholly-owned subsidiaries of foreign banks may, after further review, be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 74.00% that is currently applicable to Indian private sector banks.

Cooperative banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban, semi-urban and rural areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect from September 24, 2004, specifies that all multi-state cooperative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban cooperative societies, NABARD, state cooperative banks and district central cooperative banks. The wide network of co-operative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/ borrowers under the formal banking network.

Key Banking Industry Trends in India

The growth of the Indian banking sector moderated during Fiscal 2014. Profitability of banks declined on account of higher provisioning on banks' delinquent loans and lackluster credit growth. The financial health of urban and rural co-operatives indicated divergent trends in terms of key indicators. While urban co-operative banks exhibited improved performance, the performance of primary agriculture credit societies and long term rural credit co-operatives remained a matter of concern with a further increase in their losses coupled with deterioration in asset quality. While the asset size of NBFCs demonstrated expansion, asset quality deteriorated during Fiscal 2014. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

Under-penetration of banking channels

According to the Report of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Household of the RBI (January 2014), as on December 31, 2013, an estimated 36% of the Indian population have at least one bank account. Banking penetration in urban and rural India remained grim, overall, with only 45% of urban residents and 32% of rural residents having bank accounts. Within these matrices, there was significant variation between various districts. In an urban context the current penetration of individual bank accounts, as proportion of the population of people above the age of 18 years, ranged from 10% in Imphal East district of Manipur to 688% in Wayanad district of Kerala, while in the rural context it ranges from close to 0% in the districts of Nagaland to 89% in Solan in Himachal Pradesh. A large proportion of the bank accounts did not have full service electronic capabilities. Furthermore, while 89% of Indian districts had 25 or more payment access points (including bank branches, active business correspondent locations, ATMs and point-of-sale terminals) only 3% of the districts have 25 or more payment access points in rural areas.

In terms of the credit to GDP ratio, the abovementioned report indicates that while above 94% of the Indian districts' urban areas have in excess of 10% credit to GDP ratio, only 18% of them are currently above 50%. The situation in rural areas is significantly worse, with only 30% of Indian districts' rural areas currently having in excess of 10% credit to GDP ratio with a mere 2% of Indian districts above 50%.

The table below profiles the differences in outstanding bank credit allocation with respect to the sectors' contributions to the GDP as on Fiscal 2013 (in respect of sectors that contribution 1% or more to the GDP).

Sectoral GDP (₹ crore)		Sectoral Credit		Credit to GDP (%)
GDP at prices as on Fiscal 2013	9,321,638	Gross bank credit of all SCBs	4,861,345	52.00
Of which				
GDP of agriculture and allied activities	1,644,834	Credit to agriculture	589,914	35.90
GDP of industry	2,436,502	Credit to industry	2,230,182	91.5
GDP of services	5,240,302	Credit to services	2,041,249	39.00
GDP contribution of Industry MSMEs	510,473	Credit to Industry MSMEs	284,348	55.70
GDP contribution of Service MSMEs	1,097,899	Credit to Service MSMEs	277,947	25.30

(Source: Report of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Household of the RBI (January 2014))

The table indicates that agriculture still has a distance to go before it reaches a benchmark 50% even though it is above the 10% mark. Industry MSMEs appear to have just above 50% financial depth, while service MSMEs have a much lower depth at 25%, and have a long way to go to reach a 50% benchmark.

Consumer credit

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced rapid growth due to consumer credit becoming cheaper, more widely available and increasingly a more acceptable avenue of funding for consumers. The market has changed dramatically due to the following factors:

- fast emerging working population and middle class population
- increased focus by banks and financial institutions on consumer credit, resulting in a market shift towards regulated players from unregulated moneylenders/ financiers;
- increasing desire by consumers to acquire assets such as cars, goods and houses on credit;
- growing number of households in a bank's target segment;
- improved terms of credit;
- legislative changes that offer greater protection to lenders against fraud and potential default, increasing the incentive to lend; and
- growth in assignment and securitisation arrangements for consumer loans, enabling non-deposit based entities to access wholesale funding and compete in the market, based on the ability to originate, underwrite and service consumer loans.

Retail Banking

During Fiscal 2014, banks' retail loans portfolios continued to growth rapidly. Total retail loans increased by 15.4% from November 2013 to November 2014, mainly led by growth in housing loans as the largest segment of retail loans and an increasing growth in auto loans. *(Source: RBI, Press Release, Sectoral Deployment of Bank Credit – November 2014)*

(₹billion, except percentages)

Particulars	Outstanding as on			Percentage variation	
	Nov 2012	Nov 2013	Nov 2014	Nov 2013/ Nov 2012	Nov 2014/ Nov 2013
Housing loans	4,337	5,121	5,960	18.1%	16.4%
Vehicle loans	1,033	1,240	1,459	20.1%	17.6%
Advances against fixed deposits	557	565	557	1.5%	(1.4)%
Education	544	589	628	8.3%	6.6%

Particulars	Outstanding as on			Percentage variation	
	Nov 2012	Nov 2013	Nov 2014	Nov 2013/ Nov 2012	Nov 2014/ Nov 2013
Credit card receivables	247	241	295	(2.0)%	22.1%
Consumer Durables	75	100	147	32.8%	46.8%
Advances to individuals against securities	28	33	40	17.5%	23.9%
Other personal loans	1,725	1,955	2,271	13.3	16.2
Total retail loans	***8,545***	***9,844***	***11,357***	***15.2%***	***15.4%***

(Source: RBI, Press Release, Sectoral Deployment of Bank Credit – November 2014)

Gold loans

India continues to be one of the largest gold markets in the world. The attraction towards gold in India stems from varied historical and cultural factors and its perceived safety in times of economic stress. South India as a region continues to be the largest consumer of gold in India with the southern states accounting for over 40% of India's overall gold demand, followed by the west (25%), north (20-25%) and east (10-15%). Rural India is estimated to hold around 65% of total gold stock as this section of the population views gold as a secure and easily accessible savings vehicle along with its consumption purpose. *(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)*

Accordingly, even the gold loan market has also developed on the same lines where a large portion of market is concentrated in southern India. The southern region of India accounts for the largest share of the gold loans market in India.

The prevalence of high level of rural indebtedness, easy availability of gold loans at extreme flexible terms, relative constriction of personal and retail loans by banks and changing attitude of customers to avail gold loans have contributed to the sharp growth in the gold loans outstanding. *(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)*

Annual Growth Rate of Gold Loans Outstanding (%)			
Year	***Banks Gold Loans***	***NBFC Gold Loans***	***Total Gold Loans***
2008-09	54.2	41.4	52.5
2009-10	47.7	169.3	62.6
2010-11	52.1	126.7	67.2
2011-12	77.6	80	78.3

(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)

Gold loans disbursed by NBFCs have witnessed rapid growth in the recent past. Therefore, there is a general feeling that NBFCs account for the majority of gold loans disbursed. However, contrary to popular belief, share of banks in total gold loans is highest at 72.3% at March 31, 2012 and banks continue to retain the dominant share in the gold loan market. *(Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs)*

Commercial Banking Trends

Balance Sheet Operations of Scheduled Commercial Banks

Continuing a trend from the year Fiscal 2012, the overall growth in the balance sheets of scheduled commercial banks moderated further in the year Fiscal 2013. The major source of this moderation was bank credit, which was partly reflective of the slowdown in real economy activity coupled with increasing risk aversion by banks. The slowdown in credit growth in Fiscal 2013 as compared to Fiscal 2012 could be seen across all bank groups, except SBI and its associates. Although there was a moderation in the balance sheet of the banking sector, deposits – the largest component on the liabilities side – maintained their growth in 2012-13, particularly for private banks. *(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)*

The table below sets out the change in balance sheet of scheduled commercial banks in Fiscal 2013, as compared to Fiscal 2012.

Growth in Balance Sheet of Scheduled Commercial Banks

(Per cent)

Item	Public sector banks		Private sector banks		Old private sector banks		New private sector banks		Foreign banks		All scheduled commercial banks	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Capital	-4.2	4.3	-	4.5	-4.2	6.1	1.7	3.9	15.6	13.9	8.0	10.4
2. Reserves and Surplus	24.4	15.5	15.5	21.6	18.5	18.9	14.9	22.2	15.6	15.2	20.8	17.2
3. Deposits	14.4	14.9	17.1	18.8	19.6	18.4	16.3	19.0	15.1	4.0	14.9	15.1
3.1. Demand Deposits	-6.3	16.8	4.4	15.4	6.5	15.6	4.0	15.4	9.9	-7.8	-1.8	13.3
3.2. Savings Bank Deposits	12.1	14.4	19.1	19.3	16.3	14.9	19.9	20.5	5.6	2.9	13.1	15.0
3.3. Term Deposits	18.2	14.8	19.7	19.4	22.1	19.5	18.6	19.4	21.0	10.4	18.6	15.4
4. Borrowings	17.2	19.8	38.9	16.1	80.3	28.3	36.4	15.1	29.7	27.4	24.9	19.8
5. Other Liabilities and Provisions	-7.5	15.4	42.1	0.2	12.5	9.6	47.1	-1.0	26.9	-25.1	8.6	2.2
Total Liabilities/Assets	14.1	15.3	21.1	17.5	21.3	18.6	21.0	17.2	19.8	5.7	15.8	15.1
1. Cash and Balances with RBI	-20.5	-0.2	-18.1	5.4	-7.9	-0.2	-20.8	7.1	14.2	-7.4	-18.5	0.4
2. Balances with Banks and Money at Call and Short Notice	40.7	38.0	15.6	57.9	80.4	52.6	6.5	59.2	13.7	10.7	32.4	37.5
3. Investments	12.8	16.7	24.6	19.0	18.0	23.0	26.5	18.0	21.2	13.7	16.1	17.0
3.1 Government Securities	16.5	13.5	32.0	17.8	21.5	23.8	35.4	16.1	23.0	21.5	19.8	15.0
3.2 Other Approved Securities	-65.1	-26.2	-78.8	-63.1	-65.0	-61.2	-97.6	-100.0	-100.0	-	-65.6	2.9
3.3 Non-Approved Securities	-2.1	33.3	12.5	21.4	10.0	21.2	13.0	21.4	17.7	-3.8	5.2	24.1
4. Loans and Advances	17.3	15.4	21.2	18.3	24.6	17.3	20.1	18.6	17.6	14.7	18.1	15.9
4.1 Bills Purchased and Discounted	25.7	20.8	8.2	7.8	14.7	-4.0	5.4	13.3	9.6	29.2	21.8	19.9
4.2 Cash Credits, Overdrafts, *etc.*	17.8	16.9	28.4	28.8	33.3	25.9	25.4	30.7	19.7	14.7	19.3	18.5
4.3 Term Loans	16.1	13.5	19.0	14.2	17.6	10.6	19.3	14.9	17.5	10.7	16.8	13.6
5. Fixed Assets	5.9	11.2	3.0	8.3	6.9	14.9	2.1	6.6	1.2	20.4	4.8	11.3
6. Other Assets	14.9	2.8	67.5	-7.9	26.9	8.0	74.5	-9.9	26.9	-31.0	27.9	-9.5

(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)

Credit-Deposit Ratio

As on March 31, 2014, the credit deposit ratio for all commercial banks was 77.8% as compared to 77.9% in Fiscal 2013. Aggregate deposits grew by 14.2% and bank credit grew by 14.0% in Fiscal 2014. Deployment of credit to industries moderated in Fiscal 2014, even as credit to agriculture and allied activities, services and personal loans picked up. Within industries, sectors such as food processing, construction, leather, rubber, glass and paper witnessed an upturn during April 2014 to February 2014 (*Source: Macroeconomic and Monetary Developments 2014-15 (An Update), RBI April 2014 and Annual Report for Fiscal 2014*).

As on March 31, 2013, the credit-deposit ratio for scheduled commercial banks was 79.1 as compared to 78.6 as of Fiscal 2012. Aggregate deposits increased by 15.1% while loans and advances increased by 15.9% as of Fiscal 2013. (*Source: Report on Trend and Progress in Banking in India 2012 – 2013*)

Credit growth on a year-on-year basis declined in Fiscal 2014, and recorded a low of 10.00% as on September 2014. Public sector banks under-performed other banks in terms of credit growth, recording a growth of 7.9%. Growth in deposits also declined to 12.9% as of September 2014 from 13.7% as of March 2014. Low credit growth reflected a combination of factors such as reliance on alternative sources of funding, balance sheet repair and slack in demand as also an element of risk aversion. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

There was an overall rise in the growth of priority sector credit in Fiscal 2014 as compared to a drop in overall credit growth during the year. In Fiscal 2013, credit to priority sectors by public and private sector banks were 39.4% and 35.8%, respectively (representing the higher of the adjusted net bank credit or the credit equivalent of the off-balance sheet exposure), which fell short of the overall target of 40%. 10 out of 26 public sector banks, 4 out of 20 private sector banks and one out of 39 foreign banks could not achieve the target of the overall priority sector as on March 31, 2014. (*Source: RBI Annual Report for 2013-2014*)

In the past, growth in credit to sensitive sectors, namely, real estate, capital markets and commodities, generally followed a pattern similar to the growth in overall credit. However, in Fiscal 2013, growth in credit to sensitive sectors almost doubled primarily on account of credit to real estate. This expansion needs to be viewed in light of the steep rise in housing prices in all Tier I cities and several Tier II cities in Fiscal 2013 (*Source: RBI Report on Trend and Progress of Banking in India 2012-13*).

MSME sector

Small enterprises play a very significant role in terms of balanced and sustainable growth of the economy. Small enterprises contribute 38% of the manufacturing output and around 40% of the total export of the country and providing employment to nearly 106 million people through about 46 million units, located in both the rural and urban areas across the country. According to the Ministry Of Micro, Small and Medium Enterprises, the number of MSME units in India has grown at a CAGR of 4% during last five years. Strong growth in total investments in MSMEs indicates towards their expanding footprint and growing importance. (*Source: Ministry of Micro, Small and Medium Enterprises, Annual Report 2013-2014*)

MSMEs primarily rely on bank finance for their operations and as such ensuring timely and adequate flow of credit to the sector has been an overriding public policy objective. Over the years there has been a significant increase in credit extended to this sector by the banks. As at the end of March 2011, the total outstanding credit provided by all Scheduled Commercial Banks to the MSME sector stood at ₹ 4,785.27 billion as against ₹ 3,622.90 billion in March 2010, registering an increase of 32%. (*Source: Address of the Deputy Governor of the RBI at the SME Banking Conclave 2012*)

Trends in 2015

On a year-on-year basis:

- Non-food bank credit increased by 9.7% in January 2015 as compared with the increase of 15.0% in January 2014.
- Credit to the agriculture sector and allied activities increased by 16.0% in January 2015 from 13.2% in January 2014.
- Credit to industrial segments increased by 6.6% in January 2015 as compared with the increase of 13.6% in January 2014. Deceleration in credit growth to industry was observed in all major sub-sectors, barring beverages, tobacco and construction.
- Credit to the services sector increased by 7.5% in January 2015 as compared with the increase of 17.3% in January 2014. Deceleration in credit growth in the services sector was observed in all major sub-sectors.
- Credit to NBFCs increased by 5.3% in January 2015 as compared with the increase of 13.4% in January 2014.
- Personal loans increased by 15.8% in January 2015 as compared with the increase of 16.6% in January 2014.
  (Source: Sectoral Deployment of Bank Credit – January 2015; Press Release: 2014-2015/1826 issued by RBI dated February 27, 2015)

Balance Sheet Operations of Scheduled Commercial Banks

The consolidated balance sheet of scheduled commercial banks in Fiscal 2014 registered a decline in growth in total assets and credits for the fourth consecutive year. This decline could be attributed to a variety of factors ranging from slower economic growth, deleveraging, persistent pressure on asset quality leading to increased risk aversion among banks and increasing recourse by corporates to non-bank financing including commercial papers and external commercial borrowings.

With both credit and deposit growth more or less same, the outstanding credit-deposit ratio at the aggregate level remained unchanged at around 79%. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

Asset Quality of Scheduled Commercial Banks

Gross NPA ratio of scheduled commercial banks increased to 4.5% in September 2014 from 4.1% in March 2014. The net NPA ratio of scheduled commercial banks also increased to 2.5% in September 2014 from 2.2% in March 2014. Stressed advances increased to 10.7% of the total advances from 10.0% between March and September 2014. Public sector banks continued to record the highest level of stressed advances at 12.9% of their total advances in September 2014 followed by private sector banks at 4.4%.

The share of stressed advances in total advances increased in the case of 46 scheduled commercial banks (accounting for around 88% of the total loan portfolios of scheduled commercial banks) between March and September 2014. 20 banks have higher share in the total stressed advances of all scheduled commercial banks than their share in the total advances of SCBs. These 20 banks together constitute 43% of the total scheduled commercial bank loan portfolio and contribute around 60% of the total stressed advances of the banking system.

The infrastructure, iron and steel, textiles, mining (including coal) and aviation sectors had significantly higher levels of stressed assets. These five sub-sectors had 52% of total stressed advances of all scheduled commercial banks as of June 2014, whereas in the case of public sector banks it was at 54%. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

Category of Bank	**Percentage of Gross NPA Ratio (%)**		**Percentage of Net NPA Ratio (%)**		**Percentage of Restructured Structured Advances to Gross Advances (%)**	
	As of March 31,		**As of March 31,**		**As of March 31,**	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Public Sector Banks	3.8	4.7	2.0	2.7	7.2	7.2
Private Sector Banks	1.9	1.9	0.5	0.7	1.9	2.3
Foreign Banks	3.0	3.9	1.0	1.1	0.2	0.1
Aggregate	3.4	4.1	1.7	2.2	5.8	5.9

Category of Bank	**Gross NPA across Sectors (as percentage of gross advances to each sector)**			
	As of March 31,			
	2011	**2012**	**2013**	**2014**
Agriculture	3.3	4.3	4.7	4.4
Medium & Small Enterprises	3.6	4.0	5.1	5.2
Other Priority Sector	4.0	4.4	3.0	3.0
Total Priority Sector	3.6	4.2	4.4	4.4
Non-Priority Sector	1.8	2.3	3.0	4.0
Total	2.4	2.9	3.4	4.1

(*Source: Source: RBI Annual Report 2013-14)*

Interest rates and inflation

CPI inflation eased during the period from December 2013 to February 2014, declining to 8.0% after remaining above 9% for 22 successive months and touching a high of 11.2% in November 2013. The moderation in CPI inflation resulted from a sharp correction in food prices. However, the disinflationary momentum has not gathered strength as decline in food prices was temporary and second round effects from high food inflation continue to exert pressures on the general price level. CPI inflation (excluding food and fuel inflation) demonstrated considerable persistence at an elevated level during the first half of Fiscal 2014, followed by a fall from 8.5% in September 2013 to 7.8% in March 2014 and further to 7.4% in July 2014.

Monetary policy response during the second half of Fiscal 14 was aimed at anchoring inflation expectations and containing second round impact in the wake of such persistence. The RBI increased the LAF repo rate by a total of 75 basis points to 8.0% during September 2013 to January 2014.

CPI inflation moderated during December 2013 to February 2014, driven largely by seasonal moderation in vegetable prices. CPI (combined) inflation remained above 8% till May 2014 but declined to 7.5% in June 2014 on account of favourable base effect. However it rebounded to 8.0% in July 2014 as vegetable prices went up by 16.9% over the month. Though some moderation in CPI inflation excluding food and fuel inflation is visible in recent months, the extent of moderation warranted by the significant growth slowdown is yet to manifest in CPI.

Average WPI inflation during Fiscal 14 at 6.0% was significantly lower than 7.4% during the previous year. Whereas inflation in food articles picked up, inflation in the fuel group remained persistent. The decline in overall inflation in terms of the WPI was largely driven by the fall in average inflation in non-food manufactured products, reflecting weak pricing power of the Indian corporate sector. Softer global commodity prices, especially of metals played a significant role in keeping inflation low in this segment. However, on a year-on-year basis, non-food manufactured product inflation steadily edged up from 2.2% in July 2013 to 4.0% in March 2014, reflecting input cost recoveries. (*Source: Source: RBI Annual Report 2013-14)*

Income and profitability

In Fiscal 2014, the growth in net profits of scheduled commercial banks, which had been on a declining trend since Fiscal 2012, turned negative. Scheduled commercial banks as a whole reported net profits of approximately ₹ 809 billion, indicating decline by 11.3% compared to previous year. This decline in net profits was primarily the result of higher provisioning on banks' delinquent loans which registered an increase of nearly 34% coupled with growth in the interest expenses of around 12% during the year. This in turn impacted their return on assets and return on equity. Their spread and net interest margin also witnessed a decline.

After contraction in the profits after tax during Fiscal 2014, scheduled commercial banks recorded positive growth in profits after tax at 10.0% in September 2014 due to the significantly lower growth in provisioning and write-offs. The return on assets of all scheduled commercial banks remained at 0.8% as of September 2014, whereas, the return on equity of scheduled commercial banks improved to 9.9% as of September 2014 from 9.5% as of March 2014. (*Source: Report on Trend and Progress in Banking in India 2013 – 2014*)

(Per cent)

Sr. no.	Bank group/year	Cost of Deposits	Cost of Borrowings	Cost of Funds	Return on Advances	Return on Investments	Return on Funds	Spread
1	2	3	4	5	6	7	8	9= (8-5)
1	**Public sector banks**							
	2011-12	**6.36**	**2.80**	**6.06**	**10.31**	**7.54**	**9.52**	**3.46**
	2012-13	**6.63**	**2.45**	**6.27**	**10.08**	**7.60**	**9.38**	**3.11**
	1.1 Nationalised banks*							
	2011-12	6.51	2.77	6.22	10.32	7.43	9.49	3.27
	2012-13	6.74	2.37	6.39	10.16	7.42	9.36	2.97
	1.2 SBI Group							
	2011-12	5.97	2.85	5.66	10.27	7.80	9.60	3.94
	2012-13	6.37	2.58	5.96	9.90	8.08	9.42	3.46
2	**Private sector banks**							
	2011-12	**6.43**	**2.92**	**5.84**	**11.06**	**7.26**	**9.73**	**3.89**
	2012-13	**6.72**	**3.33**	**6.12**	**11.52**	**7.28**	**10.02**	**3.91**
	2.1 Old private sector banks							
	2011-12	7.24	4.34	7.10	11.98	7.37	10.47	3.37
	2012-13	7.46	4.33	7.27	12.15	7.49	10.62	3.35
	2.2 New private sector banks							
	2011-12	6.14	2.81	5.45	10.77	7.23	9.51	4.06
	2012-13	6.45	3.24	5.77	11.33	7.22	9.85	4.08
3	**Foreign banks**							
	2011-12	**4.34**	**2.78**	**3.88**	**9.61**	**8.02**	**8.87**	**4.99**
	2012-13	**4.67**	**2.78**	**4.05**	**9.55**	**8.13**	**8.89**	**4.84**
4	**All SCBs**							
	2011-12	**6.28**	**2.83**	**5.90**	**10.42**	**7.52**	**9.53**	**3.63**
	2012-13	**6.57**	**2.76**	**6.12**	**10.33**	**7.57**	**9.49**	**3.36**

Notes :
- Cost of Deposits = Interest Paid on Deposits/Average of current and previous year's deposits.
- Cost of Borrowings = Interest Paid on Borrowings/Average of current and previous year's borrowings.
- Cost of Funds = (Interest Paid on Deposits + Interest Paid on Borrowings)/(Average of current and previous year's deposits *plus* borrowings).
- Return on Advances = Interest Earned on Advances /Average of current and previous year's advances.
- Return on Investments = Interest Earned on Investments /Average of current and previous year's investments.
- Return on Funds = (Interest Earned on Advances + Interest Earned on Investments) / (Average of current and previous year's advances *plus* investments).

* Includes IDBI Bank Ltd.

Source: Calculated from balance sheets of respective banks.

(Source: RBI's Report on Trend and Progress of Banking in India 2012-2013)

Financial Inclusion

In January 2010, the RBI advised all public and private sector banks to submit a board-approved three-year Financial Inclusion Plan ("**FIP**") starting in April 2010. Banks were advised to devise FIPs congruent with their business strategy and comparative advantage and to make FIPs an integral part of their corporate plans. These plans include self-set targets for rural brick & mortar branches opened, business correspondents deployed, coverage of unbanked villages, no-frills accounts opened, Kisan Credit Cards and general credit cards issued, as well as other products designed for financially excluded segments. The implementation of these plans was closely monitored by the RBI on a monthly basis through a quantitative reporting format. (*Source: RBI Annual Report 2012-13)*

As a result of the implementation of FIPs by banks, there was a rise in the number of newly-opened branches in Tier 5 and Tier 6 rural centers. The following table sets out the growth in the number of newly-opened branches in Tier 5 and Tier 6 rural centers from 2010 to 2013:

Tier-wise Break up of Newly Opened Bank Branches

Tier	2010-11	2011-12	2012-13P
Tier 1	1,942	2,235	1,752
Tier 2	449	642	791
Tier 3	1,167	1,241	1,006
Tier 4	663	823	727
Tier 5	580	979	1,114
Tier 6	877	1,553	1,823
Total	**5,678**	**7,473**	**7,213**

(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)

In addition, there has been a significant growth in the number of ATMs in rural areas in recent years:

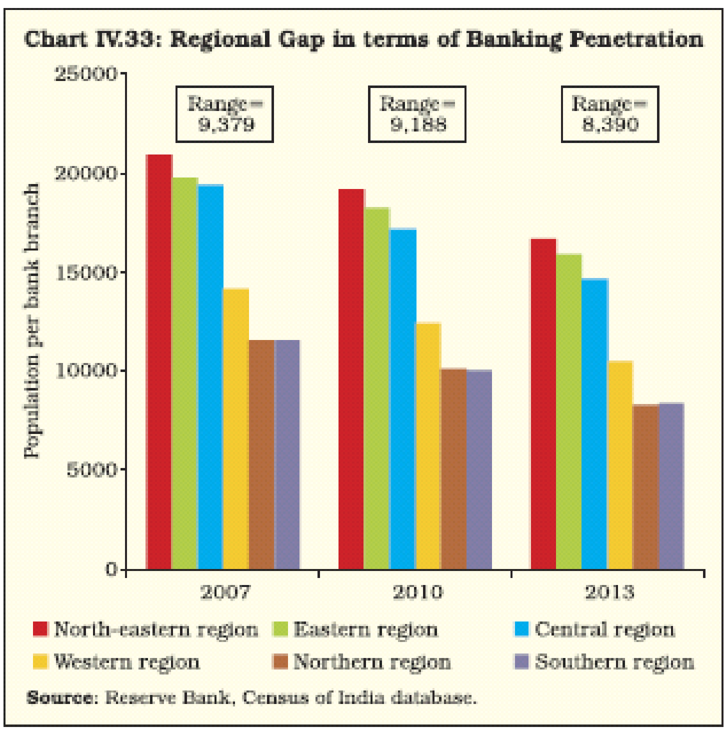
Number of ATMs of SCBs at Various Centers
(At end-March 2013)

Bank group	Rural	Semiurban	Urban	Metropolitan	Total
1	2	3	4	5	6
Public Sector Banks	8,552	18,445	22,518	20,137	69,652
	(12.3)	(26.5)	(32.3)	(28.9)	(100.0)
Nationalised Banks*	4,406	8,283	10,873	11,797	35,359
	(12.5)	(23.4)	(30.8)	(33.4)	(100.0)
SBI Group	4,053	9,847	10,912	7,779	32,591
	(12.4)	(30.2)	(33.5)	(23.9)	(100.0)
Private Sector Banks	2,982	9,244	13,349	17,526	43,101
	(6.9)	(21.4)	(31.0)	(40.7)	(100.0)
Old Private Sector Banks	768	2,760	2,354	1,684	7,566
	(10.2)	(36.5)	(31.1)	(22.3)	(100.0)
New Private Sector Banks	2,214	6,484	10,995	15,842	35,535
	(6.2)	(18.2)	(30.9)	(44.6)	(100.0)
Foreign Banks	30	21	244	966	1,261
	(2.4)	(1.7)	(19.3)	(76.6)	(100.0)
Total	11,564	27,710	36,111	38,629	1,14,014
	(10.1)	(24.3)	(31.7)	(33.9)	(100.0)
Growth over previous year	33.9	22.2	16.5	15.8	19.2

Note: Figures in parentheses indicate percentage share of total ATMs under each bank group.
*Excludes IDBI Bank Limited

(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)

On account of the increased penetration of branches, the major beneficiaries have been the under-banked regions, namely, the north-eastern, eastern and central regions. Consequently, the regional gap in terms of banking penetration has narrowed over recent years as shown by a steady decline in the range (maximum – minimum) in the population per bank branch.



(Source: RBI's Report on Trend and Progress of Banking in India 2012-13)

The following table sets out a summary of the progress of the implementations of FIPs of all banks, including RRBs, for the recent years, including progress from April 2013 to March 2014

Particulars	Year ended March 2010	Year ended March 2013	Year ended March 2014	Progress April 2013 - March 2014
1	2	3	4	5
Banking Outlets in Villages – Branches	33,378	40,837	46,126	5,289
Banking Outlets in Villages – Branchless Mode	34,316	2,27,617	3,37,678	1,10,061
Banking Outlets in Villages –Total	67,694	2,68,454	3,83,804	1,15,350
Urban Locations covered through BCs	447	27,143	60,730	33,587
Basic Savings Bank Deposit A/c through branches (No. in million)	60.2	100.8	126.0	25.2
Basic Savings Bank Deposit A/c through branches (Amt. in ₹ billion)	44.3	164.7	273.3	108.6
Basic Savings Bank Deposit A/c through BCs (No. in million)	13.3	81.3	116.9	35.7
Basic Savings Bank Deposit A/c through BCs (Amt. in ₹ billion)	10.7	18.2	39.0	20.7
BSBDAs Total (No. in million)	73.5	182.1	243.0	60.9
BSBDAs Total (Amt. in ₹ billion)	55.0	182.9	312.3	129.3
OD facility availed in BSBDAs (No. in million)	0.2	4.0	5.9	2.0
OD facility availed in BSBDAs (Amt. in ₹ billion)	0.1	1.6	16.0	14.5
KCCs – (No. in million)	24.3	33.8	39.9	6.2
KCCs – (Amt. in ₹ billion)	1240.1	2623.0	3684.5	1061.5
GCC- (No. in million)	1.4	3.6	7.4	3.8
GCC - (Amt. in ₹ billion)	35.1	76.3	1096.9	1020.6
ICT A/Cs-BC- Transaction - (No. in million) (During the year)	26.5	250.5	328.6	328.6
ICT A/Cs-BC- Transactions - (Amt. in ₹ billion) (During the year)	6.9	233.9	524.4	524.4

Note: Figures in column 5 might not tally due to rounding off of numbers.

(Source: RBI's Annual Report for 2013-14)

The first three-year FIP of banks for the period of 2010-2013 has ended. With the completion of this phase, a large banking network has been created and a large number of bank accounts have been opened. According to the RBI, the performance of banks under FIP up to March 31, 2014 includes the following:

i. The number of banking outlets has gone up to nearly 384,000. Out of these, 115,350 banking outlets were opened during the year 2013-2014.
ii. Nearly 5,300 rural branches were opened during the last one year. Out of these, nearly 4,600 branches, or approximately 86%, were opened in unbanked rural centers (Tier 5 and Tier 6 centers).
iii. With the addition of 6.2 million small farm sector credits during 2013-2014, there are 40 million such accounts as on March 31, 2014.
iv. With the addition of 3.8 million small non-farm sector credits during 2013-2014, there are 7.4 million such accounts as on March 31, 2014.

However, it was observed that the accounts opened and banking infrastructure created has not seen substantial operations in terms of transactions. To continue the process of ensuring access to banking services to the excluded, banks have been advised to draw up a three-year FIP for the period of 2013-2016. Banks have now been advised that their FIPs should be disaggregated to the branch level, in order to ensure the involvement of all stakeholders in the financial inclusion efforts. The focus under the new plan is now more on the volume of transactions in the large number of accounts opened.

Some important points on progress made by domestic public and private sector banks (including RRBs) under their financial inclusion plan for the six months period from April 2014 to September 2014 includes:

i. An increase of 62,948 banking outlets during the current half year taking the total number of banking outlets to 446,752 as at the end of September 2014.
ii. Basic Savings Bank Deposit Accounts ("**BSBDAs**") reached 305 million for the half year ended September 2014 showing an increase of 62 million accounts during this period. There was a considerable increase in

the opening of BSBDAs during August and September 2014 in view of government's initiative under the Pradhan Mantri Jan Dhan Yojana.

iii. Business Correspondent – Information and Communication Technology transactions in BSBDAs showed steady progress with 220 million transactions for the half year ended September 2014 as against 329 million transactions recorded for the year ended March 2014.

iv. Kisan Credit Cards which reflect flow of credit towards farm sector entrepreneurial activities increased by 1.2 million during the half year ended September 2014.

v. General credit cards which reflect flow of credit towards non-farm sector entrepreneurial activities increased by 1.3 million during the half year ended September 2014.

(Source: RBI's Financial Stability Report (Including Trend and Progress of Banking in India 2013-14) Issue No. 10, December 2014)

Pradhan Mantri Jan Dhan Yojna

In an effort to bolster financial inclusion within Indian households, the Government launched the Pradhan Mantri Jan Dhan Yojna ("**PMJDY**"), which aims to provide at least one bank account and ensure availability of basic banking services such as debit cards, mobile banking facility, cash withdrawals and deposits, money transfer, balance enquiry services and mini statements to every household in India. To provide such facilities, banking outlets are required to be opened within a distance of five kilometers from every village. Necessary infrastructure is also required to be put in place for facilitation of electronic KYC verification for account opening and AEPS for withdrawal of cash based biometric authentication from the UIDAI database. The PMJDY estimates opening of accounts for at least 60 million accounts for households in villages, and approximately 25.50 million uncovered urban households.

The PMJDY was launched by the Government on August 28, 2014 and is proposed to be implemented in two phases:

Phase I

This phase will focus on:

(i) Universal access to banking facilities for all households through a bank branch or a fixed point business correspondent called Bank Mitra within a reasonable distance except areas with infrastructure and connectivity constraints;

(ii) Coverage of all households with at least one basic banking account with RuPay Debit card, with in-built accident insurance cover of ₹ 1 lakh with an overdraft facility of up to ₹ 5,000 to Adhaar enabled accounts after satisfactory operation in the account for 6 months;

(iii) Increase in financial literacy to cover villages in India;

(iv) expansion of direct benefit transfer under various government schemes through bank accounts of the beneficiaries thereof; and

(v) Issuance of Kisan Credit Cards as RuPay Kisan Card.

Phase II

This phase will focus on:

(i) Provision of micro credit; and

(ii) Promotion of unorganised section pension schemes like Swavalamban through business correspondents.

According to a press release by the Ministry of Finance, GoI, around 15 million bank accounts were expected to have opened on the launch date of the PMJDY and around 77,000 camps had been organised for such purpose. Banks were asked to organize mega account opening camps on the day of the launch and thereafter at each rural and urban branch in the district in coordination with district authorities for opening of bank accounts. (*Source: MoF Press Release dated August 28, 2014*)

Impact of Liberalisation on the Indian Financial Sector

Until 1991, the financial sector in India was heavily controlled and commercial banks and long-term lending institutions, the two dominant financial intermediaries, had mutually exclusive roles and objectives and operated in a largely stable environment, with little or no competition. Long-term lending institutions were focused on the achievement of the Government's various socio-economic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were extended access to long-term funds at subsidised rates through loans and equity from the Government and from funds guaranteed by the Government originating from commercial banks in India and foreign currency resources originating from multilateral and bilateral agencies.

The focus of the commercial banks was primarily to mobilise household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. In addition, the commercial banks provided a range of banking services to individuals and business entities. However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms, implemented since 1991, have transformed the operating environment of banks and long-term lending institutions.

Impact of Global Financial Crisis on India

The bankruptcy of Lehman Brothers in September 2008 led to a rapid deterioration of the global macroeconomic environment and a sharp moderation in global economic activity. In India, this impact was felt mainly through its trade and capital channels. As a result, there was a sharp reduction in domestic liquidity between September and October 2008. The decline in global commodity prices led to a moderation in inflation and facilitated substantial reductions in key policy rates and reserve requirements. The RBI reduced repo and reverse repo rates and the SLR and CRR requirements to ease the liquidity situation, especially for non-banking financial companies and mutual fund companies.

As reported by the RBI in its financial stability report for December 2011, the Indian banking sector is subject to economic forces that are affecting the health of the sector as a whole. The growing linkages and integration of the Indian economy and its financial system with the global economy are causing the banking system to face headwinds from uncertainty related to government finances and the banking sector in the Eurozone area and the United States. The RBI in its financial stability report for December 2012 has re-iterated that global risks remain elevated due to delays in resolution of issues like the Eurozone debt crisis. The uncertainty of the global economic environment is expected to continue as economic growth slows across many regions in the world. The RBI's financial stability report for 2011 noted that Indian banks have negligible exposures to the most affected European countries and that direct effects from uncertainty related to the Eurozone debt crisis are expected to remain muted. However, funding constraints in international financial markets could impact both the availability and cost of foreign funding for banks and corporates. Further, India's economic growth has been affected through the trade and finance channels. Domestic demand and domestic corporate growth have recently begun to slow, while Indian interest rates have risen and inflationary pressures have increased. According to the RBI's financial stability report for 2012, the evolving global risks such as the fall in global growth and sovereign risk/contagion and a host of Indian domestic factors like the increasing Fiscal deficit, deterioration in the growth outlook and bank asset quality are the major risks to the banking sector though the resilience of the banking system to credit, interest rate, equity and foreign exchange shocks remain satisfactory.

Health of the financial sector in India

As reported by the RBI in its financial stability report for December 2014, the banking stability indicator suggests that overall risks to the banking sector remained unchanged during the first half of Fiscal 2015. In individual dimensions, though the liquidity position improved in the system, concerns remain on account of deterioration in asset quality along with weakened soundness. The profitability dimension of the indicator showed an improvement but it remained sluggish. The stress tests suggested that the asset quality of banks may improve in the near future under expected positive developments in the macroeconomic conditions and banks may also be able to meet expected losses with their existing levels of provisions. (*Source: RBI Financial Stability Report, December 2014*)

Recent Developments in the Indian Banking Industry

March 2015

- The RBI issued a circular whereby it permitted banks to reverse excess provision on the sale of NPAs (sold to securitisation companies/ reconstruction companies) wherein such sale is for a value higher than the net book value of the NPAs.

- The RBI reduced the bank rate by 25 basis points from 8.75% to 8.50% with effect from March 4, 2015.

- The RBI reduced the repo rate (under LAF) by 25 basis points from 7.75% to 7.50% and the reverse repo rate to 6.50% with effect from March 4, 2015.

- The RBI reduced the repo rate (under LAF) by 25 basis points from 7.75% to 7.50% and the reverse repo rate to 6.50% with effect from March 4, 2015.

February 2015

- The RBI issued a circular whereby if has allowed overdrafts extended by banks of up to ₹ 5,000 in the PMJDY accounts to be eligible for classification under priority sector advances (under the 'others' category), as also weaker sections, provided the borrowers household annual income does not exceed ₹ 60,000 per annum for rural areas and ₹ 1,20,000 per annum for non-rural areas.

- The RBI issued a circular whereby it has permitted re-repo in government securities, including state government loans and treasury bills acquired under reverse repo, subject to the following key conditions:

  (i) Scheduled commercial banks and Primary Dealers maintaining subsidiary general ledger account ("**SGL**") with the RBI would be permitted to re-repo the securities acquired under reverse repo;
  (ii) Mutual Funds and insurance companies maintaining SGLs with the RBI India will also be permitted to re-repo the securities acquired under reverse repo, subject to the approval of the regulators concerned;
  (iii) Re-repo of securities can be undertaken only after receipt of confirmation/matching of first leg of repo transaction;
  (iv) Re-repo period should not exceed the residual period of the initial repo; and
  (v) Eligible entities undertaking re-repo transactions should 'flag' the transactions as a re-repo on the authorised reporting platform. Participants may review their systems and controls to ensure strict compliance with the requirement of reporting of re-repo transactions.

- The RBI issued a circular whereby it provided revised guidelines on determination of base rates by scheduled commercial banks, such guidelines including

  (i) While computing base rates, where the card rate for deposits of one or more tenor is the basis, the deposits in the chosen tenor(s) should have the largest share in the deposit base of the bank;
  (ii) Banks are required to review their base rates at least once in a quarter;
  (iii) Base rates methodology can be reviewed by scheduled commercial banks three years from their finalisation; and
  (iv) Banks should have a Board approved policy delineating the components of spread charged to a customer. It should be ensured that any price differentiation is consistent with bank's credit pricing policy

December 2014

- The RBI issued a circular wherein it provided certain suggestions and best practises for the standardisation in procedures relating to on-boarding of customers for mobile banking (new customers, existing account holders whose mobile numbers are available with the bank but not registered for mobile banking, and existing account holders where mobile number is not available with the bank), as also the subsequent processes for authentication, including accessible options for generation of mobile PIN by customers.

November 2014

- The RBI issued a circular wherein it has allowed banks to extend loans to individuals against long term infrastructure bonds issued to them by eligible banks. Boards of banks are required to lay down policies in this regard prescribing suitable margins, purpose of the loan and other safeguards. Further, such loans should be subject to a ceiling per borrower, and the tenure of loan should be within the maturity period of the bonds.

August 2014

- The RBI issued a circular wherein it reduced the number of mandatory free ATM transactions at other bank ATMs from five to three per month (inclusive for financial and non-financial transactions) for transactions in ATMs located in the six metropolitan cities of the country. This reduction did not, however, apply to small / no frills / basic savings bank deposit account holders who continued to enjoy five free transactions a month.

July 2014

- The RBI has allowed banks to extend loans against pledge of gold ornaments and jewellery for purposes other than agricultural purposes where both interest and principal are due for payment at maturity of the loan, subject to a number of conditions, including a maximum tenor of 12 months for such loans and the charging of interest at monthly rests provided the account is classified as a "standard" account.

- The RBI revised its guidelines on issuance of long term bonds by Banks of minimum maturity of seven years for financing of long term infrastructure projects and affordable housing projects. Such bonds would be fully paid up, redeemable, and unsecured, ranking *pari passu* with other uninsured, unsecured creditors. There will not be any restriction on the quantum of such bonds to be issued by banks; however, the regulatory incentives will be restricted to the bonds that are used to incrementally finance long term projects in infrastructure and loans for affordable housing. Such bonds would be exempt from CRR/ SLR requirements, subject to a ceiling, and would also be exempted in terms of computation of ANBC for the purpose of priority sector lending.

May 2014

- The RBI has allowed outstanding deposits placed by scheduled commercial banks under RIDF and certain other funds established with NABARD, on account of their shortfall in lending to priority sector as part of indirect agriculture under priority sector classification.

April 2014

- The RBI granted "in-principle" approval to 2 out of 25 applicants to set up banks under the Guidelines on Licensing of New Banks in the Private Sector issued on February 22, 2013. The RBI stated that its approach was conservative and that, going forward it intended to give licences more regularly, including to some entities whose application for a licence had been unsuccessful in this round.
- The RBI issued a circular for simplification of KYC related procedures for opening bank accounts by FPIs. The RBI has advised that those FPIs who have been duly registered in accordance with SEBI guidelines and have undergone the required KYC due diligence / verification prescribed by SEBI through a custodian / intermediary regulated by SEBI, banks may rely on the KYC verification done by the third party (i.e. the custodian / SEBI regulated intermediary), subject to conditions laid down in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.
- The RBI issued a circular whereby it laid down that banks, including overseas branches or subsidiaries of Indian banks, shall not issue standby letters of credit, guarantees, letter of comforts on behalf of overseas

joint ventures, wholly owned subsidiaries or wholly owned step-down subsidiaries of Indian companies for the purpose of raising loans or advances of any kind from other entities except in connection with the ordinary course of overseas business. Further, while extending fund or non-fund based credit facilities to aforementioned entities in connection with their business, either through branches in India or through branches or subsidiaries abroad, banks should ensure effective monitoring of the end use of such facilities and its conformity with the business needs of such entities.

May 2014

- The RBI issued a circular whereby it has decided to include the outstanding deposits placed by SCBs under the RIDF and certain other funds established with NABARD under priority sector classification. The change was made on account of SCBs shortfall in lending to the priority sector as part of indirect agriculture under the priority sector classifications. Accordingly, the outstanding deposits as of March 31 of the current year under RIDF, the Warehouse Infrastructure Fund, the Short Term Co-operative Rural Credit Refinance Fund and the Short Term RRB Fund with NABARD will be treated as part of indirect agriculture and will count towards overall priority sector target achievement. The outstanding deposits under the above funds with NABARD as on the preceding March 31 will form part of ANBC.

October 2014

- The RBI issued clarifications to banks with regards to the total number of free ATM transactions that banks have to provide to their customers when using another bank's ATM effective from November 1, 2014, onwards. The minimum number of free ATM transactions is three if the customer uses another bank's ATM located in Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad. If the ATM transactions are carried at the aforementioned locations and other locations, the total number of free ATM transactions is five. Banks are, however, free to offer any number of free ATM transactions per month so long as the abovementioned required minimum is met.

- With respect to the guidelines on joint lenders' forums ("**JLF**") and corrective action plan ("**CAP**"), the RBI has decided the following:

  (i) Banks will be permitted to report their SMA-2 accounts and JLF formations on a weekly basis at the close of business on Friday, except where Fridays are a public holiday.
  (ii) Crop loans are exempted from reporting credit information to the Central Repository of Information on Large Credits.
  (iii) The time limit for a JLF to agree upon the option to be adopted in the CAP has been increased to 45 days.
  (iv) The time limit for independent evaluation committees to evaluate and provide recommendations for the restructuring of accounts with aggregate fund based and non-fund based exposure of ₹ 5.00 billion and above has been increased to 45 days.
  (v) Accounts that are in the books of escrow maintaining banks will be subject to accelerated provisioning.
  (vi) If restructuring has been decided by the JLF as the option for the CAP, banks will not be permitted to sell its assets to securitization or reconstruction companies without first arranging for additional finance with a new or existing creditor.

November 2014

- The RBI has issued its final guidelines on monitoring tools for intraday liquidity management whereby banks will be required to report its monitoring tools to the RBI on a monthly basis starting January 1, 2015.
- The RBI has issued an indicative list of preventive measures against cheque related fraud for banks. The list includes strengthening the bank's infrastructure in all its cheque handling branches, ensuring that beneficiaries are KYC compliant and close monitoring of credits and debits in newly opened accounts depending on the risk categorization of the account. Preventive measures for dealing with suspicious or large value cheques include alerting the customer by phone call of such transactions, getting confirmation

from the payer or drawer and contacting the main branch to clear non-home cheques.

- The RBI issued a circular stating that the updated statement by the financial action task force on "Improving Global Anti-Money Laundering / Combating of Financing of Terrorism: on-going process" does not preclude Indian banks or financial institutions from continuing to transact business with the countries indicated in the statement, including Afghanistan, Cambodia, Iraq, Sudan, Syria, Yemen and Zimbabwe, among others.

Future Developments in the Banking Sector and Expected Domestic Reforms

Implementation of the Basel III capital regulations

In December 2010, the BCBS issued a comprehensive reform package of capital regulations, Basel III. The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy. The RBI issued the RBI Basel III Capital Regulations and the guidelines became operational from April 1, 2013 *(Source RBI Press Release dated 28 December 2012 available at http://www.rbi.org.in as of February 15, 2013.)*. However, the reform package and guidelines will be implemented in a phased manner. On December 31, 2013, the RBI further extended the implementation of credit valuation adjustment risk to April 1, 2014; and, on March 27, 2014, extended the deadline for full implementation of Basel III requirements to March 31, 2019. (*Source: RBI Circular dated December 31, 2013 and RBI Circular dated March 27, 2013)*

Under Basel III, total capital of a bank in India must be at least 9.00% of RWAs (8.00% as specified by the BCBS), Tier I capital must be at least 7.00% of RWAs (6.00% as specified by the BCBS) and Common Equity Tier I capital must be at least 5.50% of RWAs (4.50% as specified by BCBS). Due to the transitional arrangements, the capital requirements of banks may be lower during the initial periods and higher during later years. Therefore, banks have been advised to do their capital planning accordingly. In addition to the minimum requirements as indicated above, a CCB, in the form of common equity of 2.50% of RWAs, is required to be maintained by banks. Under the RBI Basel III Guidelines, total capital with CCB has been fixed at 11.50% of RWAs.

Further, under Basel III, a simple, transparent, non-risk based leverage ratio has been introduced. The BCBS will test a minimum Tier I leverage ratio of 3.00% during a parallel run period from January 1, 2013 to January 1, 2017. The RBI has prescribed that during this parallel run period, banks should strive to maintain their existing leverage ratios, but in no case should a bank's leverage ratio fall below 4.50%. Banks whose leverage is below 4.50% have been advised to achieve this target as early as possible. This leverage ratio requirement is yet to be finalised and will be finalised taking into account the final proposals of the BCBS. *(Source: RBI Annual Report 2011-2012.)*

While all 27 jurisdictions that comprise the Basel Committee had implemented Basel III capital regulations as at April 2014, India implemented Basel III with a delay of three months (from April 1, 2013 instead of January 1, 2013 as originally scheduled) to align the implementation schedule with the beginning of the financial year. The RBI has extended the end date for full implementation of Basel III capital regulations by one year (to March 31, 2019) to provide some lead time to banks on account of potential stresses on asset quality and consequential impact on the performance/ profitability of the banks. With the extension, full implementation of Basel III in India will slightly exceed the internationally agreed end date of January 1, 2019. (*Source: RBI Annual Report 2013-2014*)

The following table sets out the transitional arrangement for the implementation of various minimum capital ratios:

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

(% of RWAs)

Minimum capital ratios	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital conservation	-	-	-	0.625	1.25	1.875	2.5
Minimum CET1+	4.5	5	5.5	6.125	6.75	7.375	8

Minimum capital ratios	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Tier 1	6	6.5	7	7	7	7	7
Minimum Total	9	9	9	9	9	9	9
Minimum Total Capital	9	9	9	9.625	10.25	10.875	11.5
Phase-in of all deductions from CET1 (in %)(2)	20	40	60	80	100	100	100

Notes: (1) The difference between the minimum total capital requirement of 9% and the Tier 1 requirement can be met with Tier 2 and higher forms of capital.
(2) The same transition approach will apply to deductions from Additional Tier 1 and Tier 2 capital.

(Source: RBI's Circular dated March 27, 2014 – Implementation of Basel III Capital Regulations in India – Capital Planning)

Dynamic provisioning guidelines

At present, banks generally make two types of provisions; general provisions on standard assets and specific provisions on NPAs. Since the level of NPAs varies through the economic cycle, the resultant level of specific provisions also behaves cyclically. Consequently, lower provisions during upturns and higher provisions during downturns have a pro-cyclical effect on the real economy.

To address the pro-cyclicality of capital and provisioning, efforts at an international level are being made to introduce countercyclical capital and provisioning buffers. The RBI has prepared a discussion paper on a countercyclical (dynamic) provisioning ("**DP**") framework.

The DP framework is based on the concept of expected loss, or "EL", which is the average level of losses a bank can reasonably expect to experience, and is considered the cost of doing business. It is generally covered by provisioning and pricing. The objective of DP is to soften the impact of incurred losses on the results of operations through the economic cycle, and not to provide a general provisioning cushion for EL. More specifically, the DP created during a year will be the difference between the long run average EL of the portfolio for one year and the incremental specific provisions made during the year. The parameters of the model suggested in the discussion paper are calibrated based on data of Indian banks. Banks that have the capability to calibrate their own parameters may, with the prior approval of the RBI, introduce a DP framework using the theoretical model indicated by the RBI. Other banks will have to use the standardised calibration provided by the RBI. *(Source: RBI Annual Report 2011-2012 and Discussion Paper on Introduction of Dynamic Loan Loss Provisioning Framework for Banks in India dated March 30, 2012.)*

Financial Sector Legislative Reforms Commission ("FSLRC")

The FSLRC was constituted on March 24, 2011 to redraft and harmonise legislation related to the financial sector. *(Source: RBI Report on Trend and Progress of Banking in India 2011-12.)*

In its approach paper released on October 1, 2012, the FSLRC has proposed a two-agency regulatory model; the RBI as the monetary authority, banking regulator and payment systems regulator, and a single regulator for the rest of the financial sector. This approach paper is currently in draft form. (*Source: FSLRC, Ministry of Finance, Approach Paper and Press Release available at http://www.fslrc.org.in as of January 10, 2013.)*

Bank Holding Company or Financial Holding Company ("BHC" or "FHC")

In June 2010, the RBI set up a working group to examine the different holding company structures prevalent internationally in the financial sector and to examine the feasibility of introducing an FHC structure in India. FHCs are companies that own or control one or more banks or NBFCs. Currently, banks in India are organised under a bank-subsidiary model, or "BSM", in which the bank is the parent of all the subsidiaries of the group. In May 2011, the RBI released the working group's recommendations that included, among others, that the FHC model should be pursued as a preferred model for the financial sector in India and that the RBI should be designated as the regulator for FHCs. The recommendations have currently not been implemented. *(Source: RBI Report of the Working Group on Introduction of Financial Holding Company Structure in India and Press Release available at http://www.rbi.org.in as of January 10, 2013.)*

Future Outlook and Key Trends

Going forward, banks will need to move towards the mandated higher capital standards, stricter liquidity and leverage ratios and a more cautious approach to risk. This implies that Indian banks will need to improve efficiency even as their costs of doing business increase. They will need to refine their risk management skills for enterprise-wide risk management. In addition, banks need to have in place a fair and differentiated risk pricing of products and services, since capital comes at a cost. This involves costing, a quantitative assessment of revenue streams from each product and service and an efficient transfer-pricing mechanism that would determine capital allocation.

During Fiscal 2013, NPAs have risen. The slippage ratio of the banking system, which showed a declining trend during Fiscals 2005-2008, further increased during Fiscals 2009-2014. Banks need to not only utilise effectively the various measures put in place by the RBI and the Government for the resolution and recovery of bad loans, but also strengthen their due diligence, credit appraisal and post sanction loan monitoring systems to minimise and mitigate the problem of increasing NPAs.

Going ahead, banks need to tap into untapped business opportunities for resources to increase growth, such as targeting small customers. The challenge before banks is to make the best use of technology and innovation to bring down intermediation costs while protecting their bottom lines. The recent regulatory initiatives such as the deregulation of savings bank deposit interest rates and opening up Government business to more banks, imminent steps, such as licensing of new banks and subsidiarisation of the foreign bank branches, on the one hand, and the changing profile and simultaneously rising aspirations and expectations of customers on the other, should make the industry more competitive and increasingly, a buyers' market. As the Indian banking sector is propelled forward, banks have to strive to remain relevant in the changing economic environment by reworking their business strategy, designing products with the customer in mind and focusing on improving the efficiency of their services. The challenge for Indian banks is to reduce costs and pass on the benefits to both depositors and lenders. *(Source: RBI Report on Trend and Progress of Banking in India 2011-12.)*

Impact of the budget for Fiscal 2016

The Union budget for Fiscal 2016 has introduced a number of proposals that could significantly impact the commercial banking industry:

(i) Gold deposit schemes to mitigate the burgeoning gold demand;
(ii) Incentivizing transaction through plastic money;
(iii) Qualitative implications including proposals to frame a bankruptcy law and dispute settlement, as well as a move to align NBFCs with other financial institutions;
(iv) Establishment of an autonomous Bank Board Bureau which is expected to have a multiplier impact on the economy;
(v) Allocation of additional resources for the infrastructure sector, through levy of additional customs and excise duties on petrol and high speed diesel oil;
(vi) Increased outlays on roads and gross budgetary support to the railways;
(vii) Establishment of a national infrastructure investment fund with an annual corpus of ₹ 200,000 million therein;
(viii) Setting up of five ultra mega power projects of 4000 MW each in plug-and-play mode, which is estimated to garner investments of over ₹1,000,000 million;
(ix) Introduction of a gold monetisation scheme and a sovereign gold bond; and
(x) Proposals that will incentivize credit and debit card transactions.

(*Source: Budget Speech, Union Budget of 2015-2016*)

OUR BUSINESS

Overview

We are one of the oldest private sector banks in India with a history of over 94 years, and a strong base in Kerala along with significant presence in Tamil Nadu, Karnataka and Maharashtra. We offer a wide range of products and services, with particular focus on small and medium enterprises ("**SME**"), retail and NRI customers. We deliver our products and services through multiple channels, including 431 branches (comprising five service branches) and 232 ATMs spread across 15 states and four union territories and cater to an overall customer base of 1.61 million as on December 31, 2014.

While our Bank has a long operating history as a traditional bank, we are currently focusing on initiatives to transform ourselves into a full service contemporary bank. To this end, we have recently undertaken a number of initiatives to enhance our business focus by upgrading processes, technology and human resources. As part of our transformation, we are in the process of organizing our operations under focused business areas; re-aligning, training and incentivizing employees; creating new products and services; increasing sales and marketing efforts; investing in technology and strengthening our monitoring and risk management policies.

We have four principal business areas, namely, (a) SME banking, (b) retail banking, (c) corporate banking, and (d) treasury operations.

Under our SME banking business, we cater to small and medium manufacturing units, services and trading companies, with borrowing needs up to ₹ 250 million. We offer a wide range of products including term loans, cash credit, working capital finance, foreign currency loans, export credit, bill discounting, letters of credit and bank guarantees. We believe that lending to SME customers enables us to diversify our credit risk due to relatively smaller individual exposures. SMEs offer comparatively higher yields, cross-selling and associated business opportunities, along with higher degree of secured and collateralized loans and also enable us to meet our priority sector targets. As on December 31, 2014, our Bank has 382 branches in metro, urban and semi urban locations, which we believe are conveniently located in close proximity to a large proportion of our existing and target SME customer base. Further, in order to reduce our turnaround time, we have decentralized our credit process by establishing eight regional credit hubs for proposals within the lending power of the branches and zonal offices and one central credit hub for proposals under the head quarter lending powers. As a percentage of our total advances, loans to SME customers accounted for 33.41%, 40.40% and 43.18% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Under our retail banking business, we offer a wide range of loan and deposit products to our retail and NRI customers, such as gold loans, loans against properties, personal loans, housing loans and agricultural loans, and deposit products such as current accounts, savings accounts, term deposits and cumulative deposit accounts. Gold loan advances constituted 38.31%, 32.04% and 29.54% of our total advances as on March 31, 2013, March 31, 2014 and September 30, 2014 and continues to be a mainstay for our Bank on the retail advances side. On the deposits side, NRI deposits have been a stable source of funding for our Bank constituting 13.47%, 17.27% and 18.50% of our total deposits as on March 2013, 2014 and September 30, 2014, and has grown at a CAGR of 33.43% during the last three Fiscals. For facilitating fund transfer services required by our NRI customers, we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd, which enhances our capability to provide international remittance services and strengthens our NRI business.

Our retail banking business also includes financial inclusion products, as well as fee income from distribution of third-party products such as life insurance and general insurance. We distribute life insurance products of Edelweiss Tokio Life Insurance Company Limited, and are in the process of finalizing an agreement with a leading general insurance company for distributing general insurance products. As a percentage of our total advances, retail banking advances accounted for 50.79%, 45.57%, and 43.66%, as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Under our corporate banking business, we cater to companies with an annual turnover of over ₹ 1,000 million (with credit requirement of above ₹ 250 million). As a percentage of our total advances, corporate banking advances accounted for 15.80%, 14.03%, and 13.16% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Our treasury operations primarily consist of statutory reserves management, liquidity management, investment and trading, and money market and foreign exchange activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated cash reserve ratio and the statutory liquidity ratio. We maintain SLR through a portfolio of central Government, state Government, corporate debt and trustee securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and invest in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, floating rate instruments, bonds and debentures to manage short-term surplus liquidity and further optimize yield and to generate profits thereon.

As on December 31, 2014, we have a network of 431 branches and 232 ATMs. Out of our 431 branches, 55 branches are in metropolitan cities, 102 branches in urban areas, 225 branches in semi-urban and 49 branches in rural areas. For efficient administration, we have organized all our branches under nine zonal offices. We deliver our products and services through multiple delivery channels that include branches, ATMs, internet and mobile banking.

Our total assets have increased from ₹ 119,754.07 million as on March 31, 2012 to ₹ 134,486.34 million as on March 31, 2013, to ₹ 151,653.82 million as on March 31, 2014, at a CAGR of 12.53%. Our total deposits have increased from ₹ 106,048.70 million as on March 31, 2012 to ₹ 123,416.26 million as on March 31, 2013, to ₹ 136,738.61 million as on March 31, 2014, at a CAGR of 13.55%. During the same period, our total advances have increased from ₹ 77,676.90 million as on March 31, 2012 to ₹ 89,759.71 million as on March 31, 2013, and decreased slightly from this level to ₹ 88,540.20 million as on March 31, 2014, at a CAGR of 6.76%. Our total assets, total deposits and total advances as on September 30, 2014 are ₹ 155,494.28 million, ₹ 141,655.02 million and ₹ 96,087.65 million, respectively.

Our total income (interest income plus other income) increased from ₹ 11,607.95 million in Fiscal 2012, to ₹ 14,154.30 million in Fiscal 2013 to ₹ 16,212.96 million in Fiscal 2014, at a CAGR of 18.18%. During the same period, our net profit after tax increased from ₹ 260.44 million in Fiscal 2012, to ₹ 266.17 million in Fiscal 2013, to ₹ 309.46 million in Fiscal 2014, at a CAGR of 9.01%. Our total income and net profit after tax for the six months ended September 30, 2014 are ₹ 8,162.74 million and ₹ (181.47) million respectively. As on September 30, 2014, our CRAR, Tier 1 Capital and Tier 2 Capital was 9.87%, 7.96% and 1.91%, respectively as per Basel – II, and 9.72%, 7.87% and 1.85% respectively as per Basel – III. In order to augment our capital base, we raised ₹ 613.10 million through preferential allotment of Equity Shares to investors, in October 2014, followed by a rights issue to existing Shareholders in March 2015, where we raised Equity capital to the tune of ₹ 1,131.33 million.

OUR COMPETITIVE STRENGTHS:

We believe that the following strengths distinguish us in a competitive Indian banking industry:

Strong and trusted brand in south India

With over 94 years of history, we believe we have developed a well-recognized and trusted brand in south India, particularly in the states of Kerala, Tamil Nadu and Karnataka where we have built strong relationships with many of our customers, which has been one of our key growth drivers. We believe that we are known for the quality of service we have provided to our customers over the years and for our consistent approach to developing long-term relationships with our customers, based on our local knowledge and experience amongst other things. We believe that our strong customer and neighbourhood centric focus, has played a significant role in enhancing customer service experience and maintaining customer loyalty, on account of which we have been long-term bankers to a significant number of our SME customers. As on September 30, 2014, on the advances side, we had 3,899 SME customers who have been our customers for over five years contributing 45.40 % of our total SME advances.

We believe that the trust reposed in our brand has enabled us in developing and maintaining a robust and loyal deposit franchise, consisting of a distinctive clientele, including numerous churches, charitable trusts, welfare boards, temple trusts, and educational institutions. Further, our strong gold portfolio is also a testimonial to the trust placed in our brand by the customers.

Focus on the SME business

We believe that SMEs are often confronted with challenges as compared to large corporates, such as availability of adequate and timely financial resources. We focus on meeting the funding and banking requirements of these SME customers so as to ensure that their business continues seamlessly. As a percentage of our total advances, loans to SME customers accounted for 33.41%, 40.40%, and 43.18% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

We believe that lending to SMEs enables us to diversify our credit risk profile due to relatively smaller individual exposures. As on September 30, 2014, our advances to SME customers aggregated to ₹ 41,493.58 million, spread across 10,581 advance accounts. Further, as on September 30, 2014, working capital advances such as cash credit and overdraft facilities, constituted 78.63% of our total advances to our SME customers, while the remaining 21.37% were contributed by term loans.

SMEs offer comparatively higher yields, cross-selling and associated business opportunities, and higher degree of secured and collateralized loans. As on September 30, 2014, 98.66 % of our SME loan portfolio is secured. Lending to SMEs also provides us a good geographic spread and helps us meet our priority sector lending targets.

As on December 31, 2014, we have 382 branches in metro, urban and semi urban locations which we believe are conveniently located in close proximity to a large proportion of our existing and target SME customer base. To enhance our sales and marketing efforts, we have established a separate team focusing on SME business with designated team leaders in every zone, assisting the branches to source additional business and achieve deeper penetration. We synergistically leverage our branch network, the expertise of our branch managers and the SME team to create a customer-centric culture, where the emphasis is to satisfy the complete banking and financial needs of our SME customers by offering them a portfolio of products and services, customized and tailor-made to their specific requirements. Further, in order to reduce our turnaround time, we have decentralized our credit process by establishing eight regional credit hubs for proposals within the lending power of the branches and zonal offices and one central credit hub for proposals under the head quarter lending powers.

We believe our branch-centric business model combined with local experience, long-standing client relationships, customer service quality and streamlined organizational structure allows us to respond faster and suitably to the needs of our SME customers.

Retail offering focused on gold loans and NRI business

We have wide presence in south India, with 365 of our 431 branches located in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana, as on December 31, 2014. Of these 365 branches, we have 282 branches in Kerala, 58 branches in Tamil Nadu, 16 branches in Karnataka, six branches in Andhra Pradesh and three branches in Telangana. In order to drive penetration, we have strategically opened over 40 branches in these five states in the last three Fiscals.

South India as a region continues to be the largest consumer of gold in India with the southern states accounting for over 40% of India's overall gold demand, followed by the west (25%), north (20-25%) and east (10-15%) (*Source: (Source: RBI Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs, January 2013)*. Gold loans constituted a major portion of our advances, contributing 38.31%, 32.04%, and 29.54% of our total advances as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively. As on September 30, 2014, we had 449,436 gold loan accounts, with advances aggregating to ₹ 28,383.01 million, implying an average ticket size of ₹ 0.06 million. Apart from liquidity of the security and low probability of credit losses, gold loan advances offer benefits of hassle free lending and lower operational costs.

Kerala has a large population of NRIs, where our extensive branch network provides us an opportunity to build strong portfolio of NRI deposits. NRI deposits have been a stable source of funding for our Bank, constituting 13.47%, 17.27% and 18.50% of our total deposits as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively, and have grown at a CAGR of 33.43% during the last three Fiscals. For facilitating fund transfer services required by our NRI customers, we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd, which enhances our capability to provide international remittance services and strengthens our NRI business.

Professional and experienced management

We are a professionally managed Bank. The members of the Board have significant finance and banking experience and include associates of the Indian Institute of Banking, Chartered Accountants and retired IAS officers. The part-time Chairman of our Bank, Mr. S. Santhanakrishnan, has been a fellow of the Institute of Chartered Accountants of India for over 30 years and is a practicing Chartered Accountant. Several of our Directors are also on the Board of other reputed companies. Our Board of Directors and the Key Managerial Personnel have been responsible for undertaking a number of change initiatives to enhance the business focus of the Bank by upgrading processes, technology and human resources.

Our Key Managerial Personnel bring substantial experience and in-depth knowledge of banking operations and management. While several of our Key Managerial Personnel have been with our Bank since the 1980s, we have also brought in other experienced professionals from the banking industry and our Key Managerial Personnel have an average banking experience of 23 years. We believe that our management's capabilities, strong reputation, extensive network of industry relationships and wide-ranging experience in the finance and banking industry will continue to help us to grow, modernize and develop further. For further details please refer the section titled "*Our Management*" on page 172.

Streamlined risk management controls, policies and procedures

We have instituted prudent risk management controls, policies, and procedures that are critical for the long-term sustainable development of our business. We have implemented risk management procedures for our credit exposures, including credit evaluation, credit scoring, risk based pricing models, and risk monitoring and control mechanisms. We have developed our own credit risk rating framework in terms of which all exposures of ₹ 2.50 million and above are brought within a rating mechanism. The rating framework incorporates, *inter-alia*, financial analysis and sensitivity, industrial and management risks. A separate risk management department formulates and implements credit risk evaluation, approves risk management framework and policies, oversees the credit approval process and periodically reviews the same so as to ensure that the business conducted is consistent with our risk appetite, with a focus on maintaining and enhancing asset quality. Further, retail lending is parameterized based on an internally developed framework. We periodically conduct audits/inspections to ensure that the risks on our portfolios are within acceptable parameters. We continuously monitor our portfolios through our internal control system, which includes macro level portfolio analysis, migration of credit rating analysis and stress testing analysis.

Our credit risk policy is periodically reviewed and updated to incorporate changes in the environment, market and regulatory guidelines. We have an asset liability management committee for managing market risk; credit risk management committee for credit risk; and operations risk management committee for operations risk. We are focused on maintaining high standards of asset quality through risk management and mitigation practices.

We also manage risk by ensuring that our advances are adequately secured. As on March 31, 2013, March 31, 2014 and September 30, 2014, 96.48 % (i.e., ₹ 85,395.26 million), 96.34% (i.e., ₹ 83,888.90 million) and, 95.62% (i.e., ₹ 90,176.29 million), respectively, of our advances were secured.

BUSINESS STRATEGIES:

Continue to focus on SME customers

Small enterprises play a very significant role in terms of balanced and sustainable growth of the economy. Small enterprises contribute 38% of the manufacturing output and around 40% of the total export of the country providing employment to nearly 106 million people through about 46 million units, located in both the rural and urban areas across the country (Source: *Ministry of Micro, Small and Medium Enterprises*, *Annual Report 2013-2014*)). Our SME advances constituted 43.18% of our total advances, as on September 30, 2014. We believe that with our strong relationships with SME customers and the strategic location of our branches, we are well placed to reap the benefits of growth in this sector.

We intend to remain focused on SME customers by providing them support through the life cycle of their business - from inception to expansion including modernization of their businesses. We aim to use our in-depth knowledge and local experience of banking requirements of SMEs to grow in sectors that we believe have good growth potential such as healthcare, education, real estate, textiles, agriculture, infrastructure, food processing and fisheries and formulate specific products, services, processes and delivery capabilities to cater to the requirements of SME customers. We intend to increase our bouquet of offerings to our SME customers by providing them additional service offerings such as cash management, foreign exchange, point-of-sale services. We are also continuously working to refine our business model to promptly respond to the needs of our SME customers, while maintaining and ensuring adequate risk management. In addition to growing our advances, we intend to mobilize low cost CASA deposits, as also increase cross selling to augment our fee-based income from SME customers. We believe that growth in advances to SME customers helps us in increasing our net interest margins as well as diversifying our advances portfolio thereby reducing risks.

We aim to maximize the value of our small business relationships by leveraging our distribution network and infrastructure, effective use of technology, speedy response and quality service and also by continuously upgrading our products and services. To expand our SME business, we also aim to appoint relationship officers as part of our recently created SME team, to assist our branches. We intend to further augment our specialized SME team, both in terms of manpower and expertise, and strengthen our marketing and client out-reach efforts through our branch managers, who are an integral part of our business development initiatives, in order to source additional business and drive further penetration.

Grow retail business

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced rapid growth due to consumer credit becoming cheaper, more widely available and increasingly a more acceptable avenue of funding for consumers. During Fiscal 2014, Indian banks' retail loans portfolios continued to growth rapidly and total retail loans increased by 15.4% from November 2013 to November 2014, mainly led by growth in housing loans as the largest segment of retail loans and an increasing growth in auto loans. (Source: *RBI, Press Release, Sectoral Deployment of Bank Credit – November 2014*). We intend to capitalize on the opportunity presented by retail banking, by enhancing our products, services offering and customer delivery capabilities.

As part of our overall retail strategy, we intend to invest in further strengthening our brand, which may include changes to our brand identity, augmenting our technology capabilities, selectively upgrading our branch infrastructure, enhancing capabilities across alternate delivery channels, setting up a customer call centre, and by migrating certain operational activities from the branches to a central unit.

CASA is the prime source of low cost funds for us. As on September 30, 2014, our CASA deposits were ₹ 25,448.41 million representing 17.96% of our total deposits. We seek to augment our CASA deposits in order to reduce cost of funds and improve our core capital. We propose to increase our CASA by launching deposit products across business, enhancing our brand presence, attracting new retail customers, appointing relationship managers for high net worth customers, introducing loyalty programs, expanding our ATM coverage, and enhancing mobile and internet banking platforms.

In order to further grow our retail loan portfolio and diversify our loan portfolio mix, we intend to increase marketing and sales resources at our branches, launch new products (including new variants for loan against properties and gold loans), invest in technology for speedier credit processing and improved monitoring, and cross sell products like life insurance to our existing customers. Our flagship product in loan against property- "property encash" was recently launched. Our loan against property products are being positioned for meeting the specific funding requirements of our retail customers, small business owners and entrepreneurs, thereby augmenting our portfolio of key offerings in the retail business. As on March 31, 2014, the net LAP advances stood at ₹ 697.80 million, which have increased significantly to ₹ 1,143.40 million, as on September 30, 2014. We shall continue to drive penetration of our LAP product, by leveraging on the strength of our customer relationships and distribution network.

Increase NRI business

Our NRI deposits have grown from ₹ 9,940.61 million in Fiscal 2011 to ₹ 23,616.20 million in Fiscal 2014, at a CAGR of 33.43% during the same period, which is more than twice the growth experienced in our total deposits during the same period. As on March 31, 2013, March 31, 2014 and September 30, 2014, our total NRI deposits constituted 13.47 %, 17.27 % and 18.50 %, respectively, of our total deposits. We intend to continue to focus on increasing our NRI deposit base, which has been one of our key growth engines on the deposit side, and has also proved to be a stable source of funding for our Bank.

We have created a separate NRI product management team, and are focused on augmenting our NRI business in addition to our branches, all of which are equipped to offer specialized services to our NRI customers. The NRI team extends comprehensive support to our branches in all NRI related matters and drives the growth of our NRI business, with special emphasis on increasing our share of inward remittances and deposits from the Middle East, by leveraging our strong customer base and distribution network in Kerala. We have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East and tie ups with major money transfer agents, which we plan to expand further. Further, we aim to offer products and services based on customer segmentation, provide wealth management services advisory services and differentiated products to high net worth customers, appoint dedicated relationship managers and create exclusive NRI customer service areas in select branches. We also intend to enter into strategic partnerships to acquire, engage and service NRI customers in the Middle East.

Increase fee and non-fund based revenues

An important strategic focus for us is to grow our fee and non-fund based revenues. Our fee and non-fund based revenues constituted 3.47%, 3.27% and 3.68% of our total revenue for Fiscals 2013, 2014 and for six months ended September 30, 2014, respectively. We believe that our increased focus on retail and SME customers, integrated branch network, technology led channels and increasingly diversified product mix will enable us to increase our fee and non-fund based revenues.

To our existing SME customers, we aim to market fee and non-fund based products such as letters of credit, bank guarantees, foreign exchange services and insurance products. We also intend to acquire new SME customers who specifically require such fee and non-fund based products. For our retail customers, we intend to follow a relationship based approach by providing and expanding our third party product offerings including mutual fund and insurance products, wealth management services, money transfer and foreign exchange services.

We have entered into a corporate agency agreement with Edelweiss Tokio Life Insurance Company Limited to distribute life insurance products. Further, we are in the process of finalizing an arrangement with a leading general insurance company to distribute general insurance products. These arrangements will further enable us enhance our sales and distribution capabilities for growing the bancassurance business, and driving penetration. We intend to further increase this revenue stream by entering into more agency and distribution arrangements and enhancing our products and services offerings. We currently have over 50 employees involved in selling these insurance products who have been authorized by the IRDA to act as specified persons for selling insurance products and we intend to increase the number of such employees to augment our sales and marketing capabilities.

We earn commission on the fund transfer services provided by us to our NRI customers for which we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd. We plan to enter into many more of such agreements to further enhance our capability to provide international remittance services and strengthens our NRI business and consequently increase our earnings from the commission on NRI remittances and money transfers services.

Efficiently manage NPAs and continue to focus on strengthening risk management

The share of gross NPAs as a percentage of total advances increased from 2.35% as on March 31, 2013 to 3.77% as on March 31, 2014 and was 5.56% as on September 30, 2014. The share of net NPAs as a percentage of total advances increased from 1.12% as on March 31, 2013 to 2.22% as on March 31, 2014 and was 3.76% as on September 30, 2014. The increase in NPA during Fiscal 2014 is primarily attributable to the impairment of certain corporate loans. The reduction and recovery of impaired assets is our key focus area. We continuously evaluate various aspects of our credit and risk management, including origination, monitoring and recovery of loans. These efforts are supervised by our executive and Board committees.

We are committed to efficiently managing and reducing our NPAs, as well as stressed assets, and are implementing measures to manage and reduce our NPAs. In relation to origination and appraisal of our loans, we propose to continuously review and upgrade our rating models, scorecards and credit approval process, including training and enhancing our resources.

We have recently implemented monitoring systems to identify potential problem loans by continuously tracking our portfolio through a dedicated monitoring team. Further, for SME loans above a defined threshold, the dedicated relationship managers support our branches to engage with customers on a continuous basis in order to initiate remedial measures based on early warning signs.

We have recently created a dedicated recovery team which organizes recovery camps, enters into compromises and settlements, engages recovery agents, and evaluates and undertakes timely and appropriate legal action (including invocation of the SARFAESI Act, initiating recovery suits, and resorting to Government-supported revenue recovery proceedings). Further, where we deem appropriate, we sell our stressed or impaired assets to ARCs.

In addition, we are currently in the process of appointing an external agency to assist us with upgrading all aspects of credit and risk management, including origination, credit processing, monitoring and recovery.

OUR BUSINESSES

Our business is principally organized as: (a) SME banking, (b) retail banking, (c) corporate banking, and (d) treasury operations.

The following table sets forth the composition of our total advances by different businesses as on March 31, 2012, 2013 and 2014 and as on September 30, 2014.

Businesses	**As on March 31,**			**As on September 30, 2014**
	2012	**2013**	**2014**	
	(% of total advances)			
SME banking	35.27	33.41	40.40	43.18
Retail banking	44.44	50.79	45.57	43.66
Corporate banking	20.29	15.81	14.03	13.11
Total Gross Advances (in ₹ million)	**77,676.90**	**89,759.70**	**88,540.19**	**96,087.65**

The following table sets forth the composition of our total deposits as on March 31, 2012, 2013 and 2014 and as on September 30, 2014.

(In ₹ million)

Particulars	**Total Deposits as on**			
	March 31, 2012	**March 31, 2013**	**March 31, 2014**	**September 30, 2014**
Corporate	20,495.00	27,240.70	28,966.40	29,090.60
Retail	65,070.14	74,541.61	84,162.38	87,116.01
Total term deposits	85,565.14	101,782.31	113,128.78	116,206.61
Current account	3,478.59	3,293.55	3,314.45	3,895.03
Savings account	17,004.97	18,340.40	20,295.38	21,553.38
Total CASA	20,483.56	21,633.95	23,609.83	25,448.41
Total Deposits	**106,048.70**	**123,416.26**	**136,738.61**	**141,655.02**

The products and services that we offer to our customers can be classified into five categories, namely,

(i) Deposit products;

(ii) SME products;

(iii) Retail asset products;

(iv) Corporate products; and

(v) Other products and services.

Provided below is a summary of the products and services offered by us.

Liabilities	Assets			Other products/ services
Deposit products	**SME products**	**Retail products**	**Corporate products**	
• Current account • Savings account • Salary savings accounts for corporate employees • Term deposit accounts for domestic customers • Cumulative deposit accounts • Products for NRI customers	• Term loans • Working capital loans • Export Finance • Import Finance • Letter of Credit • Buyers, Suppliers Credit • Bank Guarantee • Commercial Vehicle Loans • Bills discounted under domestic letters of credit	• Home loans • Personal loan • Vehicle loans • Loan against property • Agricultural loan • Gold loan	• Working capital finance • Corporate Loans • Term Loans • Bill Finance • Export, Import Finance • Buyers, Suppliers Credit • Bank Guarantee • Bills discounted under domestic letters of credit	• Money transfers and remittances • RTGS/ NEFT • Utility and bill payments • Internet banking • Foreign exchange • Distribution of insurance products • Lockers • Cash management

Liabilities/ Deposits

Our deposit products can broadly be categorized as current accounts, savings accounts and term deposits. Details of deposit products currently offered by us are as below:

Current Account Products

- *Classic Current Account*: This account offers facilities such as unlimited remittance/withdrawal facility, multi city payable at par cheque books, any branch banking services, ATM/debit card, internet banking and RTGS/ NEFT facility.

- *Smart Current Account*: This is an entry level zero balance account with no folio charges. Similar to a classic current account, it has volume based riders on daily cash remittance.

Savings Bank Products

- *Domestic Savings Bank Account*: This account can be opened and operated by both individuals and eligible corporates. We offer multi city cheque book facility, VISA ATM/ debit cum shopping cards, internet banking and basic mobile banking facilities to all our domestic savings bank account holders. Domestic savings bank account holders earn interest on daily float funds, presently at 4% *p.a.*, paid half yearly. All our saving bank customers are enabled to bank seamlessly with any branch of our Bank across the country.

- *CSB Social Support Scheme*: This is a zero balance, no frills/basic savings bank deposit account ("**BSBDA**") without any minimum balance stipulations aimed at financial inclusion. Further, there are no service/ maintenance charges and the ATM/ debit card facility is also free of charge. There is an option to upgrade to regular savings bank account, on request. In addition, we also offer a BSBD small account with diluted KYC as stipulated by the RBI for comprehensive financial inclusion.

- *CSB Student Support Scheme*: This account is for students above the age of six years. It has no stipulation on minimum balance and the debit card facility is provided free of charge.

Salary savings account for corporate employees

- *CSB Suvidha, Suvidha Plus*: This is a corporate employee group salary savings scheme. Under this scheme, we offer savings accounts to salaried employees, with no stipulation on minimum balance requirements or charges for non-maintenance of minimum balance and annual account maintenance charges. Suvidha accounts are for employees with monthly income less than ₹ 5,000 and Suvidha Plus accounts are for employees earning ₹ 5,000 or more. Visa ATM, debit cards are offered to all Suvidha and Suvidha Plus customers, while a cheque book is provided (as applicable to ordinary savings accounts) to all Suvidha Plus account holders.

Term deposit products for domestic customers

- *Fixed Deposits*: This is an income scheme wherein deposits are accepted for a minimum period of seven days and up to a maximum of 10 years. Interest on such deposits is payable either on monthly or quarterly basis.

- *Family Welfare Deposits*: This is a reinvestment deposit scheme in which interest accrues both on the principal and the interest on quarterly basis. Deposits are accepted for a minimum period of six months and for a maximum of 10 years (and broken periods between six months and ten years). Interest is paid along with the principal on maturity.

Cumulative Deposit Account

- This is a recurring deposit scheme that enables the depositor to build up a sizeable corpus in a regular/ systematic manner. Such accounts can be opened for a minimum period of six months and for a maximum period of up to 10 years, in multiples of three months

Products for NRI customers

- *NRE Savings Bank Accounts:* Under this scheme deposits are held in convertible Rupees and the principal and interest amounts are repatriable without any restrictions.This account can be opened and operated by individuals, singly or jointly with other NRIs or jointly with close resident relatives subject to conditions.

- *NRO Savings Bank Accounts:* Under this scheme, deposits are held in non repatriable Rupees. However, certain current income of NRIs such as dividend, rent, pension, interest credited to the account can be repatriated. This account can be opened and operated by individuals singly or jointly with other NRIs or jointly with close resident relatives. The account can be used for local payments in rupees including payment for passage from India of the account holder or his/ her dependents.

- *NRE Current Accounts:* All the features of NRE Savings Bank accounts are applicable to these accounts. However, interest is not payable for this account.

- *NRO Current Account*: All the features of NRO Savings Bank accounts are applicable to these accounts. However, interest is not payable for this account.

- *NRE Fixed Deposits:* This is an income scheme for NRIs wherein deposits are accepted for periods of 12 months and up to 10 years. The deposits are held in convertible Rupees and the principal and interest amounts are repatriable without any restrictions.

- *NRO Fixed Deposits:* This is an income scheme for NRIs wherein deposits are accepted for periods of seven days and up to 10 years.

- *NRE Family Welfare Deposits***:** This is a reinvestment deposit scheme meant for NRIs. All other features are similar to the NRE Fixed deposit described above.

- *NRO Family Welfare Deposits***:** This is a reinvestment deposit scheme meant for NRIs. Deposits are accepted for a minimum period of six months and for a maximum period of 10 years.

- *NRE Cumulative Deposit Accounts***:** This is a recurring deposit scheme meant for NRIs that enables the depositor to build up a sizeable corpus in a regular/ systematic manner. These accounts can be opened for a minimum period of 12 months and for up to 10 years. Deposits from this scheme are held in convertible Rupees and the principal and interest amounts are repatriable without any restrictions.

- *NRO Cumulative Deposit Accounts***:** This is a recurring deposit scheme meant for NRIs that enables the depositor to build up a sizeable corpus in a regular/ systematic manner. These accounts can be opened for a minimum period of 12 months and in multiples of three months for up to 10 years.

- *FCNR (B) Deposit Schemes: Unde***r** these schemes, deposits are accepted in USD, GBP, EUR, JPY, CAD, AUD and CHF currencies. Deposits can be held as fixed deposit (FCNR-FD) or reinvestment (FCNR-FWD), NRE Plus (FCNR (B) FD for 366 days) and for periods from 12 months to 60 months

Other deposit products

- *RFC Deposit Scheme*: In this scheme, accounts can be opened by a person returning to India for permanent settlement after a stay of minimum period of one year abroad. These accounts can be opened and maintained out of foreign exchange received as pension, conversion of assets held abroad, and can be held as current/ savings/ term deposit accounts.

The following table sets forth the details of contribution by domestic and non-resident deposits to our total deposits as on March 31, 2012, March 31, 2013, March 31, 2014 and September 30, 2014.

(In ₹ million)

Particulars	**Total Deposits as on**			
	March 31, 2012	**March 31, 2013**	**March 31, 2014**	**September 30, 2014**
NRI deposits	12,230.81	16,621.89	23,616.20	26,211.23
Domestic deposits	93,817.89	106,794.37	113,122.41	115,443.79
Total deposits	**106,048.70**	**123,416.26**	**136,738.61**	**141,655.02**

The regional distribution of our deposits as on March 31, 2012, March 31, 2013, March 31, 2014 and September 30, 2014 is as below.

(In ₹ million)

Region	**States and union territories**	**As on March 31,**			**As on September 30, 2014**
		2012	**2013**	**2014**	
Central	Chhattisgarh, Madhya Pradesh, Uttar Pradesh, Uttarakhand	175.85	318.89	1,042.12	611.76
Eastern	Bihar, Jharkhand, Orissa, Sikkim, West Bengal, Andaman and Nicobar Island	949.63	1,121.24	1,285.15	1,094.03
Northern	Haryana, Himachal Pradesh, Jammu and	5,115.24	6,773.86	8,086.07	8,225.57

Region	States and union territories	As on March 31,			As on September 30, 2014
		2012	2013	2014	
	Kashmir, Punjab, Rajasthan, Chandigarh, Delhi				
Southern	Andhra Pradesh, Telengana, Karnataka, Kerala, Tamil Nadu, Lakshadweep, Puducherry	86,842.60	100,356.83	111,677.08	116,637.72
Western	Goa, Gujarat, Maharashtra, Dadra and Nagar Haveli, Daman and Diu	12,965.38	14,845.44	14,648.19	15,085.94
Total		**106,048.70**	**123,416.26**	**136,738.61**	**141,655.02**

SME Products

In the SME business, we cater to small and medium industries, the service sector and trading companies, where customer borrowing needs are up to ₹250 million. Our Bank has established branches which are conveniently located in close proximity to a large portion of our target SME customer base. Our Bank has also designated employees for sourcing SME business and has appointed SME team leaders in every zone who support the branches. We provide both term loan and working capital facilities such as overdrafts, cash credits, inland bill/invoice discounting to our SME customer base. The term loan facilities meet the long term fund requirement of customers for asset purchase, capacity up-gradation and are typically backed by the assets acquired using the facilities extended by us and/or additional collateral security. The repayment can either be through a regular repayment option in installments or a bullet payment, based on the customer needs. Various term loans offered by us under the SME business are follows:

- *Term Loans:* These are provided to customers who need funds to acquire and enhance fixed assets.
- *Working capital loans:* These are given in the form of cash credit/ overdraft for purchase of raw material and meeting working capital gap.
- *Export finance:* Export finance is available in the form of both pre-shipment and post shipment credit. Pre-shipment credit is generally availed by customers against letters of credit or against firm orders from their buyers. Packing credit is allowed in both local currency and foreign currency. Post-shipment credit is availed in the form of discounting of bills after the shipment happens and could be both supported by letters of credit or on open account basis.
- *Import Finance*: Import finance is available to importers of goods both raw materials and capital goods.
- *Letter of Credit*: Letter of credit facility is provided to meet trade purchases from domestic/overseas suppliers. These are typically provided for 3-6 months depending upon the trade cycle and specific agreement between buyers and suppliers. Longer term letter of credit facilities are provided selectively.
- *Buyers/ Suppliers Credit*: Our Bank arranges buyer's/ suppliers credit through overseas banks/ correspondents to help reduce cost for importers as per RBI guidelines.
- *Bank Guarantee*: Our Bank provides bank guarantee facilities to our customers favouring government, quasi government bodies and corporates to support business needs such as performance, customary bonds and bid-bonds.
- *Commercial Vehicle Loans*: The commercial vehicle loans are provided for purchasing and upgrading business related transportation of our SME customers.
- *Bills discounted under domestic letter of credit:* This facility is for customers who supply goods against domestic letters of credit opened by their buyers are allowed to discount bills drawn under letters of credit opened by banks in India.

In addition to the above, our Bank undertakes structured financing in discussion with customers. Facilities are tailor made to suit customer's specific needs and adjusted based on customers' performance vis-à-vis projects and projections.

A sizeable share of our total lending is allocated to our SME customers. Our outstanding SME loan advances were ₹ 41,493.58 million as on September 30, 2014, representing 43.18% of our total advances as on that date. As on March 31, 2012, 2013 and 2014, we had outstanding SME loan advances of ₹ 27,394.52 million, ₹ 29,986.10 million, and ₹ 35,770.63 million, representing 35.27%, 33.41% and 40.40% of our total gross advances for the even dates, respectively.

Retail Asset Products

Our retail banking business offers wide range of services and products to individuals including NRIs and small business entities. Our products under our retail business can broadly be classified into (i) loans and advances, (ii) third-party products and (iii) financial inclusion.

Loans and Advances

We have introduced various retail loan products over the years to cater to the needs of the customers and to provide quick and easy access to our Bank. Details of the various retail loan products currently offered by our Bank are given below:

Home Loans	**Personal Loan**	**Vehicle loan**	**Loan against property (LAP)**	**Agriculture Loans**	**Gold Loans**
• Housing loan for Resident Indians • Housing loan for Non-Resident Indians • CSB Nivas	• Casy Cash • Professional plus • Medi Cash • Personal loan to CSB Retired employees • Personal loan to employees of reputed organizations • CSB Women Support Scheme • CSB Senior Personal Support Scheme • CSB Home Plus Support • Education loan	• CSB Vehicle Loan • VIP car loan	• CSB Property Encash • Casy Mithra • Tax Payer's Liquidity Scheme	• CSB Kisan Raksha • Casy Bank Krishi Kard	• Gold loan-General • Agriculture Gold loan (with interest subvention and without interest subvention) • CSB Ezee Gold Cash • Gold loan for retail trade • CSB-Kanakshree overdraft

Housing loans

Our Bank offers housing loans to resident Indians and NRIs at a competitive interest rates and easy EMI schemes. There are three variants of housing loans:

- Home loans for domestic customers (non-NRIs) for lending to salaried customers, self-employed professionals and business owners for purchase of a house.
- Home loans for NRI customers for predominantly salaried NRI customers.
- *CSB Nivas* loan for purchase of land and further construction within three years.

Personal Loans

Our Bank has a wide range of personal loan products catering to different needs of customers:

- *Casy Cash* for small retail individual customers.
- *Professional Plus* targets engineers, chartered accountants, company secretaries, lawyers and other professionals.
- *Medi Cash* which targets doctors and other individuals in the medical profession.
- *Education Loans* for students.
- *Women Support Scheme* loans which are targeted at working women.
- *CSB Senior Citizens Personal Scheme* for senior citizens.
- *CSB Home Plus Support* is a personal loan product offered as a top up to home loan customers.

Vehicle loans

We offer two products under our vehicle loan portfolio.

- *VIP Car Loan* is a specially designed scheme for the high value customers where our Bank offers 100% finance on the invoice value of the vehicle (excluding taxes, insurances, etc).
- *Vehicle Loan scheme* offers up to 80% financing on the road cost including invoice price, road taxes, etc to everyone for purchase of vehicles.

Loan against Property

Our Bank has the following three variants of loans against property to suit the requirement of different customers.

- *CSB Property Encash* is a term loan facility given against residential or commercial property. This loan is targeted at both salaried and self-employed customers
- *Tax Payer's Liquidity Scheme* is an overdraft facility for regular tax paying customers.
- *Casy Mithra* is personal loan scheme for customers on the basis of a multiple of their salary/income.

Agricultural Loans

Our agriculture loan products and services primarily include pre and post-harvest financing, loans for farm mechanization, land development and allied activities such as fisheries, dairy and poultry. We have two specialized product i.e., CSB Kisan Raksha and Casy Bank Krishi Kard as mentioned below:

- *CSB Kisan Raksha* provides financial assistance to farmers for meeting their farming needs including repaying high cost loans availed from non-institutional lenders. All individuals who undertake agriculture/ allied activities (such as diary, poultry, goat rearing etc.) are eligible to avail this loan. Typically secured through hypothecation of crops and other farm assets, and/or mortgage of land and personal guarantees, CSB Kisan Raksha loans are given up to a limit of 50% of the value of the security property provided, or five times of the net annual farm income of the borrower, subject to a maximum of ₹ 0.5 million. Such loans also provide free accident insurance for the principal borrower in first year of availing the loan.

- *Casy Bank Krishi Kard loan* is designed to meet the short term credit requirements for cultivation of crops, post-harvest expenses, produce marketing, household consumption requirements, working capital for maintenance of farm assets and activities allied to agriculture, such as dairy animals, inland fishery and investment credit requirement for agriculture and allied activities such as pump sets, sprayers and dairy animals. This loan is available to all farmers (individuals or joint borrowers), self-help groups, joint liability groups of farmers including tenant farmers and share croppers. Typically secured through hypothecation of crops and other agricultural implements/ assets, and/or mortgage of agricultural land or building and third party guarantees, Casy Bank Krishi Kard loans are typically valid for five years.

Gold loans

Gold loans constituted 29.99%, 38.31%, 32.04% and 29.54% of our total advances as on March 31, 2012, 2013, 2014 and September 30, 2014 and continue to be a mainstay for our Bank on the advances side. Our Bank has various gold loan products in line with the needs and requirements of the customers.

- *General Gold Loan* is a demand loan for customers for various personal needs. The loan has a tenure of 12 months.
- *CSB Ezee Gold Cash* is a demand loan for customers with tenure of up to six months.
- *Agriculture Gold Loan* is a demand loan available for agriculture and allied activities. The tenure of the loan is fixed on the basis of the duration of the relevant crop. This loan is available both with and without interest subvention. These loans are eligible for priority sector lending classification.
- *Gold loan for retail trade* is a demand loan for retail traders classified under priority sector. The tenure of loan is up to 12 months.
- *CSB Kanakshree* is an overdraft facility for traders available for tenure of up to 12 months.

The growth of loans and advances to the retail sector is a priority for our Bank. As on September 30, 2014, we had total (gross) outstanding retail loans of ₹ 41,954.88 million which represented 43.66% of our total (gross) outstanding loans and advances as on that date. The following table classifies our outstanding retail loans and advances as on March 31, 2012, March 31, 2013, March 31, 2014 and September 30, 2014.

(In ₹ million)

Schemes	As on March 31, 2012		As on March 31, 2013		As on March 31, 2014		As on September 30, 2014	
	Amount outstanding	% of total outstanding	Amount outstanding	% of total outstanding	Amount outstanding	% of total outstanding	Amount outstanding	% of total outstanding
Gold loan	23,296.20	67.48	34,387.48	75.43	28,365.39	70.30	28,383.63	67.65
Of which Agriculture Gold Loan	10,423.47		3,857.38		3,077.61		5,386.24	
Home loan	2,875.78	8.33	2845.41	6.24	2974.78	7.37	3,190.38	7.60
Loan Against Property	564.30	1.63	486.70	1.07	697.80	1.73	1,143.40	2.73
Personal loan	2,288.31	6.63	2,575.84	5.65	2,821.11	6.99	3,263.67	7.78
Agriculture Loan (Excluding agriculture gold loan)	838.58	2.43	803.19	1.76	309.60	0.77	821.40	1.96
Others	4,657.98	13.49	4,487.89	9.84	5,180.74	12.84	5,152.40	12.28
Total	**34,521.15**	**100.00**	**45,586.51**	**100.00**	**40,349.43**	**100.00**	**41,954.88**	**100.00**

Third Party Products

We have identified bancassurance as an important business line. We have accordingly entered into tie up with Edelweiss Tokio Life Insurance Company Limited to market its life insurance policies and are also in the process of finalizing an agreement with a leading general insurance company for distributing its general insurance products.

We currently have over 50 employees involved in selling these insurance products who have been authorized by the IRDA to act as specified persons for selling insurance products. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd, which enhance our capability to provide international remittance services. Our income from bancassurance was ₹ 26.71 million, ₹ 8.54 million, ₹ 15.37 million and ₹ 11.86 million for Fiscal 2012, Fiscal 2013, Fiscal 2014 and for six months ended September 30, 2014, respectively.

Financial Inclusion

As part of our financial inclusion initiatives, we have entered into an agreement with a service provider to, *inter alia*, provide services to our Bank relating to appointing of business correspondents. The service provider has appointed, Akshaya Centers, in Kerala as banking correspondents who act as a micro units of our Bank and open "No Frill" savings bank accounts. Further, we have set up seven financial literacy and credit counselling centres. As on December 31, 2014, we have 49 rural branches and are in the process of strengthening financial literacy activities through each of these branches. The activities carried out by the financial literacy and credit counselling centres and the rural branches include conducting financial literacy camps, credit counselling, counselling/advise on education loans, counselling on entrepreneurship/ agricultural loan and assistance in preparation of project report.

Corporate Business

In corporate banking portfolio, we focus on large-sized corporations (*i.e.*, companies with annual turnover of over ₹ 1,000 million) whose credit requirement is above ₹ 250 million. We have a wide range of loan products which include term loans, working capital facilities, import and export financing, bill discounting, participation in syndication financing, foreign currency loans, investment in various securities issued by corporates, non-fund based services such as letters of credit, forward covers for hedging exposure, foreign currency conversion and guarantees.

The increase in NPA in the Fiscal 2014 was primarily attributable to impairment of few corporate loans. Therefore, currently our Bank's approach on the corporate business is very selective and is primarily undertaken for deployment of surplus funds profitably. Our Bank has curtailed its participation in the consortium lending barring selected relationships where our Bank continues to operate with close control and supervision. Our Bank is increasingly participating in transactions led by other banks on a selective basis where such lending meets with Bank's risks, return criteria and are in sectors of interest. Further, some of our SME customers have grown into large institutions over the years and have increased financial needs and we try to be relevant to such large institutions wherever possible. Our Bank has set up a centralized corporate banking team to work with other banks that are originating syndicated loans and corporate business branches to originate deals and to ensure close supervision, managing of risk and the relationship thereafter.

The key commercial banking products and services offered to corporate customers include.

Products	Product details
Working capital finance	Over draft and cash credit limits are provided against stocks\inventory and receivables.
Corporate Loans	To facilitate margins to meet working capital margins/ one-time bulk orders.
Term Loans	For investment in fixed assets, such as plant and machinery, sheds, buildings, furniture payable in installments.
Bill Finance	Purchase/ sale bill discounting
Export/ Import Finance	Pre and post-shipment financing, forward covers, buyer's credit and finance in foreign currency.
Buyers, Suppliers Credit	Arrangement of buyer's/ suppliers credit through overseas banks/ correspondents to help reduce cost for importers as per RBI guidelines.
Bank Guarantee	Bank guarantees favouring government, quasi government bodies and corporates to support business needs such as performance, customary bonds and bid-bonds.
Bills discounted under domestic letters of credit	For customers who supply goods against domestic letters of credit opened by their buyers are allowed to discount bills drawn under letters of credit opened by banks in India.

Our revenue from corporate advances business was ₹ 1,690.91 million for Fiscal 2012, ₹ 1,548.02 million for Fiscal 2013, ₹ 1,273.21 million for Fiscal 2014 and ₹ 652.45 million for six months ended September 30, 2014.

TREASURY OPERATIONS

Treasury operations are our interface with the financial markets. Our treasury department undertakes fund management and maintains the statutory reserve requirements of our Bank. The treasury department invests in sovereign and corporate debt instruments, undertakes proprietary trading in equity and fixed income securities and foreign exchange, investments in certificate of deposits and mutual funds as part of the management of short-term surplus liquidity within the framework of our Bank's investment policy.

We have been licensed by the RBI to deal in foreign exchange (Authorised Dealer Licence) and we have set up our international banking division (IBD) at Kochi, which conducts our foreign exchange operations. IBD is an A category – Branch of our Bank and maintains independent foreign exchange position and Nostro accounts in all major currencies. We undertake foreign exchange transactions for our customers through 23 B- category branches spread across India. All B-category branches are equipped with trained staff and SWIFT terminals to facilitate foreign exchange operations. We have drawing arrangements with 14 exchange houses for facilitating the transfer of funds for the NRIs.

We have also set up a trade hub at Ernakulam, Kerala to provide centralized technical support, market guidance and strategy execution and monitoring for the trade business. The trade hub aims at both product offerings and advisory level service to the customers, assisting them with forex exposure arrangements. The trade hub also acts as the focal point where branches can seek conceptual and procedural clarity on various aspects of foreign exchange business. We have also set up a forex corporate desk which works closely with customers and provides them guidance to on market related aspects, support branches in client acquisition, provides regular market updates, conducts regular training programmes for branch officers and arranges forex meets. Further, we have also launched forex sales and service initiative for providing the necessary marketing support to branches for improving the foreign exchange business of our Bank.

Our turnover from foreign exchange operations through our customers in Fiscal 2012, 2013, 2014 and for the six months ended September 30, 2014 was ₹ 189,793.00 million, ₹ 203,906.80 million, ₹ 285,786.00 million and ₹ 177,206.20 million, respectively.

The following table sets forth, as on the dates indicated, the allocation of our investment portfolio (Gross).

(In ₹ million)

Securities	**As on March 31,**						**As on September 30, 2014***	
	2012		**2013**		**2014**			
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
PSU Bonds	430.80	1.37	420.70	1.27	1,688.10	3.28	1.627.00	3.32
RIDF and Other Funds	2,219.40	7.05	1,552.70	4.70	3,802.30	7.40	3,937.50	8.04
Securities issued by ARC'S	0.00	0.00	0.00	0.00	1,206.50	2.35	2,194.80	4.48
Share	9.10	0.03	45.90	0.14	45.90	0.09	28.30	0.06
Treasury Bills	2,146.40	6.82	245.50	0.74	2,832.80	5.51	5,919.80	12.08
Central Govt. Securities	24,937.40	79.23	28,157.70	85.21	30,381.80	59.11	30,856.10	62.99
State Govt. Securities	836.80	2.66	1,145.50	3.47	1,869.40	3.64	2,312.30	4.72
Bank Certificate of Deposits	493.30	1.57	987.00	2.99	9,059.80	17.63	1,601.50	3.27
All Others	401.26	1.27	491.20	1.48	511.24	0.99	511.21	1.04
Total	**31,474.46**	**100.00**	**33,046.20**	**100.00**	**51,397.84**	**100.00**	**48,988.51**	**100.00**

* *Reverse repo ₹ 2400 million not included in the above investments.*

The following table sets forth, as on the dates indicated, the category wise allocation of our investment portfolio.

(In ₹ million)

Security	**As on March 31, 2012**	**As on March 31, 2013**	**As on March 31, 2014**	**As on September 30, 2014**
Held to Maturity (HTM)	27,858.80	31,186.54	36,064.43	36,568.70
Available for Sale (AFS)	3,615.66	1,859.66	15,333.41	12,419.81
Held for Trading	0.00	0.00	0.00	0.00
Total	31,474.46	33,046.20	51,397.84	48,988.51
Yield	6.64	6.88	7.26	7.32
Modified Duration HFT	Nil	Nil	Nil	Nil
Modified duration HTM	4.78	5.44	5.05	5.08

Security	As on March 31, 2012	As on March 31, 2013	As on March 31, 2014	As on September 30, 2014
Modified duration AFS	1.49	1.14	0.91	1.37

OUR PERFORMANCE UNDER PRIORITY SECTOR LENDING TARGETS

In line with guidelines issued by the RBI, we are required to lend at least 40% of our adjusted net bank credit or credit equivalent to off-balance sheet exposure, whichever is higher to the priority sector, including at least 18% to the agricultural sector. Our priority sector lending includes loans to small enterprises, retailers and certain sectors such as agriculture, education sector, and agriculture based processing sectors and housing sector. To support this, we have 63% of our branches located in rural and semi-urban areas as on December 31, 2014 and we also have specialized schemes for priority sector lending such as, CSB Kisan Rakha, Casy Bank Krishi Kard and gold loans for agriculturists.

The following table presents data on our outstanding priority sector lending, including as a percentage of our adjusted net bank credit as on March 31, 2012, 2013, 2014 and September 30, 2014.

(In ₹million)

Business	Balance outstanding as on			
	March 31, 2012	March 31, 2013	March 31,2014	September 30, 2014
Total priority sector advances	25,320.60	19,134.50	25,666.90	32,140.20
Eligible investments in RIDF etc.	-	-	3,364.60	3,250.40
Total priority sector attainment	25,320.60	19,134.50	29,031.50	35,390.60
Total priority sector attainment (net) as a % of ANBC	40.18%	24.52%	31.70%	38.38%

CERTAIN KEY OPERATING PARAMETERS

Loan concentration

We have an internal credit policy on portfolio diversification. Our total financing exposure in a particular business is evaluated in accordance with business wise growth. Our credit/credit monitoring department monitors sector wise exposure. Major changes in the industrial segments are closely monitored and corrective actions are initiated.

Capital Adequacy

The minimum total capital adequacy ratio currently required by the RBI under Basel II norms is 9.00% of the risk weighted average ("**RWA**"). We implemented Basel II norms from Fiscal 2008 and are calculating capital adequacy ratios on a quarterly basis as per the applicable Basel III norms along with Basel II norms since April 1, 2013.

Our capital adequacy details are below.

Particulars	Capital Adequacy Ratio (CRAR) % as on			
	March 31, 2012	March 31, 2013	March 31, 2014	September 30, 2014
Basel II	11.14	12.19	11.25	9.87
Basel III	-	-	11.00	9.72

Asset Classification

Our assets are classified in accordance with the guidelines issued by the RBI. An asset is classified as non-performing if any amount of interest or principal on a term loan is overdue on it for a period exceeding 90 days. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains overdue for a period of more than 90 days and in respect of bills, if the amount remains overdue for more than 90 days. Based on the existing guidelines issued by the RBI for asset classification, details of the classification of our gross loans and other data in respect of NPAs as on March 31, 2012, March 31, 2013, March 31, 2014 and September 30, 2014 are as follows:

Particulars	Asset Classification			
	Fiscal 2012	Fiscal 2013	Fiscal 2014	September 30, 2014
Gross NPA (₹ in Million)	1,829.26	2,108.69	3,335.54	5,345.77
Gross NPA %	2.35	2.35	3.77	5.56
Net NPA (₹ in Million)	842.11	992.59	1,932.42	3,543.12
Net NPA %	1.10	1.12	2.22	3.76

NPA Recovery Strategy

We follow RBI's guidelines and Board approved recovery policies for one time settlements and out of court settlement of debts. Our recovery policy deals with treatment of impaired assets in various businesses. We also refer cases to Lok Adalats, for settlement of impaired assets. For further details, please see the section titled "*Outstanding Litigation and Material Developments*" on page 251.

In addition, we rely on the provisions of the SARFAESI Act for NPA recovery. The SARFAESI Act has strengthened the ability of lenders to resolve NPAs by granting them greater rights to enforce the security and recover dues from borrowers including abatement of reference to the Board for Industrial and Financial Reconstruction and stay, if any, thereon. Banks can now accelerate recovery process through enforcement of the SARFAESI Act. In order to avoid fresh slippages into NPAs, we actively monitor our loans through early warning signal mechanisms, special mentioned accounts (credit labelling) systems and assess credit ratings once a year or more frequently. In addition, we maintain internal policy guidelines concerning exposure to individual industries and concentration of credit.

Credit Exposure

Credit exposure limits are prudential measures mandated by the RBI, aimed at improving risk management and avoiding concentration of credit risk. Credit exposure limits are set in relation to individual industries and sectors, single and group borrowers, unsecured borrowers, and country-wise. As per the RBI's directives, the credit exposure ceiling is fixed in relation to our capital funds under capital adequacy standards (Tier I and Tier II capital).

Industry Exposure

Our Bank's industry exposure as on March 31, 2014 and September 30, 2014 is set forth below.

(In ₹ million)

Industry/Sector	Advances (Fund Based)	Exposure as % of Total Advances	Advances (Fund Based)	Exposure as % of Total Advances
	As on March 31, 2014		As on September 30, 2014	
All engineering	973.11	4.00	1,104.57	4.38
Automobiles	1,102.34	4.53	1,022.35	4.05
Cement	65.01	0.27	64.18	0.25
Chemicals	2,437.78	10.01	1,588.98	6.30
Coal	1.99	0.01	2.99	0.01
Construction	3,541.41	14.54	4,207.58	16.68
Food	1,707.54	7.01	2,561.60	10.16
Infrastructure	3,505.51	14.40	4,055.03	16.08
Iron and steel	160.77	0.66	161.67	0.64
Jewelleries	772.29	3.17	732.47	2.90
Leather	154.44	0.63	134.58	0.53
Mining	418.07	1.72	406.16	1.61
NBFC	744.93	3.06	742.28	2.94

Industry/Sector	Advances (Fund Based)	Exposure as % of Total Advances	Advances (Fund Based)	Exposure as % of Total Advances
	As on March 31, 2014		As on September 30, 2014	
Oil	58.07	0.24	64.35	0.26
Other Industries	2,296.81	9.43	2,033.82	8.06
Other metals and metal products	484.93	1.99	518.53	2.06
Paper	291.86	1.20	308.77	1.22
Petroleum	21.01	0.09	22.45	0.09
Rubber	253.85	1.04	284.79	1.13
Software	47.43	0.19	50.43	0.20
Sugar	0.05	0.00	0.05	0.00
Tea	46.36	0.19	49.14	0.19
Textiles	5,239.70	21.52	5,081.56	20.15
Tobacco and Beverages	26.59	0.11	22.95	0.09
Total	**24,351.84**	100.00	**25,221.27**	100.00

Borrower Exposure

The details of our outstanding fund exposure to our 10 largest single borrowers as on March 31, 2014 and September 30, 2014 are set forth below:

(In ₹ million)

Customer	Exposure (Fund + Non Fund Based)	Exposure (Fund + Non Fund Based)
	As on March 31, 2014	As on September 30, 2014
Customer 1	1,499.52	1,522.47
Customer 2	1,214.87	1,154.79
Customer 3	798.86	959.47
Customer 4	800.00	804.91
Customer 5	713.79	700.00
Customer 6	620.58	600.00
Customer 7	652.36	635.71
Customer 8	577.86	577.86
Customer 9	519.98	520.10
Customer 10	550.24	500.00

The names of the borrowers are not disclosed above in order to comply with the restrictions imposed by the RBI that requires such information to be confidential.

Unsecured Exposure

Unsecured credit exposure is defined by the RBI as an exposure where the realizable value of the security is not more than 10% of the outstanding exposure when the advance is made. Our policy is to limit our total unsecured advances to a maximum of 12% of our total advances as on the previous year. Our unsecured advances as on March 31, 2014 and September 30, 2014 were ₹ 3,184.73 million and ₹ 4,126.74 million, respectively, which constituted 3.66% and 4.37% of our total advances for such period, respectively, for such periods.

Distribution Network

We have a distribution network comprising branches, ATMs, internet banking channels and a call center. We are looking to partner with certain entities to open off-site ATMs perticualrly in Kerala. The composition of our distribution network as on March 31, 2012, 2013, 2014 and December 31, 2014 is set out in the table below:

Distribution point	As on March 31, 2012	As on March 31, 2013	As on March 31, 2014	As on December 31, 2014
Branches	377	395	430	431
ATMs	178	208	230	232

Branches

As on December 31, 2014, we have 431 branches of which, 55 branches are in metropolitan cities, 102 branches in urban areas, 225 in semi-urban and 49 in rural areas. All of our branches are fully networked and connected to a central database in Chennai on a real-time basis with a disaster recovery facility in Bangalore and a specific disaster recovery facility for RTGS transactions in Chennai.

Non-branch delivery channel

ATMs: As on December 31, 2014, we had 232 ATMs, which includes 174 on-site and 58 off-site ATMs. Our ATMs are part of the Visa and NFS shared payment networks which enable our Visa cardholders to access numerous ATMs of member banks.

Internet banking: We offer internet banking services to our retail and corporate customers.

Mobile banking: We offer mobile banking services to our retail customers.

Customer Service

We are a member of Banking Codes and Standards Board of India and are actively implementing its codes, namely Code of Bank’s Commitment to Customers and Code of Bank’s Commitment to Micro and Small Enterprises. We have also constituted customer service committees at branch, zonal and corporate level to monitor customer complaints, queries and their concerns relating to our Bank. We review our customer service measures at regular intervals, the same is presented to the Board level Customer Service Committee on a quarterly basis.

We had six customer service complaints, pending at the beginning of Fiscal 2012. In the last three Fiscals we have received 336 complaints from our customers. During this period we have managed to resolve 339 complaints (including certain complaints from the previous Fiscals). As on March 31, 2014, seven complaints were outstanding against our Bank.

Credit Policy and Process

The main objectives of our credit policy is to maintain the quality of our loan assets, to ensure reasonable return on assets, to maintain an acceptable risk profile, to achieve proper sectoral and geographical risk profile and to ensure compliance with all the regulatory norms in respect of exposure caps, pricing, income recognition and asset classification guidelines and targeted credits.

To attain these objectives, we have a well-defined process starting from credit sourcing to monitoring of accounts once credit is granted. Our credit process primarily includes credit sourcing, credit appraisal and assessment, credit sanction and credit monitoring and administration. The credit sourcing is done by the respective branches with support from specialist business teams. The credit appraisal process involves collection of detailed data, assessment of the requirements, financial analysis, verification of credentials, rating of the applicant and the proposal, risk analysis and mitigation, compliance with the exposure norms, know-your-customer and anti-money laundering guidelines and other regulatory requirements. We also have a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of a borrower for taking credit decisions in a consistent manner. Subsequent to the appraisal process, every credit proposal is submitted to the appropriate internal authorities for sanction.

For improving the post lending monitoring of advances, with specific focus on follow up with the parties for timely remittance of installments/interest and operations in working capital limit, a dedicated monitoring team has been set up. The monitoring team supplements the efforts of the branches and zones in monitoring the accounts.

Anti-Money Laundering (“AML”)

All our transactions are monitored in accordance with the standard guidelines prescribed for the banking industry. Reports such as cash transaction reports, suspicious transaction reports, non-profit organization's transactions, and counterfeit currency reports are regularly filed with the Financial Intelligence Unit of the GoI. We are in the process of upgrading/procuring new AML software to strengthen our AML control.

Risk Management Framework

We adopted the Basel II framework as on March 31, 2008, which shapes our risk management policies. Our risk management policy is based on an analysis of key areas such as market risk, credit risk, operational risk, liquidity risk and interest risk. Our risk management system comprises policies, procedures, organizational structures and control systems for the identification, measurement, monitoring and control of various risks through our Risk Management Committee, under the overall supervision of our Board.

We have also set up ALCO to oversee asset liability management functions. The ALCO also recommends pricing of deposits and advances and prepares forecasts showing the effect of various possible changes in market conditions and recommends appropriate action. The ALCO is further responsible for ensuring that we have adequate liquidity and that our funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment rate risk in case of a maturity gap. The ALCO regularly monitors and reviews the trend of liquidity ratios, such as liquid assets to short term liabilities, and other liquidity risk parameters.

We have set up a Credit Risk Management Committee ("**CRMC**") with the objective of identifying credit risk, measurement of the same through credit rating, scientific risk pricing, monitoring credit risk, controlling credit risk and credit risk mitigation. The CRMC analyzes, manages and controls credit risk on a bank-wide basis. It formulates norms on rating standards and bench marks, prudential limits on large credit exposures, asset concentrations, standards on collateral securities, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans and regulatory and legal compliance

With the principal objective of mitigating the operational risk within our Bank, we have set up an Operational Risk Management Committee ("**ORMC"**). Its principal objective is the mitigation of operational risk within the institution by creation and maintenance of an explicit operational risk management process. Key roles of ORMC are to review the risk profile, understand future changes and threats, and decide the areas of priority and related mitigation strategy, reviewing policies and suitably amending the same based on market practices and regulators guidelines, monitoring and assessment of operational risk and initiating of corrective action as and when required. ORMC ensures that adequate resources are being assigned to mitigate risks, review and approve the development and implementation of operational risk methodologies and tools, including assessment, reporting, capital and loss events and analyze frauds, potential losses, non-compliance, breaches, determine root cause and recommend corrective measures to prevent recurrences.

Technology

All our branches are networked through Core Banking thereby facilitating any branch banking. We also offer facilities such as RTGS, NEFT, SWIFT, NECS and ECS. We offer internet banking service to our customers and are in the process of upgrading our phone banking and mobile banking facilities. We continue to upgrade our technological capabilities to increase efficiency, reduce costs, increase convenience for our customers and make our offerings competitive.

Competition

We face strong competition in all our principal lines of business. Our primary competitors are public sector banks, other private sector banks including South Indian Bank Limited, Federal Bank Limited, Dhanlakshmi Bank Limited and State Bank of Travancore. In the gold loan business, we also face competition from non-banking financial institutions such as Muthoot Finance Limited and Manappuram Finance Limited. We also face competition from foreign banks with operations in India. We seek to compete with these banks through value added services, faster customer service response, quality of service, a growing inter-connected branch network and delivery capabilities based on enhanced technology.

Insurance

We believe that we maintain adequate insurance coverage for our business and other assets. We currently have insurance coverage for our head office, branches and other offices. We have a special contingency policy which covers properties that are lost or damaged by contingencies. We also have standard fire and special perils policy and lift insurance policy for our head office. Additionally, we have standard fire and special perils policy, public liability (non-industrial risks) insurance policy, banker’s indemnity policy and burglary insurance policy which provide coverage to all our branches and offices across the country. Pursuant to these insurance policies, our automation, furniture and fixtures, electronic equipment, cash in premises, cash in transit, other valuables and documents are insured against any burglary, theft, fire, perils, terrorism, strike riots and civil commotion. Our bank also has an all risk policy, for our office inventories, further, we have an insurance cover for director’s and officers liability.

Intellectual Property Rights

The “ ” logo appearing on the cover page of this DRHP, is a trademark owned by our Bank and registered in our name. In addition, we also own our ATM/ debit card services logo and registered in our name. See the section titled “*Government and Other Approvals – Intellectual Property*” on page 342.

Employees

As on February 28, 2015, we had 3,036 employees, of whom 733 employees were professionals in business management, accountancy, engineering, law, computer science or economics. We believe that we have good relationship with our employees. As of December 31, 2014, our 1,559 officers (Grade I to III), 1,097 clerks, 129 sub-staffs and 48 part time sweepers were members of trade unions.

Property

We own our registered and corporate office situated at Thrissur. Out of our 431 branches, 13 branches are located on premises that we own and the remaining 418 branches are at premises taken on lease. As on December 31, 2014 we have 232 ATMs. All our 58 off-site ATMs are located on premises which we lease. See the section titled “*Risk Factors*” on page 13.

REGULATIONS AND POLICIES

The following is an overview of certain sector-specific Indian laws and regulations which are relevant to our Bank's business. Taxation statutes such as the Income Tax Act, labour laws such as Contract Labour (Regulation and Abolition) Act, 1970 and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999, apply to us as they do to any other Indian company.

The description of laws and regulations set out below is not exhaustive, and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The main legislation governing commercial banks in India is the Banking Regulation Act, 1949. Other important laws include the Reserve Bank of India Act, 1934 the Negotiable Instruments Act, 1881 and the Banker's Books Evidence Act, 1891. Additionally, the RBI, from time to time, issues guidelines to be followed by banks. Banking companies are also subject to the purview of the Companies Act, 2013, to the extent applicable, and if such companies are listed on a stock exchange in India then various regulations of the SEBI would additionally apply to such companies, including the Listing Agreements.

Banking Regulation Act, 1949

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions some of which include: (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital structure and earnings prospects; and (iv) that public interest will be served if such license is granted to the bank. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in the public interest, or in the interest of the banking company, or in the interest of its depositors.

RBI has issued guidelines for Commercial banks on several matters including recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for impaired assets. RBI has set up a Board for Financial Supervision, under the chairmanship of the Governor of RBI.

It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities. No shareholder in a bank can exercise voting rights on poll in excess of 10% of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26% in a phased manner. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted to issue perpetual, redeemable or ir-redeemable preference shares in addition to ordinary equity shares.

Further, the Banking Regulation Act, as amended, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, shares or voting rights of a bank directly or indirectly, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5% of the total voting rights of all the shareholders of a banking company from exercising voting rights in excess of 5% of all the shareholders of the banking company, if such person is deemed to be not fit and proper by the RBI.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. Banks are required to take prior approval from the Reserve Bank before any appropriation is made from the statutory reserve or any other reserves.

Certain amendments also permit the RBI to establish a 'Depositor Education and Awareness Fund', which will take over the bank's deposit accounts that have not been claimed or operated for a period of 10 years or more.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The RBI may impose penalties on banks and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment. Banks are also required to disclose the penalty in their annual report.

Regulatory reporting and examination procedures

The RBI is empowered under the Banking Regulation Act to inspect a bank. The RBI monitors prudential parameters at regular intervals. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects. The RBI conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at regular intervals. Further, the RBI also conducts on-site supervision of selected branches with respect to their general operations and foreign exchange related transactions.

Maintenance of records

The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner. Further the Companies Act, 2013, mandates filing of specific record with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act, 2013 and the rules thereunder would apply to our Bank as in the case of any company. The master circular on "Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT)/ Obligation of banks under PMLA, 2002" issued by the RBI on July 1, 2014 also provides for transactional and identification records to be maintained for a minimum period of five years from date of transaction and ten years from the cessation of relationship with the client respectively.

Regulations relating to the opening of branches

As per the "Master Circular on Branch Authorization" dated July 1, 2014 banks may open branches in Tier 1 to Tier 6 centres without permission from the RBI subject to certain conditions mentioned in the circular. Further, prior approval from RBI is not required to shift a branch to any location within the city, town or village. Permission of the RBI is not required for installation of on-site ATMs. Furthermore, since June 2009 the RBI has permitted installation of off-site ATMs at centres identified by banks, without the need for permission from the RBI in each case, provided certain stipulated conditions are met. Further, private sector banks are required to ensure that at least 25% of all the branches opened in a year are in unbanked rural centres.

Capital adequacy requirements

Banks are subject to capital adequacy requirements of the RBI which are based on the guidelines of the Basel Committee on Banking Regulations and Supervisory Practices. Based on this practice, RBI introduced a risk asset ratio system for banks in India as a capital adequacy measure. Under this system, the balance sheet assets, non-funded items and other off-balance sheet exposures are assigned prescribed risk weights and banks have to maintain unimpaired minimum capital funds equivalent to the prescribed ratio on the aggregate of the risk weighted assets and other exposures on an on-going basis. Under the "Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline- New Capital Adequacy Framework" dated July 1, 2014 , requires banks to maintain unimpaired minimum capital funds equivalent to the prescribed Capital to Risk weighted Assets Ratio a

CRAR of 9% on the aggregate of the risk weighted assets and other exposures on an on-going basis and also a Tier 1 CRAR of 6% and 7% as per Base II and III respectively.

The total capital of a banking company is classified into Tier I and Tier II capital. Tier I capital, i.e., the core capital, provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and reserves consisting of any statutory reserves, free reserves and capital reserve representing surplus arising out of sale proceeds of assets as reduced by Equity investments in subsidiaries, intangible assets, and losses in the current period and those brought forward from the previous period. A bank's deferred tax asset is to be treated as an intangible asset and deducted from its Tier I capital.

Tier II capital takes on characteristics similar to equity and undisclosed reserves, and comprises of the undisclosed reserves and irredeemable cumulative perpetual fully paid-up preference shares, revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.25% of risk weighted assets), investment fluctuation reserve, hybrid debt capital instruments (which combine certain features of both Equity and debt securities) and subordinated debt (excluding such debt with initial maturity of less than 5 years or remaining maturity of less than one year). Any subordinated debt is subject to progressive discounts each year for inclusion in Tier II capital and total subordinated debt considered as Tier II capital cannot exceed 50.0% of Tier I capital. Tier II capital cannot exceed Tier I capital.

Banks are required to compute the Capital Adequacy ratios under Basel II and Basel III. The Basel II Framework has three Pillars. The Pillar 1 is the minimum capital requirements while the Pillar 2 and Pillar 3 relate to the supervisory review process (SRP) and market discipline, respectively. The Pillar 2 of the framework makes the Basel II much more comprehensive in its coverage of the universe of various risks to which the banks are exposed vis-à-vis the Basel I Framework of 1988, which addressed only the credit risk and market risk. While the guidelines on Pillar 1 and Pillar 3 were issued by the Reserve Bank in April 2007, the guidelines regarding the Pillar 2, comprising the SRP and ICAAP, were issued in March, 2008. While the basic elements of Basel II framework have been put in place, the banks and the supervisors need to build in capabilities for adoption of advanced approaches under Basel II.

The RBI Basel III guidelines were introduced in May 2012 and become effective from April 1, 2013 in a phased manner. In March 2013, the RBI deferred the implementation of credit valuation adjustment risk capital charges to January 1, 2014 due to certain issues related to introduction of mandatory forex forward guaranteed settlement through a central counterparty. On December 31, 2013, RBI further extended the abovementioned implementation timeline to April 1, 2014. Basel III capital regulations will be fully implemented by March 31, 2019.

Transitional Arrangements-Scheduled Commercial Banks

(% of RWAs)

Minimum capital ratios	1-Apr-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
Minimum Common Equity Tier 1 (CET1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital conservation buffer (CCB)	-	-	-	0.625	1.25	1.875	2.5
Minimum CET1+ 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 deductions from CET1 (in %) #	20	40	60	80	100	100	100

** The difference between the minimum total capital requirement of 9% and the Tier 1 requirement can be met with Tier 2 and higher forms of capital;*
 # The same transition approach will apply to deductions from Additional Tier 1 and Tier 2 capital.

Liquidity coverage ratio

The Basel III Framework on Liquidity Standards introduced two liquidity ratios i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as well as liquidity risk monitoring tools. In this regard, the RBI issued draft guidelines in November 2012, which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to the RBI on liquidity positions. Further, RBI vide Circular DBOD.BP.BC.No.120 /

21.04.098/2013-14 dated June 9, 2014 stipulated the LCR requirement for banks which are made effective from January 1, 2015. The time-line provided by RBI to banks is as below:

	01.01.2015	01.01.2016	01.01.2017	01.01.2018	01.01.2019
Minimum LCR	60%	70%	80%	90%	100%

Prudential norms on income recognition, asset classification and provisioning pertaining to advances ("Prudential Norms")

In April 1992, RBI issued prudential norms on income recognition, asset classification, provisioning standards and valuation of investments applicable to banks, applicable from the financial year 1992-93, which are revised from time to time.

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" ("**Prudential Norms**") issued on July 1, 2014, provides the basis for treating various credit facilities as non-performing and the major guidelines are set forth below
NPA

A non-performing asset (NPA) is a loan or an advance where;

i. Interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
ii. the account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC),
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,
vi. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected.

Out-of-Order

An account should be treated as 'out of order' if 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, but 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, these accounts should be treated as 'out of order'.

Asset Classification

The aforesaid circular, classifies NPAs into (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets.

1. Substandard Assets:

   With effect from March 31, 2005, a substandard asset would be one, which has remained NPA for a period less than or equal to 12 months. Such an asset will have well defined credit weaknesses that jeopardise the liquidation of the debt and are characterised by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected

2. Doubtful Assets:

With effect from March 31, 2005, an asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

3. Loss Assets:

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

There are separate guidelines for projects under implementation, which are based on the achievement of financial closure and the date of approval of the project financing.

For certain category of advances, banks were permitted to continue the standard asset classification status on successful implementation of restructuring package. This regulatory dispensation will not be available from April 1, 2015 which means that with effect from April 1, 2015, a standard account on restructuring, for reasons other than change in Date of Commencement of Commercial Operations (DCCO), would be immediately classified as sub-standard on restructuring.

Provisioning and Write offs:

Provisions are based on guidelines specific to the classification of the assets. The following guidelines apply to the various asset classifications.

Standard Assets:

The provisioning requirements for all types of standard assets is to be done as below:

a. direct advances to agricultural and Small and Micro Enterprises (SMEs) sectors at 0.25 per cent;
b. advances to Commercial Real Estate (CRE) Sector at 1.00 per cent;
c. advances to Commercial Real Estate – Residential Housing Sector (CRE - RH) at 0.75 per cent
d. housing loans extended at teaser rates: the standard asset provisioning on the outstanding amount of such loans has been increased from 0.40 per cent to 2.00 per cent in view of the higher risk associated with them. The provisioning on these assets would revert to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates if the accounts remain 'standard'
e. the RBI revised the "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to the revised guidelines the provisioning requirement has been increased to 5% in respect of new restructured standard accounts (flow) with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as of March 31, 2013 as follows:
    i) 3.50 per cent - with effect from March 31, 2014 (spread over the four quarters of 2013-14)
    ii) 4.25 per cent - with effect from March 31, 2015 (spread over the four quarters of 2014-15)
    iii) 5.00 per cent - - with effect from March 31, 2016 (spread over the four quarters of 2015-16);
f. All other loans and advances not included above at 0.40 per cent.

Substandard asset

A general provision of 15 percent on total outstanding should be made without making any allowance for ECGC guarantee cover and securities available. The 'unsecured exposures' which are identified as 'substandard' would attract additional provision of 10 per cent, i.e., a total of 25 per cent on the outstanding balance.

Doubtful asset

a) 100 percent of the extent to which the advance is not covered by the realisable value of the security to which the bank has a valid recourse and the realisable value is estimated on a realistic basis.
b) In regard to the secured portion, provision may be made on the following basis, at the rates ranging from 25 percent to 100 percent of the secured portion depending upon the period for which the asset has remained doubtful:

Period for which the advance has remained in 'doubtful' category	Provision requirement (%)
Up to one year	25
One to three years	40
More than three years	100

Loss Assets:

Loss assets are to be written off. If loss assets are permitted to remain in the books for any reason, 100 percent of the outstanding is to be provided for.

Accelerated provisioning

In cases where banks fail to report SMA status of the accounts to CRILC or resort to methods with the intent to conceal the actual status of the accounts or evergreen the account, banks are subjected to accelerated provisioning for these accounts and/or other supervisory actions as deemed appropriate by RBI.

Corporate debt restructuring mechanism ("CDR system")

The institutional mechanism for restructuring has been set up through establishment of the CDR system in 2001. It is a joint forum of all banks and financial institutions and operates as a non-judicial body. The CDR system operates on the principle of super-majority amongst the participating banks and financial institutions for a particular advance. The Prudential Norms as mentioned above equally apply to the accounts restructured under the CDR system.

Law relating to Recovery of NPAs

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The Prudential Norms issued by the RBI describe the process to be followed for sale of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass-through-certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

Pursuant to the amendment of the SARFAESI Act in January 2013, means for recovery of assets available to banks and financial institutions have been strengthened. Further, banks and financial institutions have been empowered to accept immovable property in full or partial satisfaction of the bank's claim against the defaulting borrower at times when they cannot find a buyer for the securities. The amendment also enables banks and financial institutions to enter into a settlement or compromise with the borrower and empowers DRTs to pass an order acknowledging any such settlement or compromise.

Sale of Financial assets

RBI has issued a master circular detailing guidelines for sale of financial assets to SC/RC. It broadly covers the assets which can be sold, procedure to be followed for sale, valuation norms and disclosure requirements.

Financial assets which can be sold:

A financial asset may be sold to the SC/RC by any bank where the asset is:

i) An NPA, including a non-performing bond/ debenture.

ii) Standard Asset where:

  (a) the asset is under consortium/ multiple banking arrangements,

  (b) at least 75% by value of the asset is classified as nonperforming asset in the books of other banks/FIs, and

  (c) at least 75% (by value) of the banks / FIs who are under the consortium / multiple banking arrangements agree to the sale of the asset to SC/RC, and

iii) An asset reported as SMA-2 by the bank / FI to CRILC in terms of DBOD.BP.BC.No.98/21.04.132/2013-14 February 26, 2014.

Procedure to be followed for sale of assets:

The guidelines provide for sale of financial assets on with recourse/without recourse basis in accordance with a policy approved by the Board. Banks should ensure that subsequent to sale of the financial assets to SC/RC, they do not assume any operational, legal or any other type of risks relating to the financial assets sold.

Banks may receive cash or bonds or debentures as sale consideration for the financial assets sold to SC/RC. Bonds/ debentures received by banks as sale consideration towards sale of financial assets to SC/RC will be classified as investments in the books of banks.

Banks may also invest in security receipts, pass-through certificates (PTC), or other bonds/ debentures issued by SC/RC. These securities will also be classified as investments in the books of banks. In cases of specific financial assets, where it is considered necessary, banks may enter into agreement with SC/RC to share, in an agreed proportion, any surplus realised by SC/RC on the eventual realisation of the concerned asset. No credit for the expected profit will be taken by banks until the profit materializes on actual sale.

Valuation norms:

When a bank sells its financial assets to SC/ RC, on transfer the same will be removed from its books. If the sale is at a price below the NBV, the shortfall should be debited to P&L account. Banks can also use countercyclical provisions for meeting such shortfall. For Assets sold on or after 26.02.2014 up to 31.03.2015, Banks can spread the shortfall over a period of two years.

For Assets sold before 26.02.2014, excess provision on account of sale should not be reversed but utilised to meet the shortfall/loss on sale. For Assets sold on or after 26.02.2014, Banks can reverse the excess provision on sale to P&L account. Reversal of excess provision will be limited to the extent to which cash received exceeds the NBV of the asset.

The security receipts/PTCs shall be recognized in the books at the lower of redemption value of SR/PTC and the NBV of the asset. The securities (bonds/debentures) offered by SC/RC should satisfy the conditions as laid down in the circular with regard to term, rate of interest, charge on assets, prepayment, redemption and transfer to any other party.

All instruments received by banks/FIs from SC/RC as sale consideration for financial assets sold to them and also other instruments issued by SC/ RC in which banks/ FIs invest will be in the nature of non SLR securities. Accordingly, the valuation, classification and other norms applicable to investment in non-SLR instruments prescribed by RBI from time to time would be applicable to bank's/ FI's investment in debentures/ bonds/ security receipts/PTCs issued by SC/ RC. However, if any of the above instruments issued by SC/RC is limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme the bank/ FI shall reckon the Net Asset Value (NAV), obtained from SC/RC from time to time, for valuation of such investments.

Exposure norms:

In view of the extra ordinary nature of event, banks/ FIs will be allowed, in the initial years, a relaxation on the exposure ceiling on a case-to-case basis.

In addition to the above, the circular also provides Guidelines on purchase/ sale of Non - Performing Financial Assets (other than to SC/RC).

RDDBFI Act, 1993

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹ 10 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts, and such debt recovery tribunals may pass orders for directions including recovery by the bank or financial institution of such dues as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective debt recovery tribunal, directions for attachment of the properties secured towards the dues to the bank or financial institution, injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties, appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues payable to the applicant banks and financial institutions. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act. Upon enactment of the RDDBFI Act, all original suits filed before various courts and authorities in India were transferred before the debt recovery tribunals in the same jurisdiction for adjudication and disposal."

Regulations relating to Making Loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. In addition, the RBI also issues directions in relation to the loan activities of banks. Some of the major requirements that banks are to observe are as follows:

The RBI has prescribed norms for banks' lending to non-bank financial companies and the financing of public sector disinvestment.

RBI introduced the 'Base Rate' in place of the 'Benchmark Prime Lending Rate' with effect from July 1, 2010. For loans sanctioned up to June 30, 2010, BPLR would be applicable. However, for those loans sanctioned up to June 30, 2010 which comes up for renewal from July 1, 2010 onwards, Base Rate would be applicable.

With a view to providing banks greater operational flexibility, RBI has allowed banks to review the Base Rate methodology after three years from date of its finalization instead of the current periodicity of five years. Accordingly, banks may change their Base Rate methodology after completion of prescribed period with the approval of their board of directors/ ALCO. Banks will, however, not be allowed to change their methodology during the review cycle.

Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them. Section 20 of the Banking Regulation Act provides that banks shall not grant loans on the security of their own shares. Further, banks cannot grant loans or advances to or on behalf of their directors.

Directed Lending

Priority sector lending

The RBI circular on "Priority Sector Lending- Targets and Classification" dated July 1, 2014 along with RBI circulars dated July 24, 2013, August 14, 2013, November 25, 2013, January 31, 2014 and March 12, 2014 set out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks are (i) agriculture; (ii) MSE; (iii) education; (iv) retail trade; (v) micro credit and (vi) housing. While export credit is no longer a separate category under this circular, export credit for eligible activities under agriculture and MSE will be reckoned for priority sector lending under respective categories. Under the RBI guidelines, the priority sector lending targets are linked to ANBC (net bank credit plus investments made by banks in non-statutory liquidity bonds included in the Held To Maturity category and not taking into account the recapitalisation bonds floated by the Government) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on March 31 of the previous year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, , with agricultural advances required to be 18.0% of net bank credit and advances to weaker sections required to be 10.0% of net bank credit.

Export Credit

RBI also requires commercial banks to make loans to exporters at concessional rates of interest. This enables exporters to have access to an internationally competitive financing option. Export credit is not a separate category of Priority Sector Lending. Export credit to eligible activities under agriculture and MSE will be reckoned for priority sector lending under respective categories.

Exposure norms

Credit Exposure: Credit exposure comprises the following elements:

(a) All types of funded and non-funded credit limits.
(b) Facilities extended by way of equipment leasing, hire purchase finance and factoring services

As a prudential measure aimed at better risk management and avoidance of concentration of credit risk, the Reserve Bank of India has advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed regulatory limit's on bank's exposure to individual (15% of capital funds) and group borrowers (40% of capital funds) in India. Credit exposure to a single borrower may exceed the exposure norm of 15 percent of the bank's capital funds by an additional 5 percent (i.e. up to 20 percent) provided the additional credit exposure is on account of extension of credit to infrastructure projects. However, Bank can consider enhancing the exposure to a borrower (single as well as group) up to a further 5 percent of capital funds subject to Board's approval and borrower's consent for appropriate disclosures in Annual Reports.

Relaxations are permitted in exceptional circumstances and if lending to the infrastructure sector. The total exposure to a single NBFC has been limited to 10% of the bank's capital funds while exposure to non-banking asset finance company has been restricted to 15% of the bank's capital funds. The limit may be increased to 15% and 20%, respectively, provided that the excess exposure is on account of funds lent by the NBFC to the infrastructure sector.

The exposure limits will also be applicable to lending under consortium arrangements.

The bank should make appropriate disclosures in the 'Notes on account' to the annual financial statements in respect of the exposures where the bank had exceeded the prudential exposure limits during the year.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, as on March 31 of the previous year.

In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures /bonds, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs).

Country Risk Provisioning

Banks are required to make provision for country risk in respect of a country where its net funded exposure is one per cent or more of its total assets.

Banks Invesment Classification and Valuation Norms

The salient features of the RBI's guidelines on investment classification and valuation are given below:

(i). Classification:
The entire investment portfolio is required to be classified under three categories: (a) Held to Maturity; (b) Held for Trading; and (c) Available for Sale. Banks should decide the category of investment at the time of acquisition. All Investments are accounted for on settlement dates. 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.

(ii). 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. RBI has decided to bring down the ceiling on SLR securities under the HTM category from 24 per cent of NDTL to 22 per cent (w.e.f 19.09.2015) in a graduated manner.

(iii). 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.

(iv). Valuation of Securities:
a) Investments in "Held to Maturity" category are accounted for at acquisition cost or at amortised cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortised over the period remaining to maturity using Constant Yield Method. Such amortisation 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.
b) Securities classified as "Available for Sale" are marked to market scrip-wise on a quarterly basis and net depreciation in each category is provided for, while net appreciation is ignored.
c) 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.
d) Treasury Bills and Certificate of Deposits are valued at carrying cost.
e) Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/Securitisation Company.
f) Profit on sale of investments in 'Held to Maturity' category is recognised in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves is appropriated to Capital Reserve.

(v). 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.

Limit on Transactions through Individual Brokers

RBI specifies a limit of 5% of total transactions through brokers (both purchase and sales) entered into by a bank during a year should be treated as the aggregate upper contract limit for each of the approved brokers.

Short-selling

Short Sale' is defined as sale of securities which are not owned by bank. As per the RBI guidelines banks and primary dealers are allowed to undertake short sale of government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the 'when issued market' or allotment in primary auction.

***Regulations relating to deposit*s**

As per the Master Circular on *"Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts"*, dated July 1, 2014, issued by RBI, banks are permitted to independently determine rates of interest offered on Domestic/NRO Accounts (minimum period of seven days) as well as term deposits of maturity of one year and above under NRE deposit accounts. However, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee depositsFurther, banks are not permitted to pay interest rates on current account deposits. In respect of savings and time deposits accepted from employees, banks are permitted by the RBI to pay an additional interest of one per cent over the interest payable on deposits from public.

Deposit insurance

Demand and time deposits of up to ₹ 100,000 accepted by Indian banks (other than primary co-operative societies) have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer.

Regulations relating to Knowing the Customer and Anti-Money Laundering

Prevention of Money Laundering Act, 2002

In order to prevent money laundering activities the PMLA was enacted which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the PMLA.

Regulations relating to KYC and anti-money laundering

The RBI issued a master circular on July 1, 2014 consolidating the guidelines for KYC and anti-money laundering procedures. With effect from April 1, 2012, banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument. Further, banks are required to frame their KYC policies incorporating (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management.

Statutory Reserve Requirements

CRR

A bank company is required to maintain, a specified percentage of its Demand and Time Liabilities, excluding interbank deposits, by way of a balance in a current account with the RBI. At present the required CRR is 4%. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and should not be below 95% of the required CRR on any day of the fortnight. The RBI may impose penal interest if CRR is not maintained as per the regulations.

SLR

In addition to the CRR, a bank is required to maintain SLR, a specified percentage of its NDTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banks to maintain SLR of 21.5%. Further, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the marginal standing facility, against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 1% of their respective NDTL outstanding at the end of the second preceding fortnight. The fourth bi-monthly monetary policy 2014-15 of RBI also stipulates the facility of liquidity up to 5 % of NDTL, in addition to MSF.

Regulations on Liquidity Risk Management

At present, RBI's regulations for asset liability management require banks to draw up asset-liability gap statements. These gap statements are prepared by scheduling all assets and liabilities according to the stated and anticipated re-pricing date, or maturity date and behaviour studies that may be conducted by banks.

RBI stipulates formulating of a contingency funding plan (CFP), conduct of stress testing at regular intervals, establishing an effective funding strategy, proper management of intra-day liquidity, etc. In relation to liquidity Risk management, banks are also required to adhere to the regulatory limits prescribed to reduce the extent of concentration on the liability side of the banks which includes IBL limit, call money borrowing, call money lending, etc.

Regulations relating to authorised dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. All branches should monitor all non-resident accounts to prevent money laundering. The RBI master circular on "External Commercial Borrowings and Trade Credits", dated July 1, 2014, states that no financial intermediary, including banks, will be permitted to raise external commercial borrowings or provide guarantees in favour of overseas lenders for external commercial borrowings.

The RBI master circular on "Risk Management and Interbank Dealings", dated July 1, 2014, states that all categories of overseas foreign currency borrowings of banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or USD $ 10 million (or its equivalent), whichever is higher. Overseas borrowings for the purpose of financing export credit, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital, capital funds raised/ augmented by the issue of innovative perpetual debt instruments and any other overseas borrowings with the specific approval of the RBI would continue to be outside the limit of 100%.

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalised expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 20% of the net profit before appropriations to the reserve fund before declaring any dividend, (As per RBI requirements, banks should transfer not less than 25% of the net profit before appropriations to the reserve fund.) Further, in May 2005, the RBI issued guidelines on "Declaration of Dividends by Banks", which prescribed certain conditions for declaration of dividends by banks.

Appointment and Remuneration of the Chairman, Managing Director and Other Directors

Banks are required to obtain prior approval of RBI before appointing the chairman and managing director and any other whole-time directors and fix their remuneration. RBI is empowered to remove an appointee to the posts of chairman, managing director and whole-time directors on the grounds of public interest, interest of depositors or to ensure our proper management. Further, RBI may order meetings of our Board of Directors to discuss any matter in relation to us appoint observers to such meetings and in general, may make such changes to the management as it may deem necessary and may also order the convening of a general meeting of our shareholders to elect new directors.

Issue of Bonus Shares

Banks require a prior permission of RBI to issue bonus shares as prescribed under the Banking Regulation Act.

Secrecy obligations

A bank's obligations relating to maintaining secrecy arise out of common law principles governing its relationship with its customers. The practices and usages customary among bankers are to be observed by all banks subject to certain exceptions, a bank cannot disclose any information to third parties. Further, the RBI may, in the public interest, publish the information obtained from the bank.

Regulations and guidelines of SEBI

SEBI was established to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market. Banks are subject to SEBI regulations for equity and debt capital issuances, banker to the issue, custodial and depositary participant activities. These regulations provide for our registration with the SEBI for each of these activities, functions and responsibilities. Banks are required to adhere to a code of conduct applicable for these activities.

Foreign Ownership restrictions

The total foreign ownership in a private sector bank cannot exceed 74.00% (49.00% under the automatic route and beyond 49.00% and up to 74.00% under the approval route) of the paid-up capital subject to guidelines for setting up branches or subsidiaries of foreign banks issued by the RBI. Shares held by FIIs/ FPIs cannot exceed 24.00% of the paid-up capital of a bank unless approved by the board of directors as well as the bank's shareholders by way of a special resolution. However, FIIs/ FPIs cannot hold more than 49% of the paid-up capital of the bank. Similarly, the aggregate shareholding of NRIs cannot exceed 10% of the paid-up capital of a bank unless approved by the board of directors and the shareholders in special resolution.

Investments in Indian companies can be made both by non-resident and resident Indian entities. While investment by a non-resident entity in an Indian company is considered a foreign investment, investment by resident Indian entities could also comprise a non-resident investment. If the Indian investing company is 'owned' or 'controlled' by non-resident entities, investments made by such an investing company into an Indian company may also be considered as a foreign investment.

Income Tax Benefits

As a banking company, our Bank is entitled to certain tax benefits under the Income Tax Act including the following:

(i). The bank's dividend income is exempt from income tax. As per the provisions of Section 14A of the Income-tax Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the method as may be prescribed under rule 8D subject to and in accordance with the provisions contained therein.

(ii). The bank is entitled to a tax deduction on the provisioning towards bad and doubtful debts equal to 7.50% of the bank's total business income, computed before making any deductions prescribed under Section 36(1)(viii)(a) of the I.T. Act, and to the extent of 10.00% of the aggregate average advances made by our rural branches computed in the manner prescribed.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On February 3, 2009, the said scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the scheme.

Payment and Settlement Systems Act

The Payment and Settlement Systems Act, 2007 was introduced to provide for the regulation and supervision of payment systems by the RBI. The said act authorizes the RBI to permit the setting up and continuance of payment and settlement systems, to set standards, to call for returns and information, to audit and inspect, to issue directions, and to impose penalties and initiate prosecution for violations of the said act.

Guidelines for merger and amalgamation of private sector banks

The RBI issued the "Guidelines on Mergers and Amalgamation of Private Sector Banks" in May 2005. The guidelines relate to: (i) an amalgamation of two banking companies; and (ii) an amalgamation of a NBFC with a banking company. In the case of an amalgamation of two banking companies, the draft scheme of amalgamation must be approved by the board and majority of the shareholders of each of the banking companies. Additionally, such approved draft scheme must also be submitted to the RBI for sanction.

Where a NBFC is proposed to be amalgamated into a banking company, the banking company should obtain the approval of the board and the RBI before it is submitted to the relevant high court for approval.

Guidelines on management of intra-group transactions and exposures

The RBI issued the "Guidelines on Management of Intra-Group Transactions and Exposures" on February 11, 2014. Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

RBI issued a circular relating to "Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure" on January 15, 2014. Pursuant to these guidelines, RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from April 1, 2014.

Framework for revitalising distressed assets in the economy

RBI issued the framework for revitalising distressed assets in the economy on January 30, 2014 which lays down the corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. The salient features of this framework include, inter alia, (a) early formation of a lenders' committee with timelines to agree to a plan for resolution, (b) incentives for lenders to agree collectively and quickly to a plan - better regulatory treatment of stressed assets if a resolution plan is underway, accelerated provisioning if no agreement can be reached, and (c) independent evaluation of large value restructurings mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors. This framework became fully effective on April 1, 2014.

Classification and Reporting of Fraud Cases

The RBI issued a master circular on July 1, 2014 in relation to the classification and reporting of fraud cases. The circular classifies fraud cases into:(i) misappropriation and criminal breach of trust; (ii) fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property; (iii) unauthorised credit facilities extended for reward or for illegal gratification; (iv) negligence and cash shortages; (v) cheating and forgery; (vi) irregularities in foreign exchange transactions and; (vii) any other type of fraud not coming under the specific heads as above. Information relating to frauds for the quarters ending June, September and December may be placed before the audit committee of the board of directors during the month following the quarter to which it pertains, irrespective of whether or not these are required to be placed before the board/management committee in terms of the calendar of reviews prescribed by the RBI. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The reviews for the year-ended March may be put up to the Board before the end of the next quarter i.e. for the quarter ended June 30 and such reviews need not be sent to RBI. These may be preserved for verification by the Reserve Bank's inspecting officers. Further, the circular requires all banks to constitute a special committee for monitoring and follow up of cases of frauds involving amounts of ₹10 million and above exclusively, while the audit committee may continue to monitor all cases of fraud in general. The special committee is required to review such fraud cases as and when they come to light. The special committee in case of private sector banks should consist of two members of the audit committee of the board and two members from the Board excluding the RBI nominee.

Term Repo borrowing by banks

Repo means an instrument for borrowing funds by selling securities of the central Government or a state Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities, with an agreement to repurchase the said securities on a mutually agreed future date at an agreed price which includes interest for the fund borrowed. If the period is fixed and agreed in advance, it is a term repo where either party may call for the repo to be terminated at any time although requiring one or two day's' notice. Term repo is a year and half old window for providing liquidity to the banking system. Through Term repo auctions of 7-day and 14-day tenors for a combined notified amount equivalent to 0.75 per cent of NDTL of the banking system are conducted by the Reserve Bank through variable rate auctions on every Friday, since the beginning of October 11, 2013. Additional term repos of tenors ranging from 5-day to 28-day have also been auctioned on the basis of periodic assessment of liquidity conditions. The notified amount and tenor of the term repo auctions is announced prior to the dates of the auctions.

Liquidity Adjustment Facility:

RBI implemented Liquidity Adjustment Facility (LAF) from June 5, 2000. Pursuant to the recommendations of the Narasimham Committee Report on Banking Reforms (Narasimham Committee II), it was decided in principle, to introduce a LAF operated through repo and reverse repo. LAF is a facility extended by the RBI to the scheduled commercial banks (excluding RRBs) and primary dealers to avail of liquidity in case of requirement or park excess funds with the RBI in case of excess liquidity on an overnight basis against the collateral of Government securities including State Government securities. Basically LAF enables liquidity management on a day to day basis. The operations of LAF are conducted by way of repurchase agreements with RBI being the counter-party to all the transactions. The interest rate in LAF is fixed by the RBI from time to time. LAF is an important tool of monetary policy and enables RBI to transmit interest rate signals to the market.

Collateralised Borrowing and Lending Obligation:

RBI in its Mid-term Review Policy and Credit Policy for the year 2002-03, mooted for introduction of Collateralised Borrowing and Lending Obligation (CBLO) and vide its letter No. MPD.227/07.01.279/2002-03, dated December 20, 2002 decided to permit CBLO developed by CCIL. CBLO segment was introduced with effect from January 20, 2003. CBLO is a money market instrument operated by the Clearing Corporation of India Limited (CCIL), for the benefit of the entities who have either no access to the inter-bank call money market or have restricted access in terms of ceiling on call borrowing and lending transactions. CBLO is a discounted instrument available in electronic book entry form for the maturity period ranging from one day to ninety days (up to one year as per RBI policy). By participating in the CBLO market, CCIL members can borrow or lend funds against the collateral of eligible securities. Borrowers in CBLO have to deposit the required amount of eligible securities with the CCIL based on which CCIL fixes the borrowing limits. CCIL matches the borrowing and lending orders submitted by the members and notifies them. While the securities held as collateral are in custody of the CCIL, the beneficial interest of the lender on the securities is recognized through proper documentation.

Loans to Micro Small and Medium Enterprises (MSEs)

Pursuant to RBI's Master Circular on Lending to Micro, Small and Medium Enterprises (MSME) Sector, dated July 1, 2014, advances to micro and small enterprises (MSE) sector shall be reckoned in computing achievement under the overall Priority Sector target of 40 percent of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher. Bank loans above ₹ 50 million per borrower / unit to Micro and Small Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006 shall not be reckoned in computing achievement under the overall above Priority Sector targets. In terms of the recommendations of the Prime Minister's Task Force on MSMEs, banks are advised to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts.

In order to ensure that sufficient credit is available to micro enterprises within the MSE sector, banks are to ensure that, (a) 40 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises having investment in plant and machinery up to ₹ 1 million and micro (service) enterprises having investment in equipment up to ₹ 0.40 million; (b) 20 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises with investment in plant and machinery above ₹ 1 million and up to ₹ 2.50 million, and micro (service) enterprises with investment in equipment above ₹ 0.40 million and up to ₹ 1 million. Thus, 60 per cent of MSE advances should go to the micro enterprises.

RBI's Master Circular on Loans and Advances – Statutory and Other Restrictions, dated July 1, 2014 prescribes that MSE units having working capital limits of up to Rupees fifty million from the banking system are to be provided working capital finance computed on the basis of 20 percent of their projected annual turnover. The banks are directed to adopt the simplified procedure in respect of all MSE units which includes new as well as existing.

Non – Agricultural Gold Loans

Pursuant to RBI notifications titled "Non-Agriculture Loans against Gold Ornaments and Jewelry" dated December 30, 2013, "Loans against Gold Ornaments and Jewellery for Non-Agricultural End-uses" dated July 22, 2014 and subject to conditions specified in afore-mentioned notification, RBI has permitted bullet repayment of loan extended against pledge of gold ornaments and jewellery for other than agricultural purposes. RBI with its another notification titled, "Lending against Gold Jewellery", dated January 20, 2014, prescribed a Loan to Value (LTV) Ratio of not exceeding 75 per cent for banks' lending against Gold jewellery (including bullet repayment loans against pledge of gold jewelry). Therefore, loans sanctioned by banks cannot exceed 75 per cent of the value of gold ornaments and jewellery.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Bank

Our Bank was incorporated on November 26, 1920 under the Indian Companies Act, 1913 as 'The Catholic Syrian Bank Limited'. A fresh certificate of incorporation under the Companies Act, 1956 was issued by the RoC on April 14, 1987. The registration number of our Bank is 000175 and our CIN number is U65191KL1920PLC000175.

In 1964 and 1965, our Bank took over the assets and liabilities of six small and medium sized banks located in Kerala. In August 1969, our Bank was included in the second schedule to the Reserve Bank of India Act, 1934 and in 1975, our Bank attained the status of 'A' Class scheduled Bank.

Changes in our Registered Office

The Registered Office of our Bank is currently located at CSB Bhavan, Post Box 502, St. Mary's College Road, Thrissur 680 020, Kerala, India. Further, the RegisteredOffice of our Bank was shifted to its current location on January 30, 1978 to facilitate operational convenience.

Major Events and Milestones

The following table illustrates the major events and milestones in the history of our Bank:

Calendar year	Key events, milestones and achievements
1920	Incorporation of our Bank
1945	Our Bank celebrated its silver jubilee
1964-65	Our Bank took over the assets and liabilities of six small and medium sized banks located in Kerala
1969	Our Bank included in the second schedule to the Reserve Bank of India Act, 1934
1970	Our Bank celebrated its golden jubilee
1972	Opened our first branch in the state of Maharashtra
1973	Opened our first branch in the state of Karnataka
1980	Our Bank celebrated its diamond jubilee
1995	Our Bank celebrated its platinum jubilee
2003	Changed the logo and colour scheme to create a new image of our Bank
2004	Total business (advances plus deposits) crossed ₹ 50,000 million
2007	Investment of ₹ 332.97 million by AIF Capital Development Limited, GPE III Mauritius Direct Investment Limited and Singuler Guff Bric Mauritius
2009	Total business (advances plus deposits) crossed ₹ 100,000 million
2013	Total business (advances plus deposits) crossed ₹ 200,000 million
	Entered in to an agreement with Edelweiss Tokio Life Insurance Company Limited to distribute life insurance products

Strike and lock-outs

In the year 2007, our Bank's Kolkata branches (Lal Bazar and Burra Bazar) were closed for 93 days due to the strike called for by The Catholic Syrian Bank Ltd Staff Union. Other than strikes by our unionized employees on account of national labor strikes which affected the entire unionized banking sector, our Bank has not experienced any strikes, lock-outs and employee unrest in the last five years.

Changes in activities of our Bank

There have been no changes in the activities of our Bank since the last five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Bank

There have been no defaults or rescheduling of borrowings with financial institutions, other banks, conversion of loans into equity in relation to our Bank.

Capital raising (Equity/ Debt)

Our equity issuances in the past and details of our indebtedness as on December 31, 2014 have been provided in sections titled "*Capital Structure*" and "*Financial Indebtedness*" on pages 81 and 248, respectively.

Our Bank has not undertaken any public offering of debt instruments since its inception.

Pre-IPO Placement

Our Bank, in consultation with the BRLMs, is considering the Pre-IPO Placement of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹ 1,500 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.

Our Main Objects

Our objects as contained in our Memorandum of Association are:

Clause 3	Particulars
a)	To establish and carry on the business of banking at the registered or head office of the company at Thrissur and at such other branches, offices, departments, agencies at such places in India or abroad as may, from time to time, be determined by the directors.
b)	To carry on the business of receiving or accepting deposits of money as current, fixed, savings deposits, provident deposits or otherwise, withdrawable by cheque, draft or order or in any other permissible manner, and to carry on the business of a bank as referred to herein at its offices, branches and departments.
c)	To borrow, raise or accept money; to lend or advance money either upon or without security or in any other way; to draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hoondees, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not and to advance money on the security of them; to negotiate and issue loans and advances; to grant and issue letters of credit, traveller's cheques and circular notes; to buy, sell and deal in silver and gold in bullion and specie, coins or otherwise in any form, foreign exchange including foreign bank notes; to subscribe, acquire, hold, issue on commission, underwrite and deal in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; to purchase and sell bonds, scrips or other forms of securities for and on behalf of constituents or others; to receive all kinds of bonds, scrips, documents and other valuables as deposit or for safe custody or otherwise, and to provide for safe deposit vaults; to convert the movable and immovable properties of the constituents and others into money, collect and pay them; and to collect and transmit money, securities and instruments.
d)	To act as agents for any Government or local authority or any other person or persons; and to transact all kinds of agency business which are ordinarily transacted by banks on behalf of customers and others, and to act as attorneys and to give discharges and receipts.
e)	To effect, insure, guarantee, underwrite, and participate in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and to lend money for the purpose of any such issue.
f)	To carry on and transact every kind of guarantee and indemnity business.
g)	To promote or finance or assist in promoting or financing any business, undertaking or industry, either existing or new, and to develop or form the same under the constitution of company or otherwise, either through the instrumentality of syndicates or otherwise, as may be permissible under the provisions of the Banking Regulation Act, 1949 as amended or modified from time to time or under other regulatory guidelines.
h)	To undertake, create and execute trusts; and to undertake the administration of estates as executor, trustee, administrator or otherwise.
i)	To establish and support or to aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons; to grant pensions and allowances and to make payments towards insurance; to subscribe to or guarantee moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

Clause 3	Particulars
j)	To deposit money with other banks by way of current deposits, fixed deposits and otherwise with or without interest, to accept bills of exchange, hundies and other negotiable instruments and to endorse the same to bankers and to do all such banking business as are generally done by bankers with bankers and others.
k)	To incur expenses of a sum not exceeding ten percent of the net profits of the company for all such matters which in the opinion of the company are for the benefit of the banking business, for the safety of the bankers and for the convenience of the members and for carrying out of the same.
l)	To purchase, to take on kanom, lease or rent or acquire by other means any immovable property or any rights therein as the company may think necessary or convenient, with reference to any of the objects and to construct buildings or any other works necessary for the Bank.
m)	To hold or purchase shares, stocks, debentures or other rights of such a company whose objects are similar to those of all or some of this company or whose business can be profitably conducted by this company and accept ownership thereof and to purchase the business of any similar company with all or some of the assets and liabilities and amalgamate the same with the business of this company or to manage the same on special contract or as mortgagee or in any other manner.
n)	To start one or more companies with a view to purchase the properties, assets and liabilities of this company as a whole or by part for any other matter which the company thinks will be for its benefit and to reconstruct any other company having transaction with this company and amalgamate with it and to work as promoters, receivers & liquidators for such purposes.
o)	To promote, set-up, establish, incorporate, register or otherwise bring into existence subsidiary or associate companies, firms, trusts or any other form of organisation either singly or in association with other Banks/Financial Institutions for the purpose of undertaking and carrying on merchant banking activities, leasing and hire purchase businesses, housing including housing finance, factoring and forfaiting services as may be permitted by the Reserve Bank of India.
p)	To promote, set-up, establish, incorporate, register or otherwise bring into existence subsidiary or associate companies, joint ventures, either singly or in association with other banks/institutions/ companies/Agencies, as provided under the Banking Regulation Act, 1949 and other relevant enactments, for the purpose of undertaking and carrying on the activities of procurement, development, installation, provision, offering and marketing of Information Technology enabled Banking and Financial products, solutions and services as may be permissible for such subsidiary/ associate companies, joint ventures to engage in and carry on as per the Banking Regulation Act, 1949 or as may be permitted by Reserve Bank of India, and/or to undertake and carry on such activities in-house by the Bank.
q)	To promote, set-up, establish and administer mutual funds of all types as may be permitted by the Reserve Bank of India, either singly or in association with other Banks/ financial institutions and/or to promote, set-up, establish, incorporate, register or otherwise bring into existence wholly owned or partly owned subsidiary companies, firms, trusts or any other form of organisation for the purpose of undertaking and carrying on such mutual fund businesses.
r)	To promote, set up, establish, incorporate, register or otherwise bring into existence subsidiary or associate companies, firms, trusts or any other form of organization either singly or in association with other Banks/Financial Institutions for the purpose of carrying on any other activities/business not specifically provided in the preceding sub clauses, including lending or financial operations of any form or nature as may be permissible for any Banking Company to undertake/carry on as per Section 6 of the Banking Regulation Act, 1949 as may be amended/modified, or such other activities/ businesses as may be permitted by the Reserve Bank of India, from time to time.
s)	To engage in and carry on any activity of Merchant Banking as may be permissible including inter alia the business of issue management by making arrangements regarding selling, buying, subscribing to securities and/or acting as adviser, consultant, manager, underwriter, portfolio manager and also to engage in venture capital business, acquisitions, mergers and amalgamations and all related merchant banking activities including loan syndication, or rendering corporate advisory service in relation to any of such activities.
t)	To undertake and carry on Credit Card business and/or business of any identical or similar nature either singly or in association with other Banks/Financial Institutions.
u)	To create, issue and allot Innovative Capital Instruments/Perpetual Debt Instruments, hybrid debt capital instruments/subordinated debt instruments of long term maturity, whether unsecured or secured by all or some of the assets and properties of the Company, and to provide for their liquidation, redemption, substitution, cancellation or renewal by appropriation from profits, transfer from Reserves and/or out of the proceeds of a fresh issue of securities/instruments.
v)	To issue debentures and debenture stock on the security of all or some of the company's properties and to make profit by doing all kinds of insurance business by engaging in agriculture, trade, industry and others by starting or causing others to engage in them and conducting kuries and doing all such things as the Bank deems fit.
w)	To sell, realize, improve, manage, develop, let on lease, mortgage or otherwise deal with all or any of the properties and rights of the company including those properties, rights and securities which may have come into the possession of the company in satisfaction or part satisfaction of any of its claims, debts or dues; and to acquire and hold and generally deal with any property or any right, title or interest in any such property which may form the security or

Clause 3	Particulars
	part of the security for any loans or advances or which may be connected with any such security.
x)	To open, establish, maintain and operate currency chests and small coin depots on such terms and conditions as may be required by the Reserve Bank of India established under the Reserve Bank of India Act, 1934 and enter into all administrative or other arrangements for undertaking such functions with the Reserve Bank of India.
y)	To do all such other things as are incidental or conducive to the promotion or advancement of the business of the company; to undertake and carry on any other form of business which the Central Government may, by notification in the Official Gazette, specify as a form of business in which it is lawful for a banking company to engage
z)	To engage in and carry on the business of equipment leasing, hire purchase financing, factoring services or other para-banking or other activities, operations, dealings or businesses as may be permitted by the Reserve Bank of India.
aa)	To undertake, engage in and carry on any insurance business without any risk participation by or contingent liability for the Bank either by acting as agent of insurance company/companies on fee basis for distribution of insurance products or by investing in the equity of insurance company/ companies for providing infrastructure and services support OR by equity participation in one or more insurance joint venture with or without risk participation, OR in any other manner as may be permitted by the Reserve Bank of India.

Amendments in our Memorandum of Association

Since incorporation, other than changes in our authorised share capital, which have been detailed in the section titled "*Capital Structure*" on page 81, the following changes have been made to our Memorandum of Association:

Date of Amendment	Details of Amendment
September 26, 1991	The following object was added to the objects clauses of our MoA: *"To open, establish, maintain and operate currency chests and small coin depots on such terms and conditions as may be required by the Reserve Bank of India established under the Reserve Bank of India Act, 1934 and enter into all administrative or other arrangements for undertaking such functions with the Reserve Bank of India"*
September 29, 1992	The following object was added to the objects clauses of our MoA: *"To promote, set-up, establish and administer mutual funds of all types as may be permitted by the Reserve Bank of India, either singly or in association with other Banks/financial institutions and/ or to promote, set-up, establish, incorporate, register or otherwise bring into existence wholly owned or partly owned subsidiary companies, firms, trusts or any other form of organisation for the purpose of undertaking and carrying on such mutual fund businesses"*
September 29, 1993	The following objects were added to the objects clauses of our MoA: *"To engage in and carry on any activity of Merchant Banking as may be permissible including inter alia the business of issue management by making arrangements regarding selling. buying, subscribing to securities and/or acting as adviser, consultant, manager, underwriter, portfolio manager and also to engage in venture capital business, acquisitions, mergers and amalgamations and all related merchant banking activities including loan syndication, or rendering corporate advisory service in relation to any of such activities* *To undertake and carry on Credit Card business and/or business of any identical or similar nature either singly or in association with other Banks/Financial Institutions."*
October 29, 1994	The following object was added to the objects clauses of our MoA: *To engage in and carry on the business of equipment leasing, hire purchase financing, factoring services or other para-banking or other activities, operations, dealings or businesses as may be permitted by the Reserve Bank of India*."
July 30, 2002	The following object was added to the objects clauses of our MoA: *"To undertake, engage in and carry on any insurance business without any risk participation by or contingent liability for the Bank EITHER by acting as agent of insurance company/companies on fee basis for distribution of insurance products or by investing in the equity of insurance company/ companies for providing infrastructure and services support OR by equity participation in one or more insurance joint venture with or without risk participation, OR in any other manner as may be permitted by the Reserve Bank of India*."

Date of Amendment	Details of Amendment
September 27, 2007	The following object was added to the objects clauses of our MoA: *"To create, issue and allot Innovative Capital Instruments/ Perpetual Debt Instruments, hybrid debt capital instruments/subordinated debt instruments of long term maturity, whether unsecured or secured by all or some of the assets and properties of the Company, and to provide for their liquidation, redemption, substitution, cancellation or renewal by appropriation from profits, transfer from Reserves and/or out of the proceeds of a fresh issue of securities/instruments*."
September 29, 2011	The following object was added to the objects clauses of our MoA: *"To promote, set up, establish, incorporate, register or otherwise bring into existence subsidiary or associate companies, firms, trusts or any other form of organization either singly or in association with other Banks/Financial Institutions for the purpose of carrying on any other activities/business not specifically provided in the preceding sub clauses, including lending or financial operations of any form or nature as may be permissible for any Banking Company to undertake/carry on as per Section 6 of the Banking Regulation Act, 1949 as may be amended/modified, or such other activities/ business as may be permitted by the Reserve Bank of India, from time to time*."
September 28, 2012	The following object was added to the objects clauses of our MoA, substituting existing clauses 3(a), (b), (c), (q) and (s): "*To establish and carry on the business of banking at the registered or head office of the company at Thrissur and at such other branches, offices, departments, agencies at such places in India or abroad as may, from time to time, be determined by the directors*." "*To carry on the business of receiving or accepting deposits of money as current, fixed, savings deposits, provident deposits or otherwise, withdrawable by cheque, draft or order or in any other permissible manner, and to carry on the business of a bank as referred to herein at its offices, branches and departments."* "*To borrow, raise or accept money; to lend or advance money either upon or without security or in any other way; to draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hoondees, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not and to advance money on the security of them; to negotiate and issue loans and advances; to grant and issue letters of credit, traveller's cheques and circular notes; to buy, sell and deal in silver and gold in bullion and specie, coins or otherwise in any form, foreign exchange including foreign bank notes; to subscribe, acquire, hold, issue on commission, underwrite and deal in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; to purchase and sell bonds, scrips or other forms of securities for and on behalf of constituents or others; to receive all kinds of bonds, scrips, documents and other valuables as deposit or for safe custody or otherwise, and to provide for safe deposit vaults; to convert the movable and immovable properties of the constituents and others into money, collect and pay them; and to collect and transmit money, securities and instruments."* "*To sell, realize, improve, manage, develop, let on lease, mortgage or otherwise deal with all or any of the properties and rights of the company including those properties, rights and securities which may have come into the possession of the company in satisfaction or part satisfaction of any of its claims, debts or dues; and to acquire and hold and generally deal with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security.*" "*To do all such other things as are incidental or conducive to the promotion or advancement of the business of the company; to undertake and carry on any other form of business which the Central Government may, by notification in the Official Gazette, specify as a form of business in which it is lawful for a banking company to engage.*" The following objects were added to the objects clauses of our MoA: "*To act as agents for any Government or local authority or any other person or persons; and to transact all kinds of agency business which are ordinarily transacted by banks on behalf of customers and others, and to act as attorneys and to give discharges and receipts*."

Date of Amendment	Details of Amendment
	"*To effect, insure, guarantee, underwrite, and participate in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and to lend money for the purpose of any such issue.*" "*To carry on and transact every kind of guarantee and indemnity business*." "*To promote or finance or assist in promoting or financing any business, undertaking or industry, either existing or new, and to develop or form the same under the constitution of company or otherwise, either through the instrumentality of syndicates or otherwise, as may be permissible under the provisions of the Banking Regulation Act, 1949 as amended or modified from time to time or under other regulatory guidelines*." "*To undertake, create and execute trusts; and to undertake the administration of estates as executor, trustee, administrator or otherwise*." "*To establish and support or to aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons; to grant pensions and allowances and to make payments towards insurance; to subscribe to or guarantee moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object.*"

Shareholders

As on March 27, 2015, the total number of holders of Equity Shares is 25,602. For more details on the shareholding of our Bank, please see the section titled "*Capital Structure*" on page 81.

Holding Company

As on the date of this Draft Red Herring Prospectus, our Bank does not have a holding company.

Subsidiaries and Joint Ventures

As on the date of this Draft Red Herring Prospectus, our Bank does not have any subsidiary or joint venture.

Injunction or Restraining Order

Except as disclosed below and in sections titled "*Risk Factors*" and "*Outstanding Litigation and Material Developments*" on page 13 and 251, respectively, our Bank is not operating under any injunction or restraining order.

Pursuant to a letter dated January 30, 2015 from RBI in relation to the broadening of capital base and listing of the Equity Shares, the general permission to open new branches was withdrawn and our Bank was not permitted to open any new branches without prior approval of RBI.

Business and Management

For details of our Bank's corporate profile, business, products, marketing, the description of our activities, market segment, the growth of our Bank, standing of our Bank in relation to prominent competitors with reference to its services, technology, market, and geographical segment, please see the sections titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 127 and 191, respectively. For details of the management of our Bank and its managerial competence, please see the section titled "*Our Management*" on page 172.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Our Bank has not acquired any business or undertaken any mergers or amalgamation in the past five years. Further, our Bank has undertaken revaluation of land and buildings during Fiscals 1991, 1994, 1999, 2005, 2007, 2008 and 2013. For further details, please see section titled "*Financial Statements*" on page 190.

Shareholders' Agreement

Our Bank has not entered into any shareholders agreements.

Material Agreements

Our Bank has not entered into any material agreements other than in the ordinary course of business.

Strategic and Financial Partners

Our Bank does not have any strategic or financial partners.

OUR MANAGEMENT

The composition of our Board is governed by the provisions of the Companies Act, the Banking Regulation Act, and our Articles of Association. As per the provisions of our Articles of Association, the Board shall comprise of not less than five and not more than 12 Directors. The Directors appointed by Reserve Bank of India will not be counted for determining the maximum strength of the Board as per Section 36AB of the Banking Regulation Act, 1949 and hence their number will be excluded for determining the maximum number of Directors on the Board of our Bank. We currently have 12 Directors on our Board, of which 5 Directors are Non-executive Directors and 5 Directors are Independent Directors. Further, two Directors are RBI Nominees. The position of Managing Director and Chief Executive Officer is now vacant on the Board of Directors of our Bank.

Further, as per the provisions of our Articles of Association, not less than 51% of the total number of Directors shall be persons who satisfy the conditions laid down in Section 10A of the Banking Regulation Act, which requires that at least 51% of Directors to have specialized knowledge or practical experience in one or more of the following areas: accountancy, agriculture and rural economy, banking, cooperation, economics, finance, law, small-scale industry and any other matter as RBI may specify. Out of the aforesaid number of Directors, not less than two Directors are required to have specialized knowledge or practical experience in agriculture and rural economy, cooperation or small-scale industry. Also, not less than 51% of the Directors, shall be persons who do not have substantial interest in, or be connected with, whether as an employee, manager or managing agent, of any company (not being a company registered under Section 25 of the Companies Act, 1956) or firm which carries on any trade, commerce or industry which is not a small scale industrial concern, or be proprietors of any trading, commercial or industrial concern which is not a small scale industrial concern.

Under the Banking Regulation Act, the appointment or re-appointment of part-time Chairman and whole-time Directors requires the approval of the RBI. The RBI has also prescribed "fit and proper" criteria to be considered when appointing or re-appointing directors of banks, with the Bank's Directors being required to make declarations confirming their on-going compliance with such criteria. As on date of this Draft Red Herring Prospectus, the Board of Directors of our Bank is in compliance with the above mentioned conditions Executive functions are currently being performed by our Committee of Directors consisting of Mr. K. Subrahmanya Sarma, Mr. C. K. Gopinathan and Ms. Radha Unni.

The following table sets forth details regarding our Board as of the date of filing of this Draft Red Herring Prospectus:

Name, Designation, Address, Occupation, Nationality, Term and DIN	**Age (in years)**	**Other Directorships**
Mr. S. Santhanakrishnan *Designation*: Part-time Chairman; Non-executive Director *Address*: No. 24, Unnamalai Ammai Street, T. Nagar, Tamil Nadu, Chennai 600 017 *Occupation*: Chartered Accountant *Nationality*: Indian *Term*: Reappointed as part-time Chairman on August 17, 2012 till August 16, 2015 and re-appointed as part-time Chairman on July 17, 2014 from August 17, 2015 to January 15, 2017 which is subject to RBI approval. Reappointed as a Director effective September 29, 2014 till January 15, 2017 which coincides with his tenure of appointment as part time Chairman.	64	• SANDS BKC Properties Private Limited • SANDS Chembur Properties Private Limited • Tata Coffee Limited • IDBI Federal Life Insurance Limited • Extensible Business Reporting Language India • Tata Realty and Infrastructure Limited • Tata Housing Development Co. Limited • The Eight O' Clock Coffee Company • Consolidated Coffee Inc. • Tata Global Beverages Limited • ICICI Home Finance Limited

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
DIN: 00032049		
Mr. Ajay Lal *Designation*: Non-executive Director *Address*: No. 909 B, The Aralias, DLF Golf Links, Gurgaon, Haryana 122 009 *Occupation*: Service and Consultancy *Nationality*: Indian *Term*: Liable to retire by rotation (effective from April 1, 2015) *DIN*: 00030388	53	• AIF Capital (India) Private Limited • AIF Capital Partners Limited • Famy Care Limited • Bioplus Life Sciences Private Limited • Century Metal Recycling Private Limited
Mr. T. S. Anantharaman *Designation*: Non-executive Director *Address*: 27/376, Temple View, Chembukavu, City Post Office, Kerala, Thrissur, 680 020 *Occupation*: Business *Nationality*: Indian *Term*: Reappointed on September 28, 2012, liable to retire by rotation *DIN*: 00480136	66	• Sree Sakthi Paper Mills Limited, Cochin • Trichur Heart Hospital Limited, Trichur • INBOT Properties Private Limited • Mobme Wireless Solutions Limited
Mr. Bobby Jos C. *Designation*: Non-executive independent Director *Address*: Chirakkekaran House, Bishop Palace Road, East Fort, Kerala, Thrissur 680 005 *Occupation*: Business *Nationality*: Indian *Term*: Two years from September 26, 2014, not liable to retire by rotation. *DIN*: 03270042	41	• Chirakkekaran Builders Private Limited • Keralakshemam Unique Kuries Private Limited
Mr. C. K. Gopinathan *Designation*: Non-executive Director *Address*: Chittilangat Kalam, Koottanad P.O., Kerala, Palakkad 679 533	60	• CKG Super Market Limited

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Occupation: Business *Nationality*: Indian *Term*: Reappointed on September 26, 2014, liable to retire by rotation *DIN*: 01236752		
Mr. K. Subrahmanya Sarma *Designation*: Non-executive Director *Address*: No. 8-2-677/B/1, Road No. 12, Banjara Hills, Andhra Pradesh, Hyderabad 500 034 *Occupation*: Retired officer of the Indian Administrative Services *Nationality*: Indian *Term*: Reappointed on September 23, 2013, liable to retire by rotation *DIN*: 01505787	70	• Gold Stone Technologies Limited
Mr. Sumeer Bhasin *Designation*: Non-executive independent Director *Address*: A-88, Defence Colony, New Delhi 110 024 *Occupation*: Service and Consultancy *Nationality*: Indian *Term*: Two years from September 26, 2014, not liable to retire by rotation. *DIN*: 00952238	51	• G2 Solutions (India) Private Limited • MSS (India) Private Limited • Veda Botanicals Private Limited • Fisource Solutions (India) Private Limited • Consilium Futurity Education Private Limited • USTRONICS.com (India) Private Limited
Ms. Radha Unni *Designation*: Non-executive independent Director *Address*: No. 21/6,Riverview, Fourth Main Road, Gandhi Nagar, Adyar, Tamil Nadu, Chennai 600 020 *Occupation*: Retired Banker *Nationality*: Indian *Term*: Two years from September 26, 2014, not liable to retire by rotation.	66	• Nitta Gelatine India Limited, Kochi • Muthoot Capital Services Limited • Sundaram BNP Paribas Home Finance Limited • Royal Sundaram Alliance Insurance Company Limited

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
DIN: 03242769		
Mr. S. Ramakrishnan *Designation*: Non-executive independent Director *Address*: No. 1A, Sankaram, No. 11, Rani Annadurai Street, Raja Annamalaipuram, Tamil Nadu, Chennai 600 028 *Occupation*: Chartered Accountant *Nationality*: Indian *Term*: Two years from September 26, 2014, not liable to retire by rotation. *DIN*: 02255401	58	• Shree Bharathi Cotton Mills Private Limited
Mr. M. Madhavan Nambiar *Designation*: Non-executive independent Director *Address*: No. 3, Nawab Habibullah Avenue, Third Street, Tamil Nadu, Chennai 600006 *Occupation*: Retired officer of the Indian Administrative Services *Nationality*: Indian *Term*: Two years from September 26, 2014, not liable to retire by rotation. *DIN*: 03487311	64	• Larsen & Tourbo Infrastructure Limited • Rediff.com India Limited • Hotel Leelaventure Limited • Punj Lloyd Limited • Loyal Textile Mills Limited • Kerala State Industrial Development Corporation Limited • Air works India Engineering (Private) Limited
Mr. K. Neethi Ragavan *Designation*: Additional Director - RBI Nominee *Address*: Flat No. Q 206, Reserve Bank Staff Quarters, P.H. Road, Tamil Nadu, Chennai 600 010 *Occupation*: General Manager, RBI, Chennai *Nationality*: Indian *Term*: Till May 22, 2015 *DIN*: 06617935	58	Nil
Mr. V. G. Venkatachalapathy *Designation*: Additional Director - RBI Nominee	53	Nil

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Address: No. 2, 10th Cross Street, Indira Nagar, Adyar, Tamil Nadu, Chennai 600 020 *Occupation*: General Manager, Foreign Exchange Department, RBI, Chennai *Nationality*: Indian *Term*: Till March 12, 2017 *DIN*: 07137366		

Brief Profiles of our Directors

Mr. S. Santhanakrishnan is the part-time Chairman of our Bank. He has been associated with our Bank as a Director since January 16, 2009 and as our part-time Chairman since August 17, 2010. He holds a bachelor's degree in science and a bachelor's degree in law. He has been a fellow of the Institute of Chartered Accountants of India for over 30 years and is a practicing Chartered Accountant. He is also a member of the Council (southern region) of the Institute of Chartered Accountants of India. He is currently associated with entities in the banking, insurance and manufacturing sectors. He is also a member of various panels of the Ministry of Corporate Affairs. Prior to joining our Board, he was associated with Federal Bank Limited as a director till 2009. He is also a partner of PKF Sridhar & Santhanam, LLP, Chennai, a firm of practicing Chartered Accountants.

Mr. Ajay Lal is a non-executive Director of our Bank. He holds a bachelor's degree in technology (chemical engineering) from the Indian Institute of Technology, Delhi, a post graduate diploma in management from the Indian Institute of Management, Kolkata and has completed an advanced management program at the Harvard Business School in 2008. Mr. Lal has served as a director on the board of Yes Bank Limited and Bharti Airtel Limited and is currently on the boards of AIF Capital (India) Private Limited and AIF Capital Partners Limited. He has been a Director of our Bank since September 13, 2007.

Mr. T. S. Anantharaman is a non-executive Director of our Bank. He holds a bachelor's degree in commerce from the University of Kerala. He has been a fellow of the Indian Institute of Chartered Accountants for over 40 years and has previously worked for the United Nations. He has been a Director of our Bank since August 28, 2009.

Mr. Bobby Jos C. is a non-executive independent Director of our Bank. He holds a bachelor's degree in commerce from the University of Calicut and a master's degree in business administration from the Bharathiar University. He has been a Director of our Bank since September 30, 2010.

Mr. C. K. Gopinathan is a currently a non-executive Director of our Bank and has been on our Board since September 26, 2008.

Mr. K. Subrahmanya Sarma is a non-executive Director of our Bank and has been on our Board since September 30, 2010. He holds a bachelor's degree in arts (honours), a master's degree in arts and a master's degree in science all from Andhra University. He also holds a diploma in computer applications from the National Institute for Training in Industrial Engineering, Mumbai and a diploma in development administration from the University of Birmingham. He is a retired officer of the Indian Administrative Services, has held various administrative posts with the Government of Andhra Pradesh and retired as the chief executive officer of Prasar Bharti in 2004.

Mr. Sumeer Bhasin is a non-executive independent Director of our Bank. He holds a bachelor's degree in commerce (honours) from the University of Delhi. He has been a Director of our Bank since August 28, 2009.

Ms. Radha Unni is a non-executive independent Director of our Bank. She holds a bachelor's degree in arts (honours) and a master's degree in arts both from the University of Delhi as well as a bachelor's degree in education from the Annamalai University. She has been a certified associate of the Indian Institute of Bankers since 1982. Prior to joining our Bank, she held various positions at State Bank of India, including a two year deputation to SBI Capital Markets Limited and retired as the Chief General Manger of State Bank of India. She has been a Director of our Bank since September 29, 2011.

Mr. S. Ramakrishnan is a non-executive independent Director of our Bank and has been on our Board since September 29, 2011. He is a partner of M/s S. Ramakrishnan Associates which is a firm of Chartered Accountants.

Mr. M. Madhavan Nambiar is a non-executive independent Director of our Bank and has been associated with our Bank since September 23, 2013. He is a fellow of the Judge Business School, Cambridge University, has taught at Oxford University and Columbia University and has been officer of the Indian Administrative Service since 1974.

Mr. K. Neethi Ragavan has been a nominee of the RBI on our Board since May 23, 2013. He holds a bachelor's degree in business administration and a master's degree in commerce both from the Madurai Kamaraj University. He has been an associate of the Indian Institute of Bankers for about 30 years. He is currently the General Manager of the Reserve Bank of India at Chennai.

Mr. V. G. Venkatachalapathy has been a nominee of the RBI on our Board since March 13, 2015. He holds a bachelor's degree in arts (economics) and master's degree in arts from the Madras University, a master's degree in science (with a major in financial markets) from the Illinois Institute of Technology, Chicago and is a certified associate of the Indian Institute of Bankers and holds a diploma in bank management from the Indian Institute of Bankers. He has about five years of experience in commercial banking. He is the General Manager, Foreign Exchange Department of the RBI at Chennai.

Relationship between our Directors

None of our Directors are related to each other.

Details of directorships in companies suspended or delisted from any stock exchange

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE. Further, none of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange.

Remuneration of our Directors

Mr. S. Santhanakrishnan, as per RBI approval dated July 31, 2012, is entitled to a remuneration of ₹ 0.6 million per annum, along with travelling and halting allowances in accordance with RBI circular dated June 10, 1998 and sitting fees as applicable to other Directors.

Pursuant to a resolution dated November 14, 2013 and in accordance with Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 and Article 132(a) of the AoA, the sitting fee payable to our non-executive Directors for attending meetings of the Board, Audit Committee and Credit Committee of the Board is ₹ 20,000 and for meetings of the remaining committees is ₹ 10,000. Our non-executive Directors do not receive any other remuneration, other than reimbursement of expenses for attending meetings of our Board of the committees of our Board. Provided below are details of sitting fees paid to our non-executive Directors for Fiscal 2014:

Name of Director	Sitting fees (₹)*
Mr. S. Santhanakrishnan	237,799
Mr. Ajay Lal	107,799
Mr. T. S. Anantharaman	273,397
Mr. Bobby Jos C.	325,598

Name of Director	Sitting fees (₹)*
Mr. C. K. Gopinathan	441,196
Mr. K. Subrahmanya Sarma	365,598
Mr. Sumeer Bhasin	355,598
Ms. Radha Unni	373,397
Mr. S. Ramakrishnan	355,598
Mr. M. Madhavan Nambiar	57,799
Mr. K. Neethi Ragavan^	Nil
Mr. V. G. Venkatachalapathy^	Nil
Mr. V. Seshadri	488,995
Mr. Ipe Peter	375,598

** Adjusted for TDS and service taxes.*
^ Our Bank does not pay sitting fees to the nominees of the RBI on our Board.

Remuneration paid or payable from subsidiaries and associate companies

Our Bank does not have any subsidiaries or associates.

Appointment of relatives to an office or place of profit

None of the relatives of our Directors have been appointed to a place or office of profit in our Bank.

Service Contracts

There are no service contracts entered into by our Bank with any of the Directors for provision of any benefits or payments upon termination of employment.

Shareholding of Directors

Our Directors are not required to hold any qualification shares.

For details of shareholding of our Directors in our Bank, see the section titled "*Capital Structure – Shareholding of Directors and Key Management Personnel*" on page 91. Our Bank does not have any subsidiaries or associates and consequently, none of our Directors hold any shares in subsidiaries or associates.

Changes in the Board of Directors in the Last Three Years

Name of the Director	Date of Change	Reason for Change
Mr. Venkataraman Krishnamurthy	June 22, 2012	Resignation from Directorship
Mr. V. P. Iswardas	November 30, 2012	Ceased to be the Managing Director and Chief Executive Officer
Mr. V. Seshadri	January 24, 2013	Appointed as an Additional Director - RBI nominee
Mr. Rakesh Bhatia	April 1, 2013	Appointed as Managing Director and Chief Executive Officer
Mr. Ranjana Sahajwala	May 23, 2013	Ceased to be an Additional Director - RBI nominee
Mr. K. Neethi Ragavan	May 23, 2013	Appointed as an Additional Director - RBI nominee
Mr. M. Madhavan Nambiar	September 23, 2013	Appointed as a non-executive Director
Ms. Radha Unni	September 26, 2014	Appointed as an non-executive independent Director*
Mr. K. Ipe Peter	September 26, 2014	Appointed as an non-executive independent Director*
Mr. Sumeer Bhasin	September 26, 2014	Appointed as an non-executive independent Director*
Mr. S. Ramakrishnan	September 26, 2014	Appointed as an non-executive independent Director*
Mr. Bobby Jos C.	September 26, 2014	Appointed as an non-executive independent Director*
Mr. M. Madhavan Nambiar	September 26, 2014	Appointed as an non-executive independent Director*
Mr. K. Ipe Peter	September 26, 2014	Resigned as a non-executive independent Director
Mr. Rakesh Bhatia	March 20, 2015	Resigned as Managing Director and Chief Executive Officer
Mr. V. Seshadri	March 13, 2015	Ceased to be an Additional Director - RBI nominee
Mr. V. G. Venkatachalapathy	March 13, 2015	Appointed as an Additional Director - RBI nominee

***** *Pursuant to Section 149 of the Companies Act, 2013.*

Borrowing Powers of Board

In accordance with the Articles of Association and subject to the provisions of the Companies Act, 2013 and the Companies Act, 1956, to the extent applicable, our Board is authorized, pursuant to a special resolution of the shareholders of our Bank dated August 18, 2014, to borrow money from time to time and as and when required, in excess of our Bank's paid-up capital and free reserves, provided that the aggregate of such borrowings including the money already borrowed by our Bank and outstanding at any point of time, shall not exceed ₹ 10,000 million over and above its paid up capital and free reserves.

Corporate Governance

Our Bank is currently in compliance with the requirements of corporate governance contained in the Listing Agreements, the Companies Act, 1956 and the Companies Act, 2013, as applicable, as well as applicable RBI directions and the Banking Regulation Act, particularly in relation to the composition of our Board and the constitution of committees.

Currently our Board has 12 Directors all of whom are non-executive including our chairman. In compliance with the requirements of Clause 49 of the Listing Agreements and the Companies Act, 2013, our Bank has five independent Directors.

Audit Committee

The audit committee was originally constituted by our Board pursuant to a meeting dated June 6, 1994 and was last re-constituted on March 23, 2015. The composition of the audit committee is as follows:

Name of the Director	Position on the Committee	Designation
Mr. S. Ramakrishnan	Chairman	Non-executive independent Director
Mr. Sumeer Bhasin	Member	Non-executive independent Director
Mr. M. Madhavan Nambiar	Member	Non-executive independent Director
Mr. K. Subrahmanya Sarma	Member	Non-executive Director
Mr. V. G. Venkatachalapathy*	Member	Additional Director - RBI Nominee
Mr. K. Neethi Ragavan*	Member	Additional Director - RBI Nominee

* *Quorum of the committee requires at least one of them to be present.*

The scope and function of the audit committee and its terms of reference, in accordance with applicable RBI directions, include the following:

1. To oversee the operations of the total audit function in the Bank, review of internal inspections/audit functions and quality and effectiveness in terms of follow-up;
2. To review the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings, to obtain and review half-yearly reports from the compliance officers appointed in the Bank, follow up on all the issues raised in the long form audit report and to follow up on all the issues/concerns raised in the inspection reports of RBI;
3. To closely monitor the inspection/audit functions of the Bank, including the follow up and compliance of inspection/audit reports;
4. To provide suggestions/directions to further streamline systems and procedures; and
5. To make periodical reviews of returns/statements placed before it as per the approved calendar of items.

The additional terms of reference are as under:

1. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;
3. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

4. Approval of payments to the statutory auditors for any other services rendered by statutory auditors, reviewing with the management, the quarterly, half-yearly and annual financial statements and the auditors' report thereon before submission to the Board for approval;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the Bank, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Approval or any subsequent modification of transactions of the Bank with related parties;
9. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
10. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
12. Discussion with internal auditors any significant findings and follow up thereon;
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
15. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
16. Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate;
17. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and
18. To have an oversight over the vigil mechanism established by the Bank and the chairman of audit committee shall directly hear grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns.
19. Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee.

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employees;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and result of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor; and
6. Any other terms of reference as may be included from time to time in clause 49 of the listing agreement.

Nomination and Remuneration Committee

The nomination committee and the remuneration committee were originally constituted separately pursuant to resolutions of our Board dated August 10, 2004 and September 30, 2010, respectively, with the remuneration committee being re-designated as the remuneration and compensation committee pursuant to a resolution of our Board dated March 12, 2014.

Both committees were merged and re-designated as the Nomination and Remuneration Committee of our Board, pursuant to a resolution our Board dated March 23, 2015 in compliance with provisions of Section 178 of the Companies Act, 2013.

The composition of the Nomination and Remuneration Committee is as follows:

Name of the Director	Position on the Committee	Designation
Mr. S. Ramakrishnan	Chairman	Non-executive independent Director
Mr. Bobby Jos C.	Member	Non-executive independent Director
Mr. S. Santhanakrishnan	Member	Part-time Chairman, Non-executive Director
Ms. Radha Unni	Member	Non-executive independent Director

The scope and function of the Nomination and Remuneration Committee and its terms of reference are as follows:

1. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
2. Undertake the due diligence of candidates before their appointment/re-appointment as directors;
3. Recommend to the Board appointment of directors and senior management personnel and their removal;
4. Formulate the criteria for determining qualification, positive attributes and independence of a director, key managerial personnel and other employees;
5. Recommend to the Board the policy for evaluation of directors;
6. To oversee the framing, review and implementation of the Bank's overall compensation structure and related policies on remuneration packages payable to whole time directors, the Managing Director and Chief Executive Officer and other staff as may be prescribed from time to time including performance linked incentives, perquisites, stock option scheme etc. with a view to attract, motivate and retain employees and review compensation levels;
7. To implement and administer the CSB Employees Stock Option Scheme 2013;
8. To formulate detailed terms and conditions of the scheme, administer and supervise the same and to allot shares in compliance with the scheme, guidelines and other applicable laws;
9. To obtain necessary clearances and approvals from regulatory authorities and do such other things as may be necessary in respect of the ESOS 2013;
10. To make suggestions to amend any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
11. To review the compensation structure/policy on a periodical basis;
12. Any other matters regarding remuneration of whole time directors, the Managing Director and Chief Executive Officer and other staff of the Bank as may be prescribed as and when permitted by the Board;
13. Any other matters regarding compensation structure as and when permitted by the Board; and
14. To fulfill such other powers and duties as may be delegated to it by the Board.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was originally constituted as the shareholders' /investors' grievance committee by the Board pursuant to a meeting dated July 2, 2002. It was subsequently reconstituted and re-designated as the Stakeholders' Relationship Committee pursuant to a resolution of our Board dated February 19, 2015. Its composition is as follows:

Name of the Director	Position on the Committee	Designation
Mr. K. Subrahmanya Sarma	Chairman	Non-executive Director
Mr. Bobby Jos C.	Member	Non-executive independent Director
Mr. S. Ramakrishnan	Member	Non-executive independent Director

The scope and function of Stakeholders' Relationship and Share Transfer Committee and its terms of reference include the following:

1. Issue and allot shares subject to the provisions of the Section 39 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Section 46 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and subject to the Memorandum and Articles of Association of the Bank, to effect the transfer, transposition and transmission of securities;
2. To consider and approve, split, consolidation and duplication of shares or other securities;
3. To approve dematerialization and re-materialization of shares;
4. To seek any information it requires from the employees, directors of the Bank in order to perform its functions;
5. To do all such other things as are necessary thereto pursuant to and in accordance with the employee stock option schemes and the decision of the Board in connection with allotment of shares under the schemes;
6. Investor relations and redressal of shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.;
7. To resolve the grievances of security holders of the Bank; and
8. Such other matters as may be, from time to time, required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Interest of Directors

Our Directors, other than nominees of the RBI on our Board, may be deemed to be interested to the extent of reimbursement of expenses and sitting fees, if any, payable to them for attending meeting of Board and committees and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Bank.

Our Directors may also be regarded as interested in Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares, held by them, if any.

Our Directors may also be regarded as interested to the extent of stock options that may be granted to them from time to time under the ESOS 2013, if any. For details of ESOS 2013, please see the section titled "*Capital Structure – Employee Stock Option and Stock Purchase Schemes*" at page 92.

Interest in promotion of our Bank

None of our Directors are interested in the promotion of our Bank.

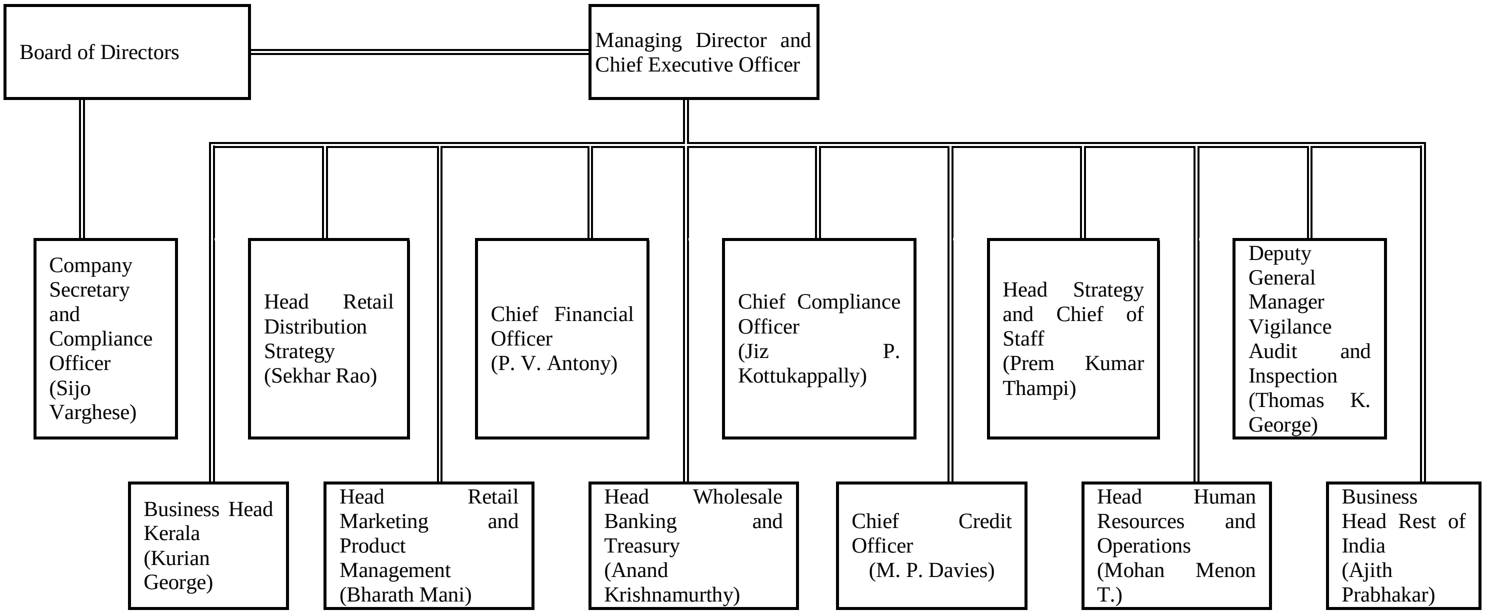
Interest in property and transaction involving acquisition of land

Except as disclosed in the section titled "*Financial Statements – Related Party Transactions*" on page F-178, our Directors do not have any interest in any property acquired by or proposed to be acquired by our Bank in the two years prior to filing of this Draft Red Herring Prospectus and are not interested in any transaction with our Bank involving acquisition of land, construction of building or supply of any machinery.

Interest in the business of our Bank

Except as stated above, our Directors do not have any other interest in the business of our Bank.

Management Organization Chart



Our Key Management Personnel

Our Key Management Personnel are as below:

Mr. P. V. Antony, 53 years, is the Chief Financial Officer of our Bank. He holds a bachelor's degree in commerce from the University of Calicut and has been admitted as a certified associate of the Indian Institute of Banking and Finance, an associate member of the Institute of Company Secretaries of India and a fellow of the Institute of Cost Accountants of India, formerly the Institute of Cost and Works Accountants of India. He has about 31 years of experience in the field of banking. Prior to joining our Bank, he was associated with Canara Bank. He has been associated with our Bank since September 26, 1983 and is *inter alia*, responsible for finalization and reporting of accounts, balance sheet management and profit planning, cost management, tax planning, capital adequacy planning and management and coordinating the capital raising activities of our Bank. The total remuneration paid to Mr. P.V. Antony in Fiscal 2014 was ₹ 1.16 million.

Mr. Sijo Varghese, 39 years, is the Company Secretary and Compliance Officer of our Bank. He holds a bachelor's degree in commerce from the University of Calicut and a bachelor's degree in law from the Mahatma Gandhi University. He is an associate of the Institute of Company Secretaries of India. He has about seven years of experience in the field of banking. Prior to joining our Bank, he was associated with M/s Kerala Ayurveda Limited as their company secretary until November 30, 2007 and has been associated with our Bank since December 2007. He is responsible for executing the orders of our Board regarding administration of our Bank and acts as an advisor to our Board, liaises with the RBI and other regulatory bodies, including the Registrar of Companies. The total remuneration paid to Mr. Sijo Varghese in Fiscal 2014 was ₹ 0.77 million.

Mr. Anand Krishnamurthy, 46 years, is the Head of Wholesale Banking and Treasury of our Bank. He holds a bachelor's degree in technology (mechanical engineering) from the Indian Institute of Technology, Madras and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He has about 22 years of experience in the field of banking having previously worked with the Hongkong and Shanghai Banking Corporation Limited for that period. He has been associated with our Bank since April 7, 2014 and is presently responsible for corporate banking, SME business and the integrated treasury operations of our Bank. He joined our Bank post March 31, 2014 and accordingly no remuneration was paid to him in Fiscal 2014. He currently holds charge and looks after the day to day affairs of the Bank under the supervision of the Committee of Directors who currently perform executive functions for our Managing Director and Chief Executive Officer.

Mr. Mohan Menon T., 55 years, is the Head of Human Resources and Operations of our Bank. He holds a bachelor's degree in commerce from the University of Calicut and is an associate of the Indian Institute of Bankers. He has about 33 years of experience in the field of banking. Prior to joining our Bank, he was associated with Mohan & Mohan Associates, Chartered Accountants. He has been associated with our Bank since June 29, 1981 and is responsible for overseeing our internal inspection and audit functions. The total remuneration paid to him in Fiscal 2014 was ₹ 1.11 million.

Mr. Ajith Prabhakar, 53 years, is the Business Head (Rest of India) of our Bank. He holds a bachelor's degree in commerce from the University of Calicut, a master's degree in commerce from the University of Kerala and has been an associateof the Indian Institute of Bankers since 1988. He has about 34 years of experience in the field of banking having been associated with our Bank since July 10, 1981. He is currently responsible for overseeing our operations in India outside of Kerala and accordingly overseeing zonal performance. The total remuneration paid to him in Fiscal 2014 was ₹ 1.17 million.

Mr. Kurian George, 55 years, is the Business Head (Kerala) of our Bank. He holds a bachelor's degree in science from the University of Calicut, a diploma in End-User Computing and Executive Skills from the Council of Education and Training, First Computers and is an associate of the Indian Institute of Banking and Finance. He has been associated with our Bank since June 1, 1981 and accordingly has about 34 years of experience in the field of banking. He is currently responsible for overseeing our operations in Kerala. The total remuneration paid to him in Fiscal 2014 was ₹ 1.15 million.

Mr. Bharath Mani, 44 years, is the Head of Retail Marketing and Product Management of our Bank. He holds a post graduate diploma in business management from the Institute of Management Technology, Ghaziabad and a Bachelor of Arts degree in Economics from the University of Delhi. He has over 21 years around 22 years of experience in the field of banking and financial services. Prior to joining our Bank, he was associated with The Royal Bank of Scotland N.V. as their Senior Vice President and Head of Branch Banking - India. Prior to this, he has worked in various capacities and geographies in ABN AMRO Bank N.V., Bank of America and Countrywide Consumer Financial Services (Joint venture of HDFC and GE). He has been associated with our Bank since April 1, 2014 and is responsible for our Marketing and Product Strategy, Retail Assets and Gold loan portfolio, NRI business and our priority sector businesses including agricultural loans and financial inclusion. He joined our Bank post March 31, 2014 and accordingly no remuneration was paid to him in Fiscal 2014.

Mr. Sekhar Rao, 46 years, is the Head of Retail Distribution Strategy of our Bank. He holds a bachelor's degree in engineering and a master's in business administration both from the University of Pune. He has about 11 years of experience in the field of banking. Prior to joining our Bank, he was associated with ING Vysya Bank as their National Sales Head – Liability Sales, Ratnakar Bank as their Regional Head and EVP – South Zone (Retail Branch Banking) and ICICI Bank as a Deputy General Manager. He has been associated with our Bank since March 3, 2014 and is responsible for our CASA portfolio, development of our branches and ATMs and customer relations particularly in relation to our institutional clients. The total remuneration paid to him in Fiscal 2014 was ₹ 0.39 million.

Mr. Prem Kumar Thampi, 54 years, is the Head of Strategy and Chief of Staff of our Bank. He holds a bachelor's degree in science (honours) and a master's degree in physics both from the Banaras Hindu University and is a fellow of the Institute of Directors. He has about 29 years of experience in the field of banking. Prior to joining our Bank, he was associated with ICICI Bank for 14 years, State Bank of India for 11 years and with Bank M (Tanzania) Limited as their Deputy Chief Executive Officer until June 2013. He has been associated with our Bank since March 1, 2015 and is responsible for our strategy development. He joined our Bank post March 31, 2014 and accordingly no remuneration was paid to him in Fiscal 2014.

Mr. Jiz P. Kottukapally, 41 years, is the Chief Compliance Officer of our Bank. He holds a bachelor's degree in commerce from the University of Calicut, a post graduate diploma in financial advising from, and is also an associate of the Indian Institute of Banking and Finance. He has also cleared the final examination of the Institute of Cost Accountants of India (formerly the Institute of Cost and Works Accountants of India). He has been associated with our Bank since January 18, 1996 and accordingly has about 19 years of experience in the field of banking. He is responsible for coordinating compliances, particularly in relation to the RBI. The total remuneration paid to him in Fiscal 2014 was ₹ 0.98 million.

Mr. M. P. Davies, 55 years, is the Chief Credit Officer of our Bank. He holds a bachelor's degree in science from the University of Calicut, is a Chartered Financial Analyst, a member of the Council of Chartered Financial Analysts and is an associate of the Indian Institute of Bankers. He has been associated with our Bank since July 10, 1981 and accordingly has about 34 years of experience in the field of banking. He is responsible for overseeing our credit risk management. The total remuneration paid to him in Fiscal 2014 was ₹ 1.19 million.

Mr. Thomas K. George, 55 years, is the Deputy General Manager of Inspection Audit and Vigilance of our Bank. He holds a bachelor's degree in commerce from Kerala University. He has been associated with our Bank since September 26, 1984 and accordingly has about 30 years of experience in the field of banking. He is responsible for our practices related to fraud, vigilance and management of operational losses as well our inspections and audit functions. The total remuneration paid to him in Fiscal 2014 ₹ 0.96 million.

Mr. P. V. Antony and Mr. Sijo Varghese are also 'key managerial personnel' within the meaning of Section 2(51) of the Companies Act, 2013.

All our Key Management Personnel are permanent employees of our Bank.

Relationships among Key Management Personnel

None of our Key Management Personnel are related to each other.

Service Contracts

Apart from gratuity, pension and retirement benefits in terms of our Bank's standard terms of employment, our Bank has not entered into any service contract with any of the Key Management Personnel for provision of benefits or payments of any amount upon termination of employment.

Shareholding of Key Management Personnel

For details of shareholding of our Key Management Personnel in our Bank and the stock options held by them pursuant to the ESOS 2013, please see the section titled "*Capital Structure – Shareholding of Directors and Key Management Personnel*" and "*Capital Structure – Employee Stock Option and Stock Purchase Schemes*" on pages 91 and 92.

Bonus or Profit Sharing Plan of the Key Management Personnel

Our Bank does not have a specific bonus or profit sharing plan for our Key Management Personnel. Our Key Management Personnel may also be entitled to performance linked incentives as part of their remuneration.

Interests of Key Management Personnel

Other than to the extent of loans availed from our Bank, including housing loans, festival advances, overdraft facilities, education loans (for dependents) and motor vehicle loans and to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, the Key Management Personnel of our Bank do not have any other interest in our Bank.

Except as described above, the Key Management Personnel of our Bank do not have any other interest in our Bank other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business.

Our Key Management Personnel may also be regarded as interested in the Equity Shares held by them or stock options, if any, that may be granted to them under ESOS 2013 (including between the date of filing of this Draft Red

Herring Prospectus till listing and trading of the Equity Shares). Other than the above, none of the Key Management Personnel has been paid any consideration or benefit of any nature from our Bank.

Changes in the Key Management Personnel

Changes in our Key Management Personnel, other than in relation to the post of our Managing Director and Chief Executive Officer, in the last three years are as follows:

Name	Date of change	Reason
Mr. P. V. Antony	March 12, 2014	Promoted to Chief Financial Officer
Mr. Mohan Menon T.	March 12, 2014	Promoted to Chief Credit Officer*
Mr. Sekhar Rao	March 3, 2014	Appointed as Head of Retail Distribution Strategy
Mr. Bharath Mani	April 1, 2014	Appointed as Head of Retail Marketing and Product Management
Mr. Anand Krishnamurthy	April 7, 2014	Appointed as Head of Wholesale Banking and Treasury
Mr. Kurian George	April 12, 2014	Promoted to Business Head (Kerala)
Mr. Ajith Prabhakar	March 12, 2014	Promoted to Business Head (Rest of India)
Mr. Jiz P. Kottukappaly	March 12, 2014	Promotion to Chief Compliance Officer
Mr. Thomas K. George	March 12, 2014	Promoted to Deputy General Manager (Inspection Audit and Vigilance)
Mr. M. P. Davies	December 1, 2014	Promoted to Chief Credit Officer
Mr. Prem Kumar Thampi	March 1, 2015	Appointed as Head of Strategy and Chief of Staff

***** *Designation changed to Head of Human Resources and Operations on January 10, 2015*.

Employee Stock Options Scheme

For details of ESOS 2013, please see the section titled "*Capital Structure – Employee Stock Option and Stock Purchase Schemes*" on page 92.

Arrangements and Understanding with Major Shareholders

Mr. K. Neethi Ragavan and Mr. V. G. Venkatachalapathy were appointed on our Board as nominees of the RBI in exercise of its powers under Section 36AB(1) of the Banking Regulation Act. None of our other Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Payment of Benefit to Officers of our Bank (Non-Salary Related)

Except as stated in the sub-section titled "- *Intersts of Key Management Personnel*" on page 185, no amount of benefit has been paid or given to any officer of our Bank within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment, except for stock options, if any, granted under ESOS 2013.

Except statutory benefits upon termination of their employment in our Bank or superannuation, no officer of our Bank is entitled to any benefit upon termination of such officer's employment in our Bank or superannuation.

OUR PROMOTER AND PROMOTER GROUP

Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations and the Companies Act, 2013. Consequently, it neither has a ‘promoter group’ nor any ‘group companies’ in terms of the SEBI Regulations.

RELATED PARTY TRANSACTIONS

For details on related party transactions of our Bank, see Annexure A-VII to our restated audited financial statements, in the section titled "*Financial Statements*" beginning at page F-178.

DIVIDEND POLICY

Our Bank does not have a formal dividend policy. The declaration and payment of dividends are governed by the applicable provisions of the Companies Act, 2013, the Banking Regulation Act and the Articles of Association and will depend on a number of other factors, including but not limited to the results of operations, financial condition, restrictions imposed by RBI, capital adequacy ratio and other factors considered relevant by our Board.

Details of dividends declared by our Bank on the Equity Shares in each of Fiscals 2012, 2013 and 2014 as per our audited financial statements are as given below.

Particulars	Financial Performance (For the Fiscal Year)		
	2012	2013	2014
Face value per Equity Share (in ₹)	10	10	10
Dividend (₹ in millions)	47.04*	62.77**	41.86
Dividend per Equity Share (in ₹)	1.50	1.50	1.00
Rate of dividend (%)	15.00	15.00	10.00
Dividend Tax (₹ in millions)	7.68	10.67	7.11

* *The bank has declared dividend @ 15% on the share capital for the year 2012. Before approval of financial results there had been forfieture of shares and the proposed dividend has taken only after considering the forfeiture in the books of accounts.*

** *A sum of ₹ 62.21 Million has been appropriated from the restated profit and loss account for the year ended on 31.03.2013. The dividend appropriated is net of ₹0.56 million being the excess dividend proposed in the financial year 2011-12.*

The amount paid as dividends in the past is not necessarily indicative of the dividend policy or dividend amount, if any, in the future.

We may retain all our future earnings, if any, for use in the operations. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deem relevant, including among others, our results of operations, financial condition, restrictions imposed by RBI, cash requirements, business prospects and any other financing arrangements. Further, there are regulatory restrictions on banks with respect to payment of dividend. For details, please see "*Risk Factors - Our ability to pay dividends is restricted*" on page 35.

In terms of the debenture trust deed executed by our Bank in favour of Indian Overseas Bank, the trustee for the holders of the CSBL Bonds 2012, our Bank cannot, without prior consent of trustee declare dividends in any financial year unless it has paid all dues to the holders of the CSBL Bonds 2012, or made satisfactory provisions thereof.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON RESTATED FINANCIAL INFORMATION

To

The Board of Directors,
The Catholic Syrian Bank Limited
CSB Bhavan
St. Mary's College Road
Post Box No. 502
Thrissur - 680 020

We have been engaged to examine and report on the Restated Financial Information of **The Catholic Syrian Bank Limited** (the "**Bank**"), which have been prepared in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**").

The Bank proposes to undertake fresh issue of equity shares at such premium, arrived at by book building process, as may be decided by the Board of Directors of the Bank.

The preparation and presentation of this Restated Financial Information is the responsibility of Bank. We have examined and reported on the above statements on the basis of information and explanations provided by the management, books and records produced to us, so as to obtain a reasonable assurance that such statements are free of material misstatements.

We have examined the attached Restated Financial Statements of the Bank as at March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and six months ended September 30, 2014 prepared for the purpose of inclusion in the Draft Red Herring Prospectus ("**Restated Financial Information**"), in connection with the proposed Issue of equity shares. Such financial information has been approved by the Board of Directors of the Bank and prepared by the Bank in accordance with the requirements of:

a. Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013 (the "**Companies Act**") read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014; and

b. relevant provisions of the SEBI ICDR Regulations.

We have examined such Restated Financial Information taking into consideration:

a. the terms of our engagement agreed with you vide our engagement letter dated 22.01.2015, requesting us to carry out work on such financial information, proposed to be included in the Draft Red Herring Prospectus of the Bank in connection with the Issue; and

b. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

For our examination, we have placed reliance on the financial statements which comprises the audited balance sheets as at March 31, 2010, March 31, 2011 and March 31, 2012 and the related statement of profit and loss and the cash flow statements including summary of significant accounting policies for each of the financial years ended March 31, 2010, March 31, 2011, March 31, 2012 prepared in accordance with Indian Generally Accepted Accounting Principles, the Banking Regulation Act, 1949 and the Companies Act 1956 jointly audited by M/s. Essveeyar, Chartered Accountants, Chennai and M/s. Abraham & Jose, Chartered Accountants, Thrissur. The restated financial information for the above years are based solely on the report submitted by them.

The Restated Financial Information, expressed in Indian Rupees, in Millions, has been derived from the audited financial statements of the Bank, as at and for the financial years ended March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and six months ended September 30, 2014, all of which were expressed in Indian Rupees.

We report that the profit / loss of the Bank as restated for the financial years ended March 31, 2010, March 31,2011, March 31,2012, March 31,2013, March 31,2014 and six months ended September 30, 2014 are as set out in Annexure A. These profit / loss have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in significant accounting policies and notes thereon.

We report that the assets and liabilities of the Bank as restated as at March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and September 30, 2014 are also as set out in Annexure A after making such adjustments and regroupings as in our opinion are appropriate and more fully described in significant accounting policies and notes thereon.

The Annexure A as referred to in paragraphs above consists of the following:

(a) Summary statement of Assets and Liabilities as restated (Annexure A-I).
(b) Summary statement of Restated Profit and Loss Account (Annexure A-II).
(c) Statement of Cash Flows as restated (Annexure A-III).
(d) Significant Accounting Policies and Notes to Accounts Restated for Financial Years ended March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and six months ended September 30, 2014 (Annexure A-IV).
(e) Notes to adjustments carried out in the Statement of Profit and Loss and Balance Sheet (Annexure A-V).
(f) Adjustments not carried out in the Statements of Restated Profit and Loss and Assets and Liabilities (Annexure A-VI).
(g) Summary of significant transaction with Related Parties for the Financial Years ended March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and six months ended September 30, 2014 (Annexure A-VII).
(h) Segment Reporting for the Financial Years ended March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and six months ended September 30, 2014 (Annexure A-VIII).
(i) Statement of Advances (Annexure A-IX).
(j) Statement of Investments (Annexure A-X).

We report that the dividends declared by the Bank for Financial Year ended March 31, 2010, March 31,2011, March 31,2012, March 31,2013, March 31, 2014 and six months ended September 30, 2014 are as set out in Annexure B.

We report that the Bank does not have any subsidiary or joint venture or associates.

There are no extraordinary items which need to be disclosed separately in the attached Restated Summary Statementsp

We have also examined the following financial information relating to the Bank proposed to be included in the offer documents, as prepared by the management and approved by the Board of Directors of the Bank for the Financial Years ended March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and six months ended September 30, 2014and annexed to this report. In respect of the financial years ended March 31, 2010, March 31, 2011 and March 31, 2012 these information have been included based upon the reports submitted by previous auditors M/s. Essveeyar, Chartered Accountants, Chennai and M/s. Abraham & Jose, Chartered Accountants, Thrissur and relied upon by us.

(i) Summary of accounting ratios as restated as set out in Annexure C.
(ii) Capitalization Statement as restated as set out in Annexure D.
(iii) Statement of Tax Shelter as set out in Annexure E.
(iv) Statement of Borrowings as set out in Annexure F.
(v) Key Financial Indicators as set out in Annexure G.
(vi) Statement of Cash and Balances with RBI as set out in Annexure H.
(vii) Statement of Balance with Bank and Money at Call and Short Notice as set out in Annexure I.
(viii) Statement of Fixed Assets as set out in Annexure J.
(ix) Statement of Other Assets as set out in Annexure K.
(x) Statement of Deposits as set out in Annexure L.
(xi) Statement of Other Liabilities and Provisions as set out in Annexure M.
(xii) Statement of Share Capital as set out in Annexure N.
(xiii) Statement of Reserves and Surplus as set out in Annexure O.
(xiv) Statement of Contingent Liabilities as set out in Annexure P.
(xv) Statement of Capital Adequacy as set out in Annexure Q.
(xvi) Statement of Non Performing Assets as set out in Annexure R.
(xvii) Statement of Other Income which exceeds 20% of NPBT as set out in Annexure S.

In our opinion, the Restated Financial Information of the Bank as stated in Annexure A-I to A-X above, read along with the respective Significant Accounting Policies and notes thereon, prepared after making regroupings and adjustments as were considered appropriate by us, have been prepared in accordance with the SEBI ICDR Regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note No. 8.3.2 to the restated financial statements for the year ended 31.03.2011 and 3.3 to the restated financial statements for the years ended 31.03.2012, 31.03.2013, 31.03.2014 and 30.09.2014, which describes deferment of pension and gratuity liability of the bank to the extent of Rs 483.80 million, Rs. 362.80 million, Rs. 241.90 million and Rs. 121 million for the years ended 31.03.2011, 31.03.2012, 31.03.2013 and 31.03.2014 respectively and Rs. 60.50 million for the period ended 30.09.2014 pursuant to the exemption granted by the Reserve Bank of India to the bank, from the application of the provisions of Accounting Standard (AS) 15 relating to employee benefits vide its circular no. DBOD.BP BC 80/21.04.018/2010-11 dated 09.02.2011 and RBI letter DBOD.BP BC 15896/21.04.018/2010-11 dated 08.04.2011 on reopening of pension option to employees of the bank and enhancement in gratuity limits Prudential Regulatory Treatment.

This report is intended solely for your information and for inclusion in the offer document in connection with the proposed Issue of the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

This report should neither in any way be construed as a reissuance or redrafting of any of the previous audit reports issued by us or by other firms of chartered accountants nor construed as a new opinion on any financial statements referred to herein.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No: 004207S

C. Naresh
Partner
M No. 028684
Place: Thrissur
Date:30.03.2015

For Varma & Varma
Chartered Accountants
Firm Registration No: 004532S

C Pankajakshan
Partner
M No. 012948
Place: Thrissur
Date:30.03.2015

THE CATHOLIC SYRIAN BANK LTD
SUMMARY OF FINANCIAL INFORMATION

Annexure A-I

Summary Statement of Assets & Liabilities as Restated

(₹ in Million)

S. NO.	PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
		2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
A.	**ASSETS**						
1	**Cash in Hand**	548.37	597.37	661.02	846.80	720.21	904.26
2	**Balance with RBI**	5,308.00	5,274.04	6,203.74	5,445.78	5,518.82	5,394.86
3	**Balance with Banks**						
	In India	283.78	725.90	2,436.23	3,972.86	3,637.86	327.81
	Outside India	416.20	403.58	409.12	384.75	866.13	998.84
4	**Money at Call & Short Notice**	499.67	-	-	-	-	-
5	**Investments**						
	Gross Investment In India	22,920.66	26,930.69	31,474.46	33,046.20	51,397.84	51,388.51
	Less: Provision for NPA Investment	-	-	-	-	-	-
	Less: Depreciation on Investment	26.55	28.11	23.00	35.68	81.31	58.60
	Net Investment In India	22,894.11	26,902.58	31,451.46	33,010.52	51,316.53	51,329.91
	Outside India	-	-	-	-	-	-
6	**Advances**						
	In India	44,669.38	62,200.25	76,635.43	88,515.18	87,073.62	94,303.03
	Outside India	-	-	-	-	-	-
7	**Fixed Assets**	793.98	753.03	758.78	1,694.58	1,736.45	1,720.95
	Less: Revaluation Reserve	401.53	395.12	387.66	1,267.12	1,253.11	1,246.45
	Net Fixed Assets	392.45	357.91	371.12	427.46	483.34	474.50
8	**Other Assets**	1,531.09	1,445.82	1,925.91	2,353.01	2,287.90	2,463.89
	Less: Deferred Tax and Intangible Assets	417.18	310.81	339.96	470.02	250.59	702.82
	Net Other Assets	1,113.91	1,135.01	1,585.95	1,882.99	2,037.31	1,761.07
	TOTAL (A)	**76,125.87**	**97,596.64**	**119,754.07**	**134,486.34**	**151,653.82**	**155,494.28**
B.	**LIABILITIES**						
1	**DEPOSITS**						
	Demand Deposit						
	From Banks	6.05	12.19	14.49	3.88	5.32	2.51
	From Others	2,914.83	3,256.80	3,464.10	3,289.67	3,309.13	3,892.52
2	**Saving Deposits**	14,605.94	16,242.46	17,004.97	18,340.40	20,295.38	21,553.38
3	**Term Deposits from Banks**	1,671.39	2,804.42	4,213.90	4,594.61	4,989.09	3,681.08
	Term Deposits from others	50,585.29	64,940.82	81,351.24	97,187.70	108,139.69	112,525.53
4	**Borrowings**						
	In India	0.73	2,321.19	4,419.65	819.06	4,480.43	4,752.95
	Outside India	-	-	-	-	-	-
	Subordinate Debts(Tier-II Bonds)	928.00	917.00	1,335.00	1,175.00	1,075.00	575.00
5	Other Liabilities & Provisions	2,391.65	2,336.70	3,000.98	3,276.28	3,161.18	2,951.96
	TOTAL (B)	**73,103.88**	**92,831.58**	**114,804.33**	**128,686.60**	**145,455.22**	**149,934.93**
C.	**NET WORTH (A-B)**	**3,021.99**	**4,765.06**	**4,949.74**	**5,799.74**	**6,198.60**	**5,559.35**

Annexure A-I (Continued)

Summary Statement of Assets & Liabilities as Restated

(₹ in Million)

S. NO.	PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
		2010	2011	2012	2013	2014	30.09.2014
D.	**Share Capital**	**189.26**	**313.48**	**314.16**	**418.99**	**418.99**	**418.99**
	Equity Share Capital	189.26	313.48	314.16	418.99	418.99	418.99
E.	**RESERVE & SURPLUS**						
1	Statutory Reserve	1,219.61	1,250.05	1,314.81	1,396.47	1,463.67	1,463.67
2	Capital Reserve	305.08	311.19	315.65	397.06	529.69	529.69
3	Revaluation Reserve	401.53	395.12	387.66	1,267.12	1,253.11	1,246.45
4	Share Premium	868.05	2,217.81	2,224.42	2,906.66	2,906.66	2,906.66
5	Revenue & Other Reserve	914.69	962.89	1,098.79	1,189.20	1,108.44	1,108.44
6	Balance of Profit & Loss Account	-	20.45	21.87	-	21.74	-
	TOTAL	**3,708.96**	**5,157.51**	**5,363.20**	**7,156.51**	**7,283.31**	**7,254.91**
	Less: Revaluation Reserve	401.53	395.12	387.66	1,267.12	1,253.11	1,246.45
	Less: Deferred Tax and Intangible Assets	417.18	310.81	339.96	470.02	250.59	702.82
	Less: Profit & Loss (Dr.)	57.52	-	-	38.62	-	165.28
	TOTAL (E)	**2,832.73**	**4,451.58**	**4,635.58**	**5,380.75**	**5,779.61**	**5,140.36**
	NET WORTH (D+E)	**3,021.99**	**4,765.06**	**4,949.74**	**5,799.74**	**6,198.60**	**5,559.35**

The summary statement of assets and liabilities as restated should be read along with the significant accounting policy and notes on accounts.

For **Sundaram & Srinivasan**

Chartered Accountants
Firm Registration No: 004207S

C. Naresh
M.No. 28684

For **Varma & Varma**
Chartered Accountants
Firm Registration No: 004532S

C. Pankajakshan
M.No.012948

Place: Thrissur

Date: 30.03.2015

Annexure A-II

Summary Statement of Restated Profit & Loss Account

(₹ in Million)

S No.	Particulars	Financial Year ended 31st March					Half Year Ended
		2010	2011	2012	2013	2014	30.09.2014
A.	**INCOME**						
1	**Interest Earned**	**5,779.56**	**7,621.32**	**10,756.34**	**13,208.64**	**15,039.78**	**7,692.34**
1.1	Interest & Discount on advance/bills	4,171.31	6,007.41	8,615.04	10,743.45	11,386.97	5,762.99
1.2	Income on Investment	1,413.12	1,553.24	2,008.63	2,262.59	3,304.09	1,862.06
1.3	Interest on balance with RBI & other Inter Bank Funds	146.75	49.76	74.27	201.21	319.84	61.81
1.4	Interest on Others	48.38	10.91	58.40	1.39	28.88	5.48
2	**OTHER INCOME**	**739.46**	**744.41**	**851.61**	**945.66**	**1,173.18**	**470.40**
2.1	Commission, Exchange & Brokerage	200.28	166.26	173.03	162.60	166.93	94.70
2.2	Profit on sale of Investments(Net)	128.53	52.14	52.78	228.88	440.97	82.13
2.3	Profit on sale of land, building & other assets (Net)	(0.29)	5.33	12.27	4.57	0.88	(1.62)
2.4	Profit on exchange transaction(Net)	64.00	97.56	113.81	130.73	125.35	71.96
2.5	Miscellaneous Income	346.94	423.12	499.72	418.88	439.05	223.23
	TOTAL INCOME	**6,519.02**	**8,365.73**	**11,607.95**	**14,154.30**	**16,212.96**	**8,162.74**
B.	**EXPENDITURE**						
1	**Interest Expended**	**4,551.55**	**5,139.79**	**7,686.09**	**9,816.48**	**11,247.74**	**5,854.00**
1.1	Interest on Deposits	4,460.44	4,963.09	7,380.10	9,502.27	10,942.40	5,661.42
1.2	Interest on RBI/Inter Bank borrowings	0.33	31.74	65.93	73.43	115.32	111.83
1.3	Others	90.78	144.96	240.06	240.78	190.02	80.75
2	**Operating Expenses**	**2,080.66**	**2,771.76**	**2,984.73**	**3,409.52**	**3,950.24**	**2,042.53**
2.1	Payment to & provision for employees	1,348.59	1,993.79	2,120.87	2,430.90	2,816.73	1,419.21
2.2	Rent, Tax & Lighting	214.47	230.11	255.06	323.41	383.84	202.81
2.3	Printing & Stationery	21.18	24.76	29.02	32.96	36.98	16.67
2.4	Advertisement & Publicity	7.66	13.14	24.28	18.11	10.77	5.25
2.5	Depreciation on Banks Properties (net of amounts adjusted against revaluation reserve)	107.71	104.25	85.37	74.40	73.47	53.13
2.6	Director's fees, allowances and expenses	3.73	4.22	4.81	8.07	7.14	5.21
2.7	Auditor's Fees & Expenses	7.61	9.22	10.71	17.02	16.70	9.11
2.8	Law Charges	8.68	7.97	7.18	7.13	8.37	3.88
2.9	Postage, Telegrams, Telephones etc.	48.37	46.45	49.28	54.81	62.45	36.63
2.1	Repairs & Maintenance	50.82	58.79	59.15	60.10	61.15	34.96
2.11	Insurance	66.69	74.59	93.25	100.06	128.61	68.59
2.12	Other Expenditure	195.15	204.47	245.75	282.55	344.03	187.08
	TOTAL EXPENDITURE	**6,632.21**	**7,911.55**	**10,670.82**	**13,226.00**	**15,197.98**	**7,896.53**
C.	**Operating Profit (before Extra Ordinary Items and Provision & Contingencies)** ***Refer Anx A II (i)***	**(113.19)**	**454.18**	**937.13**	**928.30**	**1,014.98**	**266.21**

Summary Statement of Restated Profit & Loss Account **Annexure A-II** (Continued)

(₹in Million)

S No.	Particulars	Financial Year ended 31st March					Half Year Ended
		2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
	Add/(less): Extra Ordinary Items net of taxes	-	-	-	-	-	-
	Less: Provisions & Contingencies (other than Provision for Tax)	84.66	161.58	640.09	600.84	546.00	542.33
D.	**Profit(Loss) Before Tax**	**(197.85)**	**292.60**	**297.04**	**327.46**	**468.98**	**(276.12)**
	Provision for Tax	(135.97)	92.87	36.60	61.29	159.52	(94.65)
E.	**Net Profit after tax, as restated**	**(61.88)**	**199.73**	**260.44**	**266.17**	**309.46**	**(181.47)**
	Adjustment for Profit/ (Loss) Brought Forward	21.01	(57.52)	20.45	21.87	(38.62)	21.74
F.	**Profit / (Loss) available for appropriation**	**(40.87)**	**142.21**	**280.89**	**288.04**	**270.84**	**(159.73)**
a)	Statutory Reserve	4.13	30.44	64.76	81.67	67.20	-
b)	Capital Reserve	3.61	6.11	4.46	81.40	132.63	-
c)	General Reserve	0.60	11.59	76.63	13.23	15.78	-
d)	Revenue & Other Reserve	8.16	36.62	57.81	77.18	(15.78)	-
e)	Charity Fund	0.15	0.30	0.30	0.30	0.30	-
f)	Deferred Tax Liability	-	-	-	-	-	-
g)	Dividend (excluding dividend tax)	-	31.58	47.38	62.21	41.86	-
h)	Tax on Dividend	-	5.12	7.68	10.67	7.11	-
i)	Adjustment of Depreciation as per Companies Act,2013	-	-	-	-	-	5.55
j)	Balance of Profit carried forward	(57.52)	20.45	21.87	(38.62)	21.74	(165.28)
	TOTAL	(40.87)	142.21	280.89	288.04	270.84	(159.73)

The summary statement of restated profit and loss account should be read along with the significant accounting policy and notes on accounts.

For **Sundaram & Srinivasan**

Chartered Accountants
Firm Registration No: 004207S

C. Naresh
M.No. 28684

For **Varma & Varma**
Chartered Accountants
Firm Registration No: 004532S

C. Pankajakshan
M.No.012948

Place: Thrissur

Date: 30.03.2015

Annexure A II (i)

(₹ in Million)

S No.	Particulars	Financial Year ended 31st March					Half Year Ended
		2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
	Break up of Provisions and Contingencies						
1	Provision for Non-Performing Advances including Write Off	90.51	134.16	459.80	391.82	596.09	571.36
2	Add back of eligible amount of provision held in respect of Agricultural Debts Waived	(1.47)	(4.62)	-	-	-	-
3	Depreciation on Investments/(Written Back)	(14.59)	1.56	(5.12)	12.69	45.63	(22.71)
4	Provision for standard Advances	-	36.86	109.04	126.69	(35.80)	(1.95)
5	Provision for Diminution in Restructured Advances	18.20	(4.80)	63.85	73.41	(66.02)	(2.04)
6	Others	(7.99)	(1.58)	12.52	(3.77)	6.10	(2.33)
	Provision for Contingencies (other than Provision for tax)	**84.66**	**161.58**	**640.09**	**600.84**	**546.00**	**542.33**
	Provision for Income Tax	(135.97)	92.87	36.60	61.29	159.52	(94.65)
	TOTAL	**(51.31)**	**254.45**	**676.69**	**662.13**	**705.52**	**447.68**

Annexure A-III

Statement of Cash Flows as Restated

(₹ in Million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit / (Loss) before Tax	(197.85)	292.60	297.04	327.46	468.98	(276.12)
Adjustments for:						
Depreciation on Fixed Assets	86.03	81.50	63.20	53.12	59.13	45.26
Amortisation of Intangible Assets	21.69	22.76	22.18	21.28	14.34	7.87
Provisions and Contingencies	84.66	161.58	640.09	600.84	546.00	542.33
Interest on Tier II Bonds	76.00	74.75	74.60	111.03	110.67	35.12
Others	154.20	56.55	23.73	71.29	(32.03)	2.72
Operating Profit before working capital changes	224.73	689.74	1,120.84	1,185.02	1,167.09	357.18
Adjustments for						
Deposits	6,455.22	17,473.19	18,792.01	17,367.55	13,322.36	4,916.41
Borrowings	(0.55)	2,320.46	2,098.46	(3,600.59)	3,661.37	272.52
Other Liabilities	23.97	(177.57)	490.07	63.06	(29.54)	(199.14)
Investments	(1,039.83)	(4,010.03)	(4,543.77)	(1,571.74)	(18,351.64)	9.32
Advances	(7,939.61)	(17,660.29)	(14,958.81)	(12,345.00)	911.48	(8,217.02)
Other Assets	43.01	(64.32)	(381.95)	(503.09)	(50.62)	208.36
Cash (used in) / generated from Operating Activities	(2,233.06)	(1,428.82)	2,616.85	595.21	630.50	(2,652.37)
Direct Taxes Paid (Net of refunds)	(25.36)	37.15	(146.94)	8.88	(95.97)	174.36
Net Cash (used in) / generated from Operating Activities (A)	(2,258.42)	(1,391.67)	2,469.91	604.09	534.53	(2,478.01)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets and Intangible Assets	(66.90)	(55.32)	(91.13)	(127.85)	(159.96)	(56.21)
Sale of Fixed Assets	1.70	3.64	16.43	2.29	2.38	1.05
Net Cash used in Investing Activities (B)	(65.20)	(51.68)	(74.70)	(125.56)	(157.58)	(55.16)

Annexure **A-III** (Continued)

Statement of Cash Flows as Restated

(₹ in Million)

C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Equity Share Capital	0.47	124.22	0.68	104.83	-	-
Proceeds from Share Premium	5.07	1,349.76	6.61	682.24	-	-
Issue / (Redemption) of Tier II Bonds	-	(11.00)	418.00	(160.00)	(100.01)	(500.00)
Interest Paid on Tier II Bonds	(76.00)	(74.75)	(74.60)	(111.03)	(110.67)	(35.12)
Dividend paid (including Tax on Dividend)	(25.77)	-	(36.70)	(54.49)	(73.44)	(48.96)
Net Cash generated / (used in) financing activities (C)	(96.23)	1,388.23	313.99	461.55	(284.12)	(584.08)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,419.85)	(55.12)	2,709.20	940.08	92.83	(3,117.25)
Cash and Cash Equivalents at the beginning of the Year	9,475.87	7,056.02	7,000.90	9,710.10	10,650.18	10,743.01
Cash and Cash Equivalents at the end of the Year	7,056.02	7,000.90	9,710.10	10,650.18	10,743.01	7,625.76
Net increase / (decrease) disclosed as above	(2,419.85)	(55.12)	2,709.20	940.08	92.83	(3,117.25)

The statement of cash flows as restated should be read along with the significant accounting policy and notes on accounts.

For **Sundaram & Srinivasan**

Chartered Accountants
Firm Registration No: 004207S

C. Naresh
M.No. 28684

For **Varma & Varma**
Chartered Accountants
Firm Registration No: 004532S

C. Pankajakshan
M.No.012948

Place: Thrissur

Date: 30.03.2015

Annexure A-IV

- SIGNIFICANT ACCOUNTING POLICIES
- NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2009-10
- NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2010-11
- NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2011-12
- NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2012-13
- NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2013-14
- NOTES ON ACCOUNTS FOR THE HALF YEAR ENDING 30.09.2014

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 confirm to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India and referred to in the Companies Act, 2013 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, unless otherwise stated.

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 half 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 half 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 amortised cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortised over the period remaining to maturity using Constant Yield Method. Such amortisation 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 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/Securitisation Company.

vi) Profit on sale of investments in 'Held to Maturity' category is recognised in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves 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 are classified as Performing and Non Performing based on the relevant RBI guidelines. The amount of advances shown in the Balance Sheet is net off provisions and interest suspense.
b) Provision on Standard Assets is maintained as per RBI guidelines and the same is included in Other Liabilities & Provisions.

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

d) 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.

e) **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.

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 withdrawal is made from Revaluation Reserve Account.

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.

e) The useful life for computation of depreciation for various categories of Fixed Assets are as follows

Type of Fixed Asset	Useful Life (Yrs)	Depreciation Method
Building	58 Yrs	Written Down Value
Motorcars	8 Yrs	Straight Line
Furniture & Fixtures	10 Yrs	Straight Line
Plant & Machinery	15 Yrs	Straight Line
Servers & Networks	6 Yrs	Straight Line
Other Computer Hardware	3 Yrs	Straight Line
ATMs	8 Yrs	Straight Line

7. INTANGIBLE ASSETS

Accounting and amortisation of Computer Software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, issued by Institute of Chartered Accountants of India (ICAI).

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.

The net liability arising out of reopening of pension option to employees and enhancement in gratuity limits is amortised in 5 years commencing from 2010-11as per approval of RBI (vide the RBI Circular DBOD.No. BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI letter DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011)

iii) Long term compensated absences and other long term employee benefits.

a. Privilege Leave
b. Sick leave on half pay
c. Carry forward of unavailed casual leave
d. Leave fare concession

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.

b. Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.

c. Income on Investments (other than dividend on equity shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognised on cash basis.

d. 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.

e. 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 ₹ 10 million 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' issued by Institute of Chartered Accountants of India (ICAI) and charged to Profit and Loss Account.

14. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As per the Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India (ICAI), 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.

Contingent assets are not recognized in the financial statements.

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" prescribed by the Companies (Accounting Standards) Rules, 2006. 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. NET PROFIT

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

(i) provision for taxes

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

(iii) provision for depreciation on investments

(iv) other usual and necessary provisions.

NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2009-10

1. i) On March 8, 2010, the Board of Directors of the bank has decided to call for the balance amount of the shares offered on Rights basis in the year 2007 and fixed April 30, 2010, July 31, 2010 and September 30, 2010 respectively as the last dates for making payment of Allotment Money, First Call and Final Call Money. The last date for payment of Allotment Money has since been extended upto June 30, 2010.

ii) As per the direction of RBI, SVG Group (holding 24.61% of the Paid Up Capital of the bank as on 31.03.2010) was required to divest shares in excess of 10% of the Paid Up Capital before 31.03.2010. As the same has not been completed, they have sought further extension of time from RBI.

2. Details of provisions and contingencies debited in Profit and Loss Account during the year

	31.03.2010 (₹ in million)
a) Provisions towards NPA/write offs	90.51
b) Add back of eligible amount of provision held in respect of Agricultural Debts Waived	(1.47)
c) Depreciation and write off of investments	3.38
d) Add back of excess provision for Depreciation on investments	(17.97)
e) Provision for Income tax (Including Deferred Tax and Wealth Tax)	(135.97)
f) Provision for Standard Assets	0.00
g)) Provision for diminution on Restructured Advances	18.20
h) Other provisions	(7.99)
Total	(51.31)

i) Agricultural debts waived under Agricultural Debt Waiver & Debt Relief Scheme (ADWDRS) 2008 of the Government of India during 2008-09 amounted to ₹ 26.million. Out of this, the bank has received, reimbursement of ₹ 6.5 million from the government during the current year (in addition to ₹ 11.2 million received in 2008-09). The Balance due of ₹ 8.3 million is included under Advances . An amount of ₹ 1.9 million has been passed on to the eligible borrowers as Debt Relief under Agricultural Debts waived under Agricultural Debt Waiver & Debt Relief Scheme (ADWDRS) 2008.

3. Reconciliation

Initial reconciliation of inter-branch/office accounts has been completed as on 31.03.2010. Steps have been taken to eliminate the outstanding entries and in the bank's opinion consequential impact on Profit and Loss Account will not be material.

4. Taxation

Income Tax assessment upto the assessment year 2007-08 has been completed. In respect of appeals filed by the Bank, no provision is considered necessary for the disputed income tax liability of ₹ 200.4 million on the basis of favourable judicial decisions and legal opinion.

5. Investments

a) The profit on sale of investments under Held to Maturity category amounting to ₹ 7.3 million has been taken to Profit and Loss account and a sum of ₹ 3.6 million, being net of taxes and net of transfer to Statutory Reserve of such profit, has been appropriated to Capital Reserve Account.

b) The bank has transferred securities amounting to ₹ 2400 million from Held To Maturity to Available For Sale category and ₹ 100 million from Available For Sale to Held To Maturity category as on 05.06.2009. The resultant depreciation of ₹ 1.5 million has been charged to Profit & Loss Account.

c) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹ 126.0 million (previous year ₹ 86.5 million) which is netted against Income on Investments.

d) Excess provisions on depreciation in the Available for Sale category investments amounting to ₹ 18.0 million has been credited to Profit & Loss Account. Out of the above, an amount of ₹ 8.9 million (net of taxes and net of transfer to Statutory Reserves) has been appropriated to Investment Reserve.

e) Depreciation on investments in Available for Sale category amounted to ₹ 1.5 million as on 31.03.2010 and a sum of ₹ 0.7 million, being net of taxes and net of Statutory Reserves of such depreciation, has been transferred from Investment Reserve Account to Profit and Loss Account and the same has been appropriated to General Reserve in line with RBI guidelines.

6. Disclosures as per RBI guidelines

In terms of RBI guidelines, the following additional disclosures are made:

6.1 Capital

Items	31.03.2010
i) CRAR (%) – Basel II	10.59
ii) CRAR - Tier I capital (%)	7.84
iii) CRAR - Tier II Capital (%)	2.75
iv) Amount of subordinated debt raised as Tier-II capital	₹ 928.0 Million
v) Amount raised by issue of IPDI	Nil
vi) Amount raised by issue of Upper Tier II instruments	Nil

6.2 Investments

(₹ in Million)

Items	31.03.2010
(1) Value of Investments	
(i) Gross Value of Investments	22920.66
(a) In India	22920.66
(b) Outside India,	Nil
(ii) Provisions for Depreciation	26.55
(a) In India	26.55
(b) Outside India,	Nil
(iii) Net Value of Investments	22894.11
(a) In India	22894.11
(b) Outside India.	Nil
(2) Movement of provisions held towards depreciation on investments	
Opening balance	42.8
Add: Provisions made during the year	01.7
(iii) Less: Write-off/ write-back of excess provisions during the year	17.9
(iv) Less: Provision Account debited during the year	0.00
(v) Closing balance	26.6

6.2.1 **Repo Transactions**

(₹ in Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as on March 31 2010
Securities sold under RBI Repo	Nil	Nil	Nil	Nil
Securities sold under Market Repo	150.0	150.0	1.2	Nil
Securities purchased under Reverse Repo (RBI)	100.0	6250.0	2543.1	Nil
Securities purchased under Reverse Repo (Market Repo)	150.0	150.0	0.4	Nil

6.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Million)

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	68.2	71.7	Nil	26.7	26.7
(ii).	FIs	71.9	70.0	Nil	Nil	Nil
(iii).	Banks	1396.2	110.0	Nil	Nil	Nil
(iv).	Private Corporate	98.0	7.9	Nil	7.8	7.8
(v).	Subsidiaries/ Joint Ventures		Nil	Nil	Nil	Nil
(vi).	Others (RIDF, RHF, MSME Fund)	3248.0	Nil	Nil	Nil	Nil
(vii).	Provision held towards depreciation	(26.6)	Nil	Nil	Nil	Nil
	Total	4855.7	259.6	0	34.5	34.5

ii) Non performing Non-SLR investments

(₹ in Million)

Particulars	31.03.2010
Opening balance	Nil
Additions during the year since 1st April	Nil
Reductions during the above period	Nil
Closing balance	Nil
Total provisions held	Nil

6.3 Derivatives

6.3.1 Forward Rate Agreement/ Interest Rate Swap

Nil

6.3.2 Exchange Traded Currency and Interest Rate Derivatives:

Nil

6.3.3 Disclosures on risk exposure in derivatives

Qualitative Disclosure

Nil

Quantitative Disclosures

Nil.

6.3.4 Swap Reserve

Bank has terminated Cross Currency Coupon Only Swap of notional principal ₹ 160.0 million on 08.06.2009. Special Reserve (Swap) of ₹ 5.10 million (created out of profits from the derivative transaction in line with RBI guidelines) has been credited to General Reserve.

6.4 Asset Quality

6.4.1 Non-Performing Asset

(₹ in million)

Items	31.03.2010
(i) Net NPAs to Net Advances (%)	1.58%
(ii) Movement of NPAs (Gross)	
(a) Opening balance	1717.8
(b) Additions during the year	534.8
(c) Reductions during the year	759.7
(d) Closing balance	1492.9
(iii) Movement of Net NPAs	
(a) Opening balance	879.4
(b) Additions during the year	521.0
(c) Reductions during the year	695.2
(d) Closing balance	705.2
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)	
(a) Opening balance	798.8
(b) Provisions made during the year	43.2
(c) Write-off/ write-back of excess provisions	89.7
(d) Closing balance	752.3

6.4.2 Details of Loan Assets subjected to Restructuring

6.4.2.1 Particulars of Accounts Restructured

(₹ in Million)

		CDR Mechanism		SME Debt Restructuring		Others	
		Balance Outstanding		Balance Outstanding		Balance Outstanding	
		Restructured Accounts	All Accounts of the Borrower	Restructured Accounts	All Accounts of the Borrower	Restructured Accounts	All Accounts of the Borrower
Standard advances Restructured	No.of Borrowers	1	1	Nil	Nil	136	143
	Amount Outstanding	*121.9	*127.2	Nil	Nil	1247.2	1955.9
	Sacrifice (diminution in the fair value)	10.5	10.5	Nil	Nil	12.5	12.5
Sub standard advances Restructured	No.of Borrowers	Nil	Nil	Nil	Nil	14	14
	Amount Outstanding	Nil	Nil	Nil	Nil	8.4	8.9
	Sacrifice (diminution in the fair value)	Nil	Nil	Nil	Nil	0.3	0.3
Doubtful advances Restructured	No.of Borrowers	Nil	Nil	Nil	Nil	Nil	Nil
	Amount Outstanding	Nil	Nil	Nil	Nil	Nil	Nil
	Sacrifice (diminution in the fair value)	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL	No.of Borrowers	1	1	Nil	Nil	150	157
	Amount Outstanding	121.9	127.2	Nil	Nil	1255.6	1964.8
	Sacrifice (diminution in the fair value)	10.5	10.5	Nil	Nil	12.8	12.8

* Includes Cumulative Redeemable Preference Shares of Value ₹ 8.1 Million.

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

The Bank has not sold any financial assets to Securitisation/Reconstruction companies for Asset Reconstruction in 2009-10 and 2008-09.

6.4.4 Details of non-performing financial assets purchased/sold

The Bank has not purchased or sold any non-performing financial assets in 2009-10 and 2008-09.

6.4.5 Provisions on Standard Assets

(₹ in Million)

Item	31.03.2010
Provisions held towards Standard Assets	192.1

6.5 Business Ratio

Items	31.03.2010
(i) Interest Income as a percentage to Working Funds	7.84
(ii) Non-interest income as a percentage to Working Funds	1.00
(iii) Operating Profit as a percentage to Working Funds	(0.15)
(iv) Return on Assets (%)	(0.08)
(v) Business (Deposits plus advances) per employee (₹ Million)	42.35
(vi) Profit per employee (₹ Million)	(0.02)

6.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities *(as compiled by the management and relied upon by the auditors)*

(₹ in Million)

	Day 1	2-7 Days	8 - 14 Days	15 to 28 days	29 days 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	233.98	488.53	768.90	414.18	1920.37	1980.81	7902.46	19247.86	1543.07	35283.34	69783.50
Advances	485.32	333.27	1582.17	1198.19	2667.14	3912.41	5810.24	17835.99	5153.27	5691.38	44669.38
Investments	0	248	0	709.6	655.2	498.8	512.3	1873.4	4606.3	13790.51	22894.11
Borrowings	0.00	0.00	0.00	0.00	11.09	0.09	0.19	160.36	757.00	0.00	928.73
Foreign Currency assets	527.7	31.4	22.4	209.4	258.2	567.6	252.8	71.8	0.00	0.00	1941.3
Foreign Currency liabilities	109.8	9.1	71.5	12.4	104.9	188.9	333.7	360.9	27.9	0.00	1219.1

Note: Deposits have been classified as per behavioural maturity.

6.7 Exposures

6.7.1 Exposure to Real Estate Sector (₹ in Million)

Category	31.03.2010
a) Direct exposure	
(i) Residential Mortgages	
a) Priority sector	2918.1
b) Non priority sector	147.0
c) Total	3065.1
(ii) Commercial Real Estate	1922.6
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	
a. Residential,	Nil
b. Commercial Real Estate.	Nil
b) Indirect Exposure	
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil
Total Exposure to Real Estate Sector	4987.7

6.7.2 Exposure to Capital Market (₹ in Million)

	Items	31.03.2010
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	128.4
(ii)	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	4.5
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.2
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	50.6
(v)	Secured and unsecured advances to stockbrokers and	

	guarantees issued on behalf of stockbrokers and market makers	5.5
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil
(vii)	Bridge loans to companies against expected equity flows/issues	Nil
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil
(ix)	Financing to stock brokers for margin trading	Nil
(x)	All exposures to Venture Capital Funds	Nil
Total Exposure to Capital Market		189.2

6.7.3 Country Risk Exposure

(₹ in Million)

Risk Category	Exposure (Net) as at 31.03.2010	Provision held as at 31.03.2010
Insignificant	792.6	Nil
Low	246.9	Nil
Moderate	12.6	Nil
High	5.9	Nil
Very High	Nil	Nil
Restricted	Nil	Nil
Off-Credit	Nil	Nil
Total	1058.0	Nil

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 tune with the RBI guidelines.

6.7.4 Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the bank.

Nil.

6.7.5 Unsecured Advances

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

6.8 Miscellaneous

6.8.1 Amount of Provisions made for Income-tax during the year

(₹ in Million)

	31.03.2010
Provision for Income Tax (including Fringe Benefit Tax & Wealth tax)	(135.97)

6.8.2 Disclosure of Penalties imposed by RBI

Nil.

7. Disclosure Requirements as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts:

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

There are no material prior period income/expenditure requiring disclosure.

7.2 Accounting Standard 9 – Revenue Recognition

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

7.3 Accounting Standard 15 (Revised) – Accounting for Employee Benefits in the Financial Statements of Employers

7.3.1 **Disclosures for Defined Contribution Plans – Provident Fund**

Contributions to employee provident fund, debited to Profit & Loss Account during the year amount to ₹ 32.9 million (previous year ₹ 40.0 million). There is no deficit in Income & Expenditure Account of the Fund.

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

7.3.2.1 Amount recognised in Balance Sheet and Profit & Loss Account

The amount recognised in the balance sheet is as follows:

(₹ in Million)

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Present Value of Obligations - Closing	759.3	599.1	343.2
Fair Value of Plan Assets - Closing	574.1	587	N.A.
Funded Status	185.1	12.1	343.2
Unrecognised Actuarial Gains	Nil	Nil	Nil
Net Liability recognised in Balance Sheet (included in Other Liabilities & Provisions)	185.1	12.1	343.2

The amount recognised in the statement of profit and loss account is as follows:

(₹ In Million)

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Current Service Cost	60.7	24.7	13.9
Interest Cost	52.6	45.2	24.1
Expected Return on Plan Assets	(35.1)	(47.1)	N.A.
Net Actuarial Loss/(Gain) recognised in the year	84.6	(10.7)	24
Total, (included in. "Payment to and provisions for employees")	162.8	12.1	62

7.3.2.2 Changes in Fair Value of Plan Assets

(₹ in Million)

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Fair Value of Plan Assets at the beginning of the year	438.7	588.2	N.A.
Expected Return on Plan Assets	35.1	47.1	N.A.
Contributions	292.8	Nil	41.3
Benefits Paid	192.6	46.9	41.3
Actuarial (Loss)/Gain	0.1	(1.4)	N.A.
Fair Value of Plan Assets at the end of the year	574.1	587.0	N.A.

7.3.2.3 Changes in Present Value of Obligations

(₹ in Million)

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Present Value of Obligations at the beginning of the year	753.8	588.2	322.5
Interest Cost	52.6	45.2	24.1
Current Service Cost	60.7	24.7	13.9
Benefits Paid	192.6	46.9	41.3
Actuarial Loss/(Gain)	84.7	(12.1)	24.0
Present Value of Obligations at the end of the year	759.2	599.1	343.2

7.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Million)

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Net Liability at the beginning of the period	315.1	Nil	322.5
Add Expenses Charged to Profit & Loss Account	162.8	12.1	62.0
Less Contributions	292.8	Nil	41.3
Net Liability at the end of the period	185.1	12.1	343.2

7.3.2.5 Actual Return on Plan Assets

(₹ in Million)

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Expected Return on Plan Assets	35.1	47.1	N.A.
Actuarial Gain (Loss)	0.1	(1.4)	N.A.
Actual Return on Plan Assets	35.2	45.7	N.A.

7.3.2.6 Actuarial Assumptions

	Pension	Gratuity	Long term Compensated Absences (Privilege Leave)
	2009-10	2009-10	2009-10
Discount Rate (p.a.)	8.00%	8.00%	8.00%
Expected Return on Plan Assets (p.a.)	8.00%	8.00%	N.A.
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%
Mortality	In accordance with the standard table LIC (1994-96) ultimate.	In accordance with the standard table LIC (1994-96) ultimate.	In accordance with the standard table LIC (1994-96) ultimate.

7.3.3 Other Long term Employee Benefits

As on 31.03.2010, the Bank holds provision of ₹ 2.93 million (previous year ₹ 7.5 million) towards provision for Leave Fare Concession based on actuarial valuation.

7.4 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(₹ in Million)

Business Segments	Treasury	Corporate/Wholesale Banking	Retail Banking	Other Banking Business	Total
	2009-10	2009-10	2009-10	2009-10	2009-10
Revenue	1654.90	1640.55	3060.28	163.3.	6519.03
Result	-1119.85	310.54	705.52	(9.40)	(113.19)
Unallocated expenses					Nil
Operating profit					(113.19)
Provisions other than tax					84.66
Provision for Tax					(135.97)
Extraordinary profit/ loss					Nil
Net profit					(61.88)
OTHER INFORMATION					
Segment assets	25658.93	18647.25	26136.93	60.15	70503.26
Unallocated assets					5622.61
Total assets					76125.87
Segment liabilities	153.71	16177.42	57819.81	187.93	74338.87
Unallocated liabilities					1787.00
Total liabilities					76125.87

Part B: Geographic segments
The Bank has no branches outside India.

7.5 Accounting Standard 18 – Related Party disclosures

Key Management Personnel: Shri.V.P.Iswardas, Managing Director & Chief Executive Officer

7.6 Accounting Standard 21 - Consolidated Financial Statements

Not Applicable.

7.7 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2010, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 347.9 million

Components of Net Deferred Tax Asset as on 31.03.2010 are as follows:

(₹ in Million)

	31.03.2010
Deferred Tax Asset	
Provision for Employee Benefits (Pension & Leave Benefits)	125.9
Provision for Standard Assets	65.3
Provision for Salary Arrears	46.5
Carry Forward Loss*	121.9
Others	14.8
Total Deferred Tax Asset	374.4
Deferred Tax Liability	
Depreciation on Fixed Assets	56.1
Net Deferred Tax Asset	318.3
Add Effect of Restatement	**29.6**
Restated Net Deferred Tax Asset	**347.9**

*DTA on Carry Forward Loss is recognized, as in the opinion of the management, there is virtual certainty of future taxable income.

7.8 Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements

Not Applicable

7.9 Accounting Standard 24 - Discontinuing operations

Not Applicable

8. Disclosure as per Other Accounting Standards

8.1 Accounting for Fixed Assets (AS 10)

The land and buildings owned by the Bank were revalued in 1990-91, 1993-94, 1998-99, 2004-05, 2006-07 and 2007-08 and appreciation credited to Revaluation Reserve. Depreciation for the year on the net addition to value on such revaluation of assets of ₹ 6.7 million (previous year ₹

7.1 million) has been transferred from Revaluation Reserve to Profit and Loss Account. There has been no revaluation of assets during this year.

8.2 Effect of Changes in Foreign Exchange Rates (AS 11)

The net profit for the year is arrived at after charging the amount of exchange differences due to translation of monetary assets and liabilities at the closing rates.

8.3 Intangible Assets (Accounting Standard 26)

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

(₹ in Million)

	31.03.2010
a) **Acquired Application Software**	
Opening Balance at cost	31.5
Add Additions during the year	12.1
Less Disposals during the year	Nil
Less Amortisation to date	20.1
Net Carrying Amount*	23.5
b) **Internally Generated Software**	
Opening Balance at cost	73.5
Add Additions during the year	4.9
Less Disposals during the year	Nil
Less Amortisation to date	33.6
Net Carrying Amount*	44.8

*The Net carrying amount of acquired application software and internally generated application software are included Other Assets. This includes ₹ 6.1 million relating to Phase II of CBS project, which is under development stage.

8.4 Impairment of Assets (Accounting Standard 28)

In the opinion of the Bank's management, there is no material impairment to the assets to which Accounting Standard 28 – Impairment of Assets, applies.

8.5 Provisions, Contingent Liabilities and Contingent Assets (AS-29)

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

Please refer to Note No. 2 regarding break up of provisions and contingencies debited to Profit and Loss Account.

9. Additional Disclosures

9.1 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

9.2 Draw Down from Reserves

Nil.

9.3 Disclosure of complaints

A. **Customer Complaints**

a) No. of complaints pending at the beginning of the year	5
b) No. of complaints received during the year	96
c) No. of complaints redressed during the year	100
d) No. of complaints pending at the end of the year	1

B. **Awards passed by the Banking Ombudsman**

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

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

Not applicable since the bank has no subsidiaries.

9.5 Concentration of Deposits, Advances, Exposures and NPAs

9.5.1 Concentration of Deposits

	As on 31.03.2010
Total Deposits of twenty largest depositors (₹ in Million)	8400.2
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	12.04%

9.5.2 Concentration of Advances

	As on 31.03.2010
Total Advances to twenty largest borrowers (₹ in million)	8609.4
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	16.46%

9.5.3 Concentration of Exposures

	As on 31.03.2010
Total Exposures to twenty largest borrowers/customers (₹ in million)	8609.4
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	16.34%

Note: ₹ 1497.4 million representing bank's CBLO (Collateralised Borrowing and Lending Obligation) Lending repayable beyond 15 days (classified as advances in line with RBI guidelines) is not reckoned while arriving at concentration of advances and exposures.

9.5.4 Concentration of NPAs

(₹ in Million)

	As on 31.03.2010
Total Exposures to top four NPA Accounts (₹ in Million)	198.4

9.6 Sector wise NPAs

Sl.No.	Sector	Percentage of NPAs to Total Advance in that Sector (As on 31.03.2010)
1.	Agriculture & allied activities	2.91%
2.	Industry (Micro & small, Medium and Large)	6.80%
3.	Services	4.03%
4.	Personal Loans	1.62%

9.7 Movement of NPA

Particulars	(₹ in Million)
Gross NPAs as on 1st April of 2009 (Opening Balance)	1717.8
Additions (Fresh NPAs) during the year	534.8
Sub-total (A)	2252.6
Less:-	
(i) Upgradations	240.8
(ii) Recoveries (excluding recoveries made from upgraded accounts)	445.3
(iii) Write-offs	73.6
Sub-total (B)	759.7
Gross NPAs as on 31st March of 2010 (closing balance) (A – B)	1492.9

9.8 Provision Coverage Ratio

Provision Coverage Ratio of the bank (computed in line with DBOD No.BP.BC.64/21.04.048/2009-10 dated December 1, 2009) as on 31.03.2010 is 70.96%.

9.9 Overseas Assets, NPAs and Revenue

(₹ in Million)

Particulars	31.03.2010
Total Assets (Deposits with banks outside India)	416.2
Total NPAs	Nil
Total Revenues (Interest on Deposits with banks outside India)	0.4

9.10 Off-balance Sheet SPVs sponsored

Nil.

9.11 Income from Bancassurance

(₹ in Million)

Sl.No.	Nature of Income	31.03.2010
1.	From Selling Life Insurance Policies	76.45
2.	From Selling Non Life Insurance Policies	3.33
3.	From Selling Mutual Fund Products	0.9
4.	Others	Nil
5.	Total	80.68

10. Comparative Figures

Previous year’s figures have been regrouped and recast wherever necessary to conform to current year’s classification.

NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2010-11

1. Details of provisions and contingencies debited in Profit and Loss Account during the year

(₹ in Million)

		31.03.2011	31.03.2010
a	Provisions towards NPA/write offs	134.16	90.51
b	Add back of eligible amount of provision held in respect of Agricultural Debts Waived	(4.62)	(1.47)
c	Depreciation and write off of investments	2.56	3.38
d	Add back of excess provision for Depreciation on investments	(1.00)	(17.97)
e	Provision for Income tax (Including Deferred Tax and Wealth Tax)	92.87	(135.97)
f	Provision for Standard Assets	36.86	00.0
g	Provision for diminution on Restructured Advances	(4.80)	18.20
h	Other provisions	(1.58)	(7.99)
	Total	254.45	(51.31)

Note: Claim for ₹ 26 Million under Debts waiver and ₹ 2 Million for Debt Relief under Agricultural Debt Waiver & Debt Relief Scheme (ADWDRS) 2008 were submitted to Reserve Bank of India and excess provision on ADWDRS to the extent of ₹ 4.6 Million was maintained as directed in the scheme. Consequent to receipt of ₹ 10.3 Million as final settlement under ADWDRS 2008, the excess provision of ₹ 4.6 Million held has been reversed.

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2. Salary Arrears

During the year, on account of wage settlement with employees, bank has incurred an expenditure of ₹ 250.67 Million towards salary arrears pertaining to the period up to 31.03.2010. After netting provision held for salary arrears of ₹ 136.93 Million, the balance amount of ₹ 113.74 Million has been charged to Profit and Loss account.

3. Share Capital

During the year, the bank has received a sum of ₹1474 Million (including premium of ₹ 1349.8 Million) as allotment money & call money towards the shares allotted on rights basis in the year 2009, and call money on shares allotted in the earlier years.

In respect of calls in arrears bank has issued a final notice for payment on or before 30.06.2011.

4. Reconciliation

Initial reconciliation of inter-branch/office accounts has been completed as on 31.03.2011. Steps have been taken to eliminate the outstanding entries and in the bank's opinion consequential impact on Profit and Loss Account will not be material.

5. Taxation

a) In respect of appeals filed by the Bank, no provision is considered necessary for the disputed income tax liability of ₹ 319.2 Million on the basis of favourable judicial decisions and legal opinion.

b) Tax liability on account of Minimum Alternative Tax (MAT) has been recognized as a liability and as an asset in line with Guidance Note on Accounting of Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, issued by ICAI.

6. Investments

a) The profit on sale of investments under Held to Maturity category amounting to ₹ 12.2 Million (previous year ₹ 7.3 Million) has been taken to Profit and Loss account and a sum of ₹ 6.1 Million (previous year ₹ 3.6 Million), being net of taxes and net of transfer to Statutory Reserve of such profit, has been appropriated to Capital Reserve Account.

b) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹ 137.1 Million (previous year ₹ 126.0 Million) which is netted against Income on Investments.

c) Excess provisions on depreciation in the Held for Trading category of investments amounting to ₹ 0.2 Million (previous year Nil) and excess provisions on depreciation in the Available for Sale category of investments amounting to ₹ 0.9 Million (previous year ₹ 18 Million) has been credited to Profit & Loss Account. Out of the above, an amount of ₹ 0.5 Million (net of taxes and net of transfer to Statutory Reserves (previous year ₹ 8.9 Million) has been appropriated to Investment Reserve.

d) Further provisions on depreciation on investments in the Available for Sale category investments amounting to ₹ 2.6 Million (previous year ₹ 1.5 Million) is debited to Profit & Loss account. An equivalent amount of ₹ 1.3 Million, net of taxes and net of transfer to Statutory Reserve, (previous year ₹ 0.7 Million) has been transferred from Investment Reserve Account to Profit and Loss Account and the same has been appropriated to General Reserve in line with RBI guidelines.

e) During 2010-11, the bank has not transferred any securities from Held to Maturity to Available for Sale category (previous year ₹ 2400 Million) or from Available for Sale to Held to Maturity category (previous year ₹ 100 Million).

7. Disclosures as per RBI guidelines

In terms of RBI guidelines, the following additional disclosures are made:

7.1 Capital

Items	31.03.2011	31.03.2010
i) CRAR (%) – Basel II	11.28	10.59
ii) CRAR - Tier I capital (%)	9.48	7.84
iii) CRAR - Tier II Capital (%)	1.80	2.75
iv) Amount of subordinated debt raised as Tier-II capital	₹ 917 Million	₹ 928 Million
v) Amount raised by issue of IPDI	Nil	Nil
vi) Amount raised by issue of Upper Tier II instruments	Nil	Nil

7.2 Investments

(₹ in Million)

Items	31.03.2011	31.03.2010
(1) Value of Investments		
(i) Gross Value of Investments	26930.69	22920.66
(a) In India	26930.69	22920.66
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation	28.11	26.55
(a) In India	28.11	26.55
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments	26902.58	22894.11
(a) In India	26902.58	22894.11
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	26.6	42.8
(ii) Add: Provisions made during the year	2.6	1.7
(iii) Less: Write-off/ write-back of excess provisions during the year	0.9	17.9
(iv) Less: Provision Account debited during the year	0.2	0.00
(v) Closing balance	28.1	26.6

7.2.1 Repo Transactions (In Face Value)

(₹ in Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as on March 31 2011
Securities sold under repo				
i. Government Securities	Nil	1850	302.3	Nil
Ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	Nil	3000	136.6	Nil
Ii Corporate debt securities	Nil	Nil	Nil	Nil

7.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Million)

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	354.2	50.0	NIL	0.00	0.00
(ii).	FIs	63.6	60.0	NIL	NIL	0
(iii).	Banks	1655.6	110.0	NIL	NIL	0
(iv).	Private Corporate	108.4	7.9	7.8	0	7.8
(v).	Subsidiaries/ Joint Ventures	NIL	NIL	NIL	NIL	NIL
(vi).	Others (RIDF, RHF, MSME Fund)	2997.8	NIL	NIL	NIL	NIL
(vii).	Provision held towards depreciation	(28.1)	NIL	NIL	NIL	NIL
	Total	5151.5	227.9	7.8	0.00	7.8

ii) Non performing Non-SLR investments

(₹ in Million)

Particulars	31.03.2011	31.03.2010
Opening balance	Nil	Nil
Additions during the year since 1st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing balance	Nil	Nil
Total provisions held	Nil	Nil

7.3 Derivatives

7.3.1 Forward Rate Agreement/ Interest Rate Swap

Nil.

7.3.2 Exchange Traded Currency and Interest Rate Derivatives:

Nil.

7.3.3 Disclosures on risk exposure in derivatives

Qualitative & Quantitative Disclosure

Nil.

7.4 Asset Quality

7.4.1 Non-Performing Asset

(₹ in Million)

Particulars	**31.03.2011**	**31.03.2010**
(i) Net NPAs to Net Advances (%)	1.74%	1.58%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1492.9	1717.8
(b) Additions during the year	1078.7	534.8
(c) Reductions during the year	647.1	759.7
(d) Closing balance	1924.5	1492.9
(iii) Movement of Net NPAs		
(a) Opening balance	705.2	879.4
(b) Additions during the year	938.1	521.0
(c) Reductions during the year	559.3	695.2
(d) Closing balance	1084.0	705.2

(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	752.3	798.8
(b) Provisions made during the year	85.5	43.2
(c) Write-off/ write-back of excess provisions	31.2	89.7
(d) Closing balance	806.6	752.3

7.4.2 Details of Loan Assets subjected to Restructuring

7.4.2.1 Particulars of Accounts Restructured

(₹ in Million)

		CDR Mechanism		SME Debt Restructuring		Others	
		Balance Outstanding		Balance Outstanding		Balance Outstanding	
		Restructured Accounts	All Accounts of the Borrower	Restructured Accounts	All Accounts of the Borrower	Restructure d Accounts	All Accounts of the Borrower
Standard advances Restructured	No.of Borrowers	1	1	Nil	Nil	102	118
	Amount Outstanding	*106.4	*106.4	Nil	Nil	781.3	1398.1
	Sacrifice (diminution in the fair value)	7.5	Nil	Nil	Nil	10.1	Nil
Sub standard advances Restructured	No.of Borrowers	Nil	Nil	Nil	Nil	4	7
	Amount Outstanding	Nil	Nil	Nil	Nil	61.5	72.8
	Sacrifice (diminution in the fair value)	Nil	Nil	Nil	Nil	0.8	Nil
Doubtful advances Restructured	No.of Borrowers	Nil	Nil	Nil	Nil	20	20
	Amount Outstanding	Nil	Nil	Nil	Nil	8.0	8.0
	Sacrifice (diminution in the fair value)	Nil	Nil	Nil	Nil	0.2	Nil
TOTAL	No.of Borrowers	1	1	Nil	Nil	126	145
	Amount Outstanding	106.4	106.4	Nil	Nil	850.8	1478.9
	Sacrifice (diminution in the fair value)	7.5	Nil	Nil	Nil	11.1	Nil

* Includes Cumulative Redeemable Preference Shares of Value ₹ 8.1 Million.

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

	2010-11	2009-10
(i) No. of accounts	2	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	0	Nil
(iii) Aggregate consideration	₹ 107.5 Million	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/loss over net book value	₹ 107.5 Million	Nil

During the year bank has sold two Non Performing Assets in DA 3 category, which were partially written off. The aggregate principal in these accounts was ₹ 121.9 Million and ₹ 72.6 Million of this was technically written off while the balance of ₹ 49.3 Million was fully provided, making the net book value zero. Bank has received aggregate consideration of ₹ 107.5 Million. Of this, ₹ 72.6 Million representing recovery of technically written off portion is included in Miscellaneous Income of Other Income. The balance amount of ₹ 34.9 Million, representing excess provision, has been retained in provision for bad debt account.

7.4.4 Details of non-performing financial assets purchased/sold (other than to Securitisation/Reconstruction Company for Asset Reconstruction)

Nil

7.4.5 Provisions on Standard Assets

(₹ in Million)

Particulars	31.03.2011	31.03.2010
Provisions held towards Standard Assets	229.0	192.1

7.5 Business Ratio

Particulars	31.03.2011	31.03.2010
(i) Interest Income as a percentage to Working Funds	8.68	7.84
(ii) Non-interest income as a percentage to Working Funds	0.85	1.00
(iii) Operating Profit as a percentage to Working Funds	0.52	(0.15)
(iv) Return on Assets (%)	0.23	(0.08)
(v) Business (Deposits plus advances) per employee(₹ Million)	53.96	42.35
(vi) Profit per employee (₹ Million)	0. 07	(0.02)

7.6 Asset Liability Management

<u>Maturity pattern of certain items of assets and liabilities</u> *(as compiled by the management and relied upon by the auditors)*

(₹ in Million)

As on 31.03.2011	Day 1	2-7 Days	8 - 14 Days	15 to 28 days	29 days 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	259.47	922.01	2126.66	1167.33	3940.03	5813.96	4921.75	23768.23	954.89	43382.36	87256.69
Advances	878.00	585.00	844.00	1072.00	2959.00	6200.00	8788.25	27536.00	7464.00	5874.00	62200.25
Investments	0.00	1250.20	248.70	1492.50	491.50	2.00	15.10	3130.00	5520.40	14752.18	26902.58
Borrowings	0.00	1034.10	0.00	0.00	0.09	128.25	628.34	680.95	766.46	0.00	3238.19
Foreign Currency assets	431.72	39.34	156.87	120.12	442.9	376.73	181.08	44.46	0.00	0.00	1793.22
Foreign Currency liabilities	96.93	0.00	159.79	22.22	87.49	195.20	500.12	365.03	45.61	0.00	1472.39

Note: Deposits have been classified as per behavioural maturity.

7.7 Exposures

7.7.1 Exposure to Real Estate Sector

(₹ in Million)

Category	31.03.2011	31.03.2010
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	2776.6	2918.1
b) Non priority sector	273.1	147.0
c) Total	3049.7	3065.1
(ii) Commercial Real Estate	2761.2	1922.6
(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	5810.9	4987.7

7.7.2 Exposure to Capital Market

(₹ in Million)

	Items	31.03.2011	31.03.2010
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	84.2	128.4
(ii)	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	3.2	4.5
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.1	0.2
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of	Nil	50.6

	equity oriented mutual funds does not fully cover the advances		
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	4.9	5.5
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows/issues	Nil	Nil
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
(ix)	Financing to stock brokers for margin trading	Nil	Nil
(x)	All exposures to Venture Capital Funds	Nil	Nil
Total Exposure to Capital Market		92.4	189.2

7.7.3 Risk category wise country exposure

(₹ in Million)

Risk Category	Exposure (Net) as at 31.03.2011	Provision held as at 31.03.2011	Exposure (Net) as at 31.03.2010	Provision held as at 31.03.2010
Insignificant	899.8	Nil	792.6	Nil
Low	170.3	Nil	246.9	Nil
Moderate	13.8	Nil	12.6	Nil
High	Nil	Nil	5.9	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	1083.9	Nil	1058.0	Nil

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.

7.7.4 Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the bank.

(₹ in Million)

Sr No	Name of Borrower	Credit Exposure as on 31.03.2011		Outstanding as on 31.03.2011		Investment as on 31.03.2011	Total Exposure as on 31.03.2011
		FB	NFB	FB	NFB		
1	Tamilnadu Electricity Board	1009.9	0.00	1009.9	0.00	0.00	1009.9
2	Ajmer Vidyut Vitran Nigam Ltd	1000.0	0.00	650.0	0.00	0.00	1000.0

7.7.5 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.

7.8 Miscellaneous

7.8.1 Amount of Provisions made for Income-tax during the year

(₹ in Million)

	31.03.2011	31.03.2010
Provision for Income Tax (including Deferred Tax)	92.87	(135.97)

7.8.2 Disclosure of Penalties imposed by RBI

Nil.

8. Disclosure Requirements as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts:

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

There are no material prior period income/expenditure requiring disclosure.

8.2 Accounting Standard 9 – Revenue Recognition

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

8.3 Accounting Standard 15 (Revised) – Accounting for Employee Benefits in the Financial Statements of Employers

8.3.1 Disclosures for Defined Contribution Plans – Provident Fund

Contributions to employee provident fund, debited to Profit & Loss Account during the year amount to ₹ 65.8 Million (previous year ₹ 32.9 Million). Amount debited to Profit & Loss Account includes ₹ 5.0 Million (previous year Nil) towards contribution of the bank to meet the deficit in Income & Expenditure of the provident fund.

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

During the year the bank reopened the pension option for such of its employees (including retirees) who had not opted for the pension scheme earlier. As a result of exercise of this option by 1625 employees, the bank has incurred a liability of ₹ 673.6 Million. Further, during the year, the limit of gratuity payable was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result, the gratuity liability of the Bank has increased by ₹ 207.4 Million.

In terms of the requirements of the Accounting Standard 15 – Employee Benefits, the entire amount of ₹ 881 Million is required to be charged to the Profit & Loss Account. However, the Reserve Bank of India has issued Cir.no.DBOD.BP. BC.80/21.04.018/2010-11 dated 9th February 2011 on Reopening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits – Prudential Regulatory Treatment (the circular has been made applicable to this bank also vide DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011). In accordance with the provisions of the said circular, the bank would amortise ₹ 604.8 Million (Pension ₹ 397.4 Million and Gratuity ₹ 207.4 Million), over a period of 5 years. Accordingly, ₹ 121 Million (representing one-fifth of ₹ 604.8 Million) has been charged to Profit & Loss Account. In terms of the requirements of the aforesaid RBI circular, the balance amount carried forward (i.e., ₹ 483.8 Million) does not include any cost relating to separated/retired employees. Pension Cost relating to separated/retired employees amounting to ₹ 276.2 Million has been charged fully to Profit & Loss Account.

Had such circular not been issued by the RBI, the profit before tax of the bank would have been lower by ₹ 483.8 Million pursuant to application of the requirements of AS 15.

8.3.2.1 Amount recognised in Balance Sheet and Profit & Loss Account

The amount recognised in the balance sheet is as follows:

(₹ in Million)

	Pension			Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11		2009-10	2010-11	2009-10	2010-11	2009-10
	New Optees in service as on 31.03.2011	Old Optees					
Present Value of Obligations - Closing	1369	816.6	759.3	838.3	599.1	394.9	343.2
Fair Value of Plan Assets - Closing	971.6	714	574.1	563.3	587	N.A.	N.A.
Funded Status	397.4	102.6	185.1	275	12.1	394.9	343.2
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Less Amount unamortised and carried forward as per RBI circular	317.9	N.A.	N.A.	165.9	N.A.	N.A.	N.A.
Net Liability recognised in Balance Sheet (included in Others of Other Liabilities & Provisions)	79.5	102.6	185.1	109.1	12.1	394.9	343.2

The amount recognised in the statement of profit and loss account is as follows:

(₹ in Million)

	Pension			Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11		2009-10	2010-11	2009-10	2010-11	2009-10
	New Optees in service as on 31.03.2011	Old Optees					
Current Service Cost	330.9	201.6	60.7	38.0	24.7	16.1	13.9
Past Service Cost	N.A.	N.A.	N.A.	207.4	N.A.	N.A.	N.A.
Interest Cost	Nil	51.6	52.6	44.3	45.2	25.5	24.1
Expected Return on Plan Assets	Nil	(45.9)	(35.1)	(46.9)	(47.1)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	1038	8.1	84.6	47.2	(10.7)	59.1	24
Amount unamortised and carried forward as per RBI circular	(317.9)	N.A.	N.A.	(165.9)	N.A.	N.A.	N.A.
Contribution of New Pension Optees	(971.5)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total, (included in Item I. "Payment to and provisions for employees" of Operating Expenses)	79.5	215.4	162.8	124.1	12.1	100.7	62

In addition to the above, Pension Cost relating to separated/retired employees amounting to ₹ 276.2 Million has been charged fully to Profit & Loss Account. Thus, the total amount charged on account of pension in 2010-11 is ₹ 571.1 Million (i.e. ₹ 215.4 Million for old optees, ₹ 79.5 Million for new optees in service as on 31.03.2011 and ₹ 276.2 Million for retirees) as against ₹ 162.8 Million in 2009-10.

8.3.2.2 Changes in Fair Value of Plan Assets

(₹ in Million)

	Pension			Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11		2009-10	2010-11	2009-10	2010-11	2009-10
	New Optees in service as on 31.03.2011	Old Optees					
Fair Value of Plan Assets at the beginning of the year	Nil	574.1	438.7	587	588.2	N.A.	N.A.
Expected Return on Plan Assets	Nil	45.9	35.1	46.9	47.1	N.A.	N.A.
Contributions	971.6	297.9	292.8	27.1	Nil	48.9	41.3
Benefits Paid	Nil	228.6	192.6	89.9	46.9	48.9	41.3
Actuarial (Loss)/Gain	Nil	24.7	1.0	(7.8)	(1.4)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	971.6	714.0	574.1	563.3	587.0	N.A.	N.A.

8.3.2.3 Changes in Present Value of Obligations

(₹ in Million)

	Pension			Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11		2009-10	2010-11	2009-10	2010-11	2009-10
	New Optees in service as on 31.03.2011	Old Optees					
Present Value of Obligations at the beginning of the year	Nil	759.2	753.8	599.1	588.2	343.2	322.5
Interest Cost	Nil	51.6	52.6	44.3	45.2	25.5	24.1
Current Service Cost	330.9	201.6	60.7	38.0	24.7	16.1	13.9
Past Service Cost	N.A.	N.A.	N.A.	207.4	N.A.	N.A.	N.A.
Benefits Paid	Nil	228.6	192.6	89.9	46.9	48.9	41.3
Actuarial Loss/(Gain)	1038.0	32.8	84.7	39.4	(12.1)	59.1	24.0
Present Value of Obligations at the end of the year	1369.0	816.6	759.2	838.3	599.1	394.9	343.2

8.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Million)

	Pension			Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11		2009-10	2010-11	2009-10	2010-11	2009-10
	New Optees in service as on 31.03.2011	Old Optees					
Net Liability at the beginning of the period	N.A.	185.1	315.1	12.1	Nil	343.2	322.5
Add Expenses Charged to Profit & Loss Account	79.5	215.4	162.8	124.1	12.1	100.7	62.0
Less Contributions	N.A.	297.9	292.8	27.1	Nil	48.9	41.3
Net Liability at the end of the period	79.5	102.6	185.1	109.1	12.1	395	343.2

8.3.2.5 Actual Return on Plan Assets

(₹ in Million)

	Pension			Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11		2009-10	2010-11	2009-10	2010-11	2009-10
	New Optees in service as on 31.03.2011	Old Optees					
Expected Return on Plan Assets	N.A.	45.9	35.1	46.9	47.1	N.A.	N.A.
Actuarial Gain (Loss)	N.A.	24.7	0.1	(7.8)	(1.4)	N.A.	N.A.
Actual Return on Plan Assets	N.A.	70.6	35.2	39.1	45.7	N.A.	N.A.

8.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
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%	8.00%	8.00%	8.00%	N.A.	N.A.
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
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).	

8.3.3 Other Long term Employee Benefits

As on 31.03.2011 the Bank holds provision of ₹ 2.73 Million (previous year ₹ 2.93 Million) towards provision for Leave Fare Concession based on actuarial valuation.

8.4 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(₹ in Million)

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue	1653.76	1654.90	2488.25	1640.55	4075.28	3060.28	148.45	163.30	8365.74	6519.03
Result	(869.33)	(1119.85)	553.25	310.54	749.36	705.52	20.90	(9.40)	454.18	(113.19)
Unallocated expenses									Nil	Nil
Operating profit									454.18	(113.19)
Provisions other than tax									161.58	84.66
Provision for Tax									92.87	(135.97)
Extraordinary profit/ loss									Nil	Nil
Net profit									199.73	(61.88)
OTHER INFORMATION										
Segment assets	24314.65	25658.93	29562.15	18647.25	38097.66	26136.93	30.22	60.15	92004.68	70503.26
Unallocated assets									5591.96	5622.61
Total assets									97596.64	76125.87
Segment liabilities	1277.79	153.71	25547.16	16177.42	68847.31	57819.81	267.35	187.93	95939.61	74338.87
Unallocated liabilities									1657.03	1787.00
Total liabilities									97596.64	76125.87

Part B: Geographic segments
The Bank has no branches outside India.

8.5 Accounting Standard 18 – Related Party disclosures

Key Management Personnel: Shri.V.P.Iswardas, Managing Director & Chief Executive Officer

8.6 Accounting Standard 21 - Consolidated Financial Statements

Not Applicable.

8.7 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2011, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 252.2 Million.

Components of Net Deferred Tax Asset as on 31.03.2011 are as follows:

(₹ in Million)

	31.03.2011	31.03.2010
Deferred Tax Asset		
Provision for Employee Benefits (Leave Benefits)	138.3	125.9
Provision for Standard Assets	74.3	65.3
Provision for Salary Arrears	0.0	46.5
Carry Forward Loss*	83.5	121.9
Others	9.8	14.8
Total Deferred Tax Asset	305.9	374.4
Deferred Tax Liability		
Depreciation on Fixed Assets	43.2	56.1
Net Deferred Tax Asset	262.7	318.3
Add/Less Effect of Restatement	(10.4)	29.6
Net Deferred Tax Asset after Restatement	252.3	347.9

*DTA on Carry Forward Loss is recognized, as in the opinion of the management, there is virtual certainty of future taxable income, considering the operating profit for current year and the future prospects of the bank.

8.8 Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements

Not Applicable

8.9 Accounting Standard 24 - Discontinuing operations

Not Applicable

9. Disclosure as per Other Accounting Standards

9.1 Accounting for Fixed Assets (AS 10)

The land and buildings owned by the Bank were revalued in 1990-91, 1993-94, 1998-99, 2004-05, 2006-07 and 2007-08 and appreciation credited to Revaluation Reserve. Depreciation for the year on the net addition to value on such revaluation of assets of ₹ 6.4 Million (previous year ₹ 6.7 Million) has been transferred from Revaluation Reserve to Profit and Loss Account. There has been no revaluation of assets during this year.

9.2 Effect of Changes in Foreign Exchange Rates (AS 11)

The net profit for the year is arrived at after charging the amount of exchange differences due to translation of monetary assets and liabilities at the closing rates.

9.3 Intangible Assets (Accounting Standard 26)

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

(₹ in **Million**)

	31.03.2011	31.03.2010
a) **Acquired Application Software**		
Opening Balance at cost	42.2	31.5
Add Additions during the year	4.1	12.1
Less Disposals during the year	Nil	Nil
Less Amortisation to date	26.2	20.1
Net Carrying Amount*	20.1	23.5
b) **Internally Generated Software**		
Opening Balance at cost	78.5	73.5
Add Additions during the year	0.00	4.9
Less Disposals during the year	Nil	Nil
Less Amortisation to date	48.9	33.6
Net Carrying Amount*	29.6	44.8

*The Net carrying amount of acquired application software and internally generated application software are included in Other Assets.

9.4 Impairment of Assets (Accounting Standard 28)

In the opinion of the Bank's management, there is no material impairment to the assets to which Accounting Standard 28 – Impairment of Assets, applies.

9.5 Provisions, Contingent Liabilities and Contingent Assets (AS-29)

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

Please refer to Note No. 2 regarding break up of provisions and contingencies debited to Profit and Loss Account.

10. Additional Disclosures

10.1 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

10.2 Draw Down from Reserves

Nil.

10.3 Disclosure of complaints

A. Customer Complaints

a) No. of complaints pending at the beginning of the year	1
b) No. of complaints received during the year	141
c) No. of complaints redressed during the year	136
d) No. of complaints pending at the end of the year	6

B. Awards passed by the Banking Ombudsman

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

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

Not applicable since the bank has no subsidiaries.

10.5 Concentration of Deposits, Advances, Exposures and NPAs

10.5.1 Concentration of Deposits

	As on 31.03.2011	As on 31.03.2010
Total Deposits of twenty largest depositors (₹ in Million)	12482.5	8400.2
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	14.31%	12.04%

10.5.2 Concentration of Advances

	As on 31.03.2011	As on 31.03.2010
Total Advances to twenty largest borrowers (₹ in Million)	12200.9	8609.4
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	16.80%	16.46%

10.5.3 Concentration of Exposures

	As on 31.03.2011	As on 31.03.2010
Total Exposures to twenty largest borrowers/customers (₹ in Million)	12200.9	8609.4
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	16.58%	16.34%

10.5.4 Concentration of NPAs

(₹ in Million)

	As on 31.03.2011	As on 31.03.2010
Total Exposures to top four NPA Accounts	377.4	198.4

10.6 Sector wise NPAs

Sl.No.	Sector	Percentage of NPAs to Total Advance in that Sector	
		As on 31.03.2011	As on 31.03.2010
1.	Agriculture & allied activities	1.11%	2.91%
2.	Industry (Micro & small, Medium and Large)	6.34%	6.80%
3.	Services	4.14%	4.03%
4.	Personal Loans	1.51%	1.62%

10.7 Movement of NPA

(₹ in Million)

Particulars	2010-11	2009-10
Opening Balance of Gross NPA	1492.9	1717.8
Additions (Fresh NPAs) during the year	1078.7	534.8
Sub-total (A)	2571.6	2252.6
Less:-		
(i) Upgradations	212.3	240.8
(ii) Recoveries (excluding recoveries made from upgraded accounts)	347.3	445.3
(iii) Write-offs	87.5	73.6
Sub-total (B)	647.1	759.7
Closing balance of Gross NPA (A – B)	1924.5	1492.9

10.8 Provision Coverage Ratio

	As on 31.03.2011	As on 31.03.2010
Provision Coverage Ratio	61.53%	70.96%

As per RBI guidelines, all banks were required to attain Provision Coverage Ratio (PCR) of 70% by 30.09.2010. As the PCR position had slipped below 70% as on 30.09.2010, bank had written to RBI seeking extension of time upto 30.09.2011 for attaining PCR of 70% and the same has been granted by RBI. Subsequently, RBI has clarified that the PCR of 70% is to be reckoned with reference to Gross NPA position as on 30.09.2010 and the additional requirement to take the PCR to 70% is to be segregated into an account styled "counter cyclical provisioning buffer". Accordingly, bank is required to build counter cyclical provision buffer of ₹ 178.4 Million. Bank will be building this buffer by 30.09.2011.

10.9 Overseas Assets, NPAs and Revenue

(₹ in Million)

Particulars	31.03.2011	31.03.2010
Total Assets (Deposits with banks outside India)	403.6	416.2
Total NPAs	Nil	Nil
Total Revenues (Interest on Deposits with banks outside India)	0.1	0.4

10.10 Off-balance Sheet SPVs sponsored

Nil.

10.11 Income from Bancassurance

(₹ in Million)

Sl.No.	Nature of Income	2010-11	2009-10
1.	From Selling Life Insurance Policies	28.64	76.45
2.	From Selling Non Life Insurance Policies	3.74	3.33
3.	From Selling Mutual Fund Products	0.29	0.90
4.	Others	Nil	Nil
5.	Total	32.67	80.68

11. Comparative Figures

Previous year’s figures have been regrouped and recast wherever necessary to conform to current year’s classification.

NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2011-12

1. General

1.1 Capital Funds

a) During the year, the Bank has raised Tier II capital amounting to ₹ 418.0 Million by issue of Lower Tier II bonds.

b) As per the directions of Reserve Bank of India , SVG Group (presently holding 18.09 % of the paid up share Capital of the bank as on 31.03.2012) was required to divest shares in excess of 10% of the Paid up Capital before 31.03.2012. This divestment has not been completed.

c) Calls in arrears (including premium) of ₹ 14.2 Million is pending in respect of the right issues of the bank for earlier years. The bank had given several extensions/notices to the respective shareholders. Steps are being taken for forfeiting those shares.

1.2 Investments

a) The profit on sale of investments under Held to Maturity category amounting to ₹ 8.8 Million (previous year ₹ 12.2 Million) has been taken to Profit and Loss account and a sum of ₹ 4.5 Million (previous year ₹ 6.1 Million), being net of taxes and net of transfer to Statutory Reserve of such profit, has been appropriated to Capital Reserve Account.

b) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹ 147.2 Million (previous year ₹ 137.1 Million) which is netted against Income on Investments

c) Excess provisions on depreciation in the Available for Sale category of investments amounting to ₹ 19.0 Million (previous year ₹ 0.9 Million) has been credited to Profit & Loss Account. Out of the above, an amount of ₹ 9.6 Million net of taxes and net of transfer to Statutory Reserves (previous year ₹ 0.5 Million) has been appropriated to Investment Reserve.

d) Further provisions on depreciation on investments in the Available for Sale category investments amounting to ₹ 13.9 Million (previous year ₹ 2.6 Million) is debited to Profit & Loss account. An equivalent amount of ₹ 7.0 Million, net of taxes and net of transfer to Statutory Reserve, (previous year ₹ 1.3 Million) has been transferred from Investment Reserve Account to Profit and Loss Account and the same has been appropriated to General Reserve in line with RBI guidelines.

e) During 2011-12, the bank has not transferred any securities from Held to Maturity to Available for Sale category (previous year Nil).

1 .3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2012. Steps for elimination of outstanding entries are in progress. Since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4 Taxation

a) In respect of appeals filed by the Bank, no provision is considered necessary for the disputed income tax liability of ₹ 154.9 Million on the basis of favourable judicial decisions and legal opinion.

b) Tax liability on account of Minimum Alternative Tax (MAT) has been recognized as a liability and as an asset to the extent of MAT credit entitlement in line with Guidance Note on Accounting of Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, issued by ICAI.

2. Disclosures in terms of Reserve Bank of India Guidelines

2.1 Capital

Particulars	31.03.2012	31.03.2011
i)CRAR (%) – Basel II	11.14	11.28
ii) CRAR - Tier I capital (%)	8.89	9.48
iii) CRAR - Tier II Capital (%)	2.25	1.80
iv)Amount of subordinated debt raised as Tier-II capital	₹ 1335.0 Million	₹ 917.0 Million
v)Amount raised by issue of IPDI	Nil	Nil
vi) Amount raised by issue of Upper Tier II instruments	Nil	Nil

2.2 Investments

(₹ in Million)

Items	31.03.2012	31.03.2011
(1) Value of Investments		
(i) Gross Value of Investments	31474.46	26930.69
(a) In India	31474.46	26930.69
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation	23.00	28.11
(a) In India	23.00	28.11
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments	31451.46	26902.58
(a) In India	31451.46	26902.58
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	28.1	26.6
(ii) Add: Provisions made during the year	13.9	2.6
(iii) Less: Write-off/ write-back of excess provisions during the year	19.0	0.9
(iv) Less: Provision Account debited during the year	Nil	0.2
(v) Closing balance	23.0	28.1

2.2.1 Repo Transactions

(In Face Value terms)

(₹ in Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2012
Securities sold under repo				
i. Government Securities	Nil	3000	635.5	2750
Ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	Nil	550	12.2	Nil
Ii Corporate debt securities	Nil	Nil	Nil	Nil

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Million)

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	330.8	50.0	Nil	Nil	Nil
(ii).	FIs	50.0	50.0	Nil	Nil	0.00
(iii).	Banks	894.2	110.0	Nil	Nil	0.00
(iv).	Private Corporate	59.4	7.9	7.8	Nil	7.9
(v).	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi).	Others (RIDF, RHF, MSME Fund)	2219.4	Nil	Nil	Nil	Nil
(vii).	Provision held towards depreciation	(11.3)	Nil	Nil	Nil	Nil
	Total	3542.5	217.9	7.8	0.00	7.9

2.2.3 Sale and transfers to/from HTM Category

The value of sales from HTM category in 2011-12 constituted 3.08 per cent of the book value of investments held in HTM category at the beginning of the year.

2.3. Derivatives

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

Qualitative & Quantitative Disclosure: Nil

2.4. Asset Quality

2.4.1 Non-Performing Asset

(₹ in Million)

Particulars	31.03.2012	31.03.2011
(i) Net NPAs to Net Advances (%)	**1.10%**	**1.74%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1924.5	1492.9
(b) Additions during the year	1002.0	1078.7
(c) Reductions during the year	1097.2	647.1
(d) Closing balance	**1829.3**	**1924.5**
(iii) Movement of Net NPAs		
(a) Opening balance	1084.0	705.2
(b) Additions during the year	449.9	938.1
(c) Reductions during the year	691.8	559.3
(d) Closing balance	**842.1**	**1084.0**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	806.6	752.3
(b) Provisions made during the year	140.4	85.5
(c) Write-off/ write-back of excess provisions	166.4	31.2
(d) Closing balance	**780.6**	**806.6**

2.4.2 Particulars of Accounts Restructured

(₹ in Million)

		CDR Mechanism		SME Debt Restructuring		Others	
		Balance Outstanding		Balance Outstanding		Balance Outstanding	
		Restructured Accounts	All Accounts of the Borrower	Restructured Accounts	All Accounts of the Borrower	Restructured Accounts	All Accounts of the Borrower
Standard advances Restructured	No.of Borrowers	# 3	3	Nil	Nil	87	110
	Amount Outstanding	* 1236.9	1289.9	Nil	Nil	2167.8	3046.4
	Sacrifice (diminution in the fair value)	73.5	73.5	Nil	Nil	8.3	8.3
Sub standard advances Restructured	No.of Borrowers	Nil	Nil	Nil	Nil	5	5
	Amount Outstanding	Nil	Nil	Nil	Nil	14.3	14.3

	Sacrifice (diminution in the fair value)	Nil	Nil	Nil	Nil	0.6	0.6
Doubtful advances Restructured	No. of Borrowers	Nil	Nil	Nil	Nil	17	17
	Amount Outstanding	Nil	Nil	Nil	Nil	42.3	60.9
	Sacrifice (diminution in the fair value)	Nil	Nil	Nil	Nil	0.1	0.1
TOTAL	No. of Borrowers	3	3	Nil	Nil	109	132
	Amount Outstanding	1236.9	1289.9	Nil	Nil	2224.4	3121.6
	Sacrifice (diminution in the fair value)	73.5	73.5	Nil	Nil	9.0	9.0

*Includes cumulative redeemable preference shares of value ₹ 7.8 Million
#Includes one account restructured by CDR cell on 01/06/2012 with cut off date as on 01.10.2011, for which Letter of Approval is awaited.

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

	2011-12	2010-11
(i) No. of accounts	58	2
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC (₹ in Million)	54.1	Nil
(iii) Aggregate consideration (₹ in Million)	179.0	107.5
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/loss over net book value (₹ in Million)	124.9	107.5

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

Nil.

2.4.5 Provisions on Standard Assets

(₹ in Million)

Particulars	**31.03.2012**	**31.03.2011**
Provisions held towards Standard Assets	338.0	229.0

2.5 Business Ratio

Particulars	31.03.2012	31.03.2011
(i) Interest Income as a percentage to Working Funds (%)	9.97	8.68
(ii Non-interest income as a percentage to Working Funds (%)	0.79	0.85
(iii) Operating Profit as a percentage to Working Funds (%)	0.87	0.52
(iv) Return on Assets (%)	0.24	0.23
(v) Business (Deposits plus advances) per employee (₹ Million)	67.71	53.96
(vi) Profit per employee (₹ Million)	0.10	0.07

2.6 Asset Liability Management

<u>Maturity pattern of certain items of assets and liabilities</u> *(as compiled by the management and relied upon by the auditors)*

(₹ in Million)

As on 31.03.2012	Day 1	2-7 Days	8 - 14 Days	15 to 28 days	29 days 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	272.90	668.70	877.80	2155.30	4578.80	8557.40	8360.30	26852.37	1175.80	52549.33	106048.70
Advances	1678.70	1240.20	1706.10	2578.00	4595.90	7480.40	13609.40	33119.40	6215.93	4411.40	76635.43
Investments	0.00	889.70	681.80	490.00	588.50	659.00	218.70	4085.40	3500.80	20337.56	31451.46
Borrowings	0.00	2980.27	0.00	0.00	160.00	128.16	128.16	1903.58	36.48	418.00	5754.65
Foreign Currency assets	445.30	0.00	3.05	0.00	519.43	282.35	92.59	0.68	0.68	167.89	1511.97
Foreign Currency liabilities	42.36	0.00	27.90	26.86	171.77	232.26	308.01	317.72	58.48	0.00	1185.36

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(₹ in Million)

Category	31.03.2012	31.03.2011
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	2684.8	2776.6
b) Non priority sector	920.8	970.7
(Of which staff housing loans)	*(692.0)*	*(697.6)*
c) Total	3605.6	3747.3
(ii) Commercial Real Estate	2679.6	2761.2
(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	**6285.2**	**6508.5**

2.7.2 Exposure to Capital Market

(₹ in Million)

Sl No	Items	31.03.2012	31.03.2011
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	1.3	84.2
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	1.8	3.2
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	0.1	0.1
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 stock brokers and guarantees issued on behalf of stock brokers and market makers	5.0	4.9
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	Nil	Nil
	Total Exposure to Capital Market	**8.2**	**92.4**

2.7.3 Risk category wise country exposure

(₹ in Million)

Risk Category	Exposure (Net) as at 31.03.2012	Provision held as at 31.03.2012	Exposure (Net) as at 31.03.2011	Provision held as at 31.03.2011
Insignificant	875.6	Nil	899.8	Nil
Low	224.2	Nil	170.3	Nil
Moderate	24.3	Nil	13.8	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	1124.1	Nil	1083.9	Nil

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 (SGL), Group Borrower Limit (GBL) exceeded by the bank.

Sl No	Name of Borrower	Total Exposure as on 31.03.2012 (₹ in Million)
1	Ajmer Vidyut Vitran Nigam Limited	1113.5
2	TANGEDCO	866.9

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

2.8.1 Amount of Provisions made for Income-tax during the year

(₹ in Million)

	31.03.2012	31.03.2011
Provision for Income Tax net of MAT credit entitlement (including Deferred Tax & wealth tax)	36.6	92.87

2.8.2 Disclosure of Penalties imposed by RBI

Nil.

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

There are no material prior period income/expenditure requiring disclosure.

3.2 Accounting Standard 9 – Revenue Recognition

Income/Expenditure 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) – Accounting for Employee Benefits in the Financial Statements of Employers

During financial year 2010-11, the bank re opened pension for those employees who had not opted for the pension scheme earlier. Further during the same year the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. In accordance with the RBI Circular DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011 the Bank had amortized the pension and enhanced gratuity (in the cases mentioned above) for a period of 5 years commencing from 31.03.2011. Accordingly ₹ 121.0 Million (representing 1/5th of ₹ 604.8 Million (Pension ₹ 397.4 Million and Gratuity ₹ 207.4 Million) has been charged to the Profit and Loss account during the year. The balance amount carried forward for future amortization is ₹ 362.8 Million. Had such a circular not been issued by the RBI and accounting had been done in terms of Accounting Standard 15, the profit after tax of the Bank for the year would have been higher by ₹ 81.7 Million and Reserves and Surplus would have been lower by ₹ 245.1Million

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 amount to ₹ 14.9 Million (previous year ₹ 65.8 Million). There is no deficit in the Income & Expenditure of the provident fund (previous year ₹ 5.0 Million, which was charged to Profit & Loss account).

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 Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Present Value of Obligations - Closing	2226.0	2185.6	775.2	838.3	428.4	394.9
Fair Value of Plan Assets - Closing	1481.5	1685.6	581.4	563.3	N.A.	N.A.
Funded Status	744.5	500.0	193.8	275.0	428.4	394.9
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil
Less Amount unamortised and carried forward as per RBI circular DBOD.No.BP. BC. 15896/21.04.018/2010-11 dated April 08, 2011	238.4	317.9	124.4	165.9	N.A.	N.A.
Net Liability recognised in Balance Sheet (included in Other Liabilities & Provisions)	506.1	182.1	69.4	109.1	428.4	394.9

The amount recognised in the statement of profit and loss account is as follows:

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Current Service Cost	520.0	532.5	39.1	38.0	20.3	16.1
Past Service Cost	N.A.	N.A.	N.A.	207.4	N.A.	N.A.
Interest Cost	160.3	51.6	64.3	44.3	29.4	25.5
Expected Return on Plan Assets	(143.3)	(45.9)	(47.9)	(46.9)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	14.1	1046.1	13.9	47.2	81.2	59.1
Amount unamortised and carried forward as per RBI circular	N.A.	(317.9)	N.A.	(165.9)	N.A.	N.A.
Contribution of New Pension Optees	N.A.	(971.5)	N.A.	N.A.	N.A.	N.A.
Total, (included in "Payment to and provisions for employees" of Operating Expenses)	551.1	294.9	69.4	124.1	130.9	100.7

3.3.2.2 Changes in Fair Value of Plan Assets

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Fair Value of Plan Assets at the beginning of the year	1685.6	574.1	563.3	587.0	N.A.	N.A.
Expected Return on Plan Assets	143.3	45.9	47.9	46.9	N.A.	N.A.
Contributions	306.6	1269.5	150.6	27.1	97.4	48.9
Benefits Paid	599.3	228.6	164.7	89.9	97.4	48.9
Actuarial (Loss)/Gain	(54.7)	24.7	(15.7)	(7.8)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	1481.5	1685.6	581.4	563.3	N.A.	N.A.

3.3.2.3 Changes in Present Value of Obligations

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Present Value of Obligations at the beginning of the year	2185.6	759.2	838.3	599.1	394.9	343.2
Interest Cost	160.3	51.6	64.3	44.3	29.4	25.5
Current Service Cost	520.0	532.5	39.1	38.0	20.3	16.1
Past Service Cost	N.A.	N.A.	N.A.	207.4	N.A.	N.A.
Benefits Paid	599.3	228.6	164.7	89.9	97.4	48.9
Actuarial Loss/(Gain)	(40.6)	1070.9	(1.8)	39.4	81.2	59.0
Present Value of Obligations at the end of the year	2226.0	2185.6	775.2	838.3	428.4	394.9

3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Net Liability at the beginning of the period	182.1	185.1	109.1	12.1	394.9	343.2
Add Expenses Charged to Profit & Loss Account	630.6	294.9	110.9	124.1	130.9	100.7
Less Contributions	306.6	297.9	150.6	27.1	97.4	48.9
Net Liability at the end of the period	506.1	182.1	69.4	109.1	428.4	395

3.3.2.5 Actual Return on Plan Assets

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Expected Return on Plan Assets	143.3	45.9	47.9	46.9	N.A.	N.A.
Actuarial Gain (Loss)	(54.6)	24.7	(15.7)	(7.8)	N.A.	N.A.
Actual Return on Plan Assets	88.7	70.6	32.2	39.1	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Discount Rate (p.a.)	8.50%	8.00%	8.50%	8.00%	8.50%	8.00%
Expected Return on Plan Assets (p.a.)	8.00%	8.00%	8.00%	8.00%	N.A.	N.A.
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
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 31.03.2012	As on 31.03.2011	As on 31.03.2012	As on 31.03.2011
Life Insurance Companies	32.20%	34.77%	13.33%	0.00%
Central Govt. Securities	18.46%	17.10%	33.16%	39.03%
State Govt. Securities	9.31%	11.13%	21.10%	22.55%
Other Trust Securities (PSU)/Deposits with Banks etc.	40.03%	37.00%	32.41%	38.42%
Total	100.00%	100.00%	100.00%	100.00%

3.3.2.8 Experience Adjustments

(₹ in Million)

	Pension		Gratuity	
	2011-12	2010-11	2011-12	2010-11
On Benefit Obligation (Gain+/Loss-)	-89.3	-1140.6	-36.5	+12.8
On Plan Assets (Gain+/Loss-)	+51.1	+12.9	-8.0	-1.3

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in 2012-13 are as follows:

Pension: ₹ 600 Million

Gratuity: ₹ 100 Million

3.3.3 Other Long term Employee Benefits

As on 31.03.2012 the Bank holds provision of ₹ 3.03 Million (previous year ₹ 2.73 Million) towards provision for Leave Fare Concession based on actuarial valuation.

3.4 Accounting Standard 17 – Segment Reporting

Part A: Business Segments

(₹ in Million)

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue	2187.84	1653.76	3951.46	2488.25	5312.57	4075.28	156.08	148.45	11607.95	8365.74
Result	(873.38)	(869.33)	804.29	553.25	994.08	749.36	12.14	20.90	937.13	454.18
Unallocated expenses									Nil	Nil
Operating profit									937.13	454.18
Provisions other than tax									640.09	161.58
Provision for Tax									36.60	92.87
Extraordinary profit/ loss									Nil	Nil
Net profit									260.44	199.73
OTHER INFORMATION										
Segment assets	31934.33	24314.65	31354.74	29562.15	49873.17	38097.66	20.07	30.22	113182.31	92004.68
Unallocated assets									6571.76	5591.96
Total assets									119754.07	97596.64
Segment liabilities	3304.20	1277.79	32892.73	25547.16	81137.69	68847.31	146.72	267.35	117481.34	95939.61
Unallocated liabilities									2272.73	1657.04
Total liabilities									119754.07	97596.64

Part B: Geographic segments
The Bank has no branches outside India.

3.5 Accounting Standard 18 – Related Party disclosures

Key Management Personnel: Shri.V.P.Iswardas, Managing Director & Chief Executive Officer

3.6 Accounting Standard 19 – Leases

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

3.7 Accounting Standard 21 - Consolidated Financial Statements

Not Applicable.

3.8 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2012, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 288.8 Million..

Components of Net Deferred Tax Asset as on 31.03.2012 are as follows:

(₹ in Million)

	31.03.2012	31.03.2011
Deferred Tax Asset		
Provision for Employee Benefits (Leave Benefits)	149.2	138.3
Provision for Standard Assets	109.7	74.3
Carry Forward Loss	Nil	83.5
Counter Cyclical Provisioning Buffer	46.5	Nil
Others	34.6	9.8
Total Deferred Tax Asset	340.0	305.9
Deferred Tax Liability		
Depreciation on Fixed Assets	40.1	43.2
Net Deferred Tax Asset	299.9	262.7
Add/Less Effect of Restatement	(11.1)	(10.4)
Net Deferred Tax Asset after restatement	288.8	252.3

3.9 Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements

Not Applicable

3.10 Accounting Standard 24 - Discontinuing operations

Not Applicable

3.11 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 for Fixed Assets (AS 10)

a) The land and buildings owned by the Bank were revalued in 1990-91, 1993-94, 1998-99, 2004-05, 2006-07 and 2007-08 and appreciation credited to Revaluation Reserve. Depreciation for the year on the net addition to value on such revaluation of assets of ₹ 6.0 Million (previous year ₹ 6.4 Million) has been transferred from Revaluation Reserve to Profit and Loss Account.

b) Bank had sold one of its premises in 2011-12 and the amount standing in Revaluation Reserve relating to that asset (₹ 1.5 Million) has been transferred to General Reserve in line with paragraph 14.4 of AS 10.

4.2 Effect of Changes in Foreign Exchange Rates (AS 11)

The net profit for the year is arrived at after charging the amount of exchange differences due to translation of monetary assets and liabilities at the closing rates.

4.3 Accounting Standard 20 – Earnings per Share

Particulars	**2011-12**	**2010-11**
EPS-Basic/Diluted (₹)	6.99	6.43
Amount used as numerator- Profit after Tax (₹ in Million)	**260.44**	**199.72**
Nominal value per Equity Share (₹)	10	10
Weighted Average Number of Equity Shares used as denominator	37272385	31074926

4.4 Intangible Assets (Accounting Standard 26)

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

(₹ in Million)

	31.03.2012	31.03.2011
a) Acquired Application Software		
Opening Balance at cost	46.3	42.2
Add Additions during the year	5.5	4.1
Less Disposals during the year	Nil	Nil
Less Amortisation to date	34.3	26.2
Net Carrying Amount*	**17.5**	**20.1**
b) Internally Generated Software		
Opening Balance at cost	78.5	78.5
Add Additions during the year	4.1	Nil
Less Disposals during the year	Nil	Nil
Less Amortisation to date	63.1	48.9
Net Carrying Amount*	**19.5**	**29.6**
Total Carrying Amount	**37.0**	**49.7**

*The Net carrying amount of acquired application software and internally generated application software are included in– Other Assets.

4.5 Impairment of Assets (Accounting Standard 28)

In the opinion of the Bank's management, there is no material impairment to the fixed assets as at 31.03.2012 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.6 Provisions, Contingent Liabilities and Contingent Assets (AS-29)

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

5. Additional Disclosures as per RBI Guidelines

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

(₹ in Million)

		31.03.2012	31.03.2011
a	Provisions towards NPA/write offs & Counter Cyclical Provision	*459.80	134.16
b	Add back of eligible amount of provision held in respect of Agricultural Debts Waived	Nil	(4.62)
c	Depreciation and write off of investments	13.90	2.56
d	Add back of excess provision for Depreciation on investments	(19.02)	(1.00)
e	Provision for Income tax (Including Deferred Tax and Wealth Tax)	36.60	92.87
f	Provision for Standard Assets	109.04	36.86
g	Provision for diminution on Restructured Advances	63.85	(4.80)
h	Other provisions	12.52	(1.58)
	Total	676.69	254.45

* includes ₹ 143.5 Million debited to P&L for creation of Counter cyclical provisioning buffer.

5.2 Floating Provisions

pening 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

Nil

5.4 Disclosure of complaints

A. Customer Complaints

a) No. of complaints pending at the beginning of the year	6
b) No. of complaints received during the year	167
c) No. of complaints redressed during the year	160
d) No. of complaints pending at the end of the year	13

B. Awards passed by the Banking Ombudsman

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

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 31.03.2012	As on 31.03.2011
Provisioning Coverage Ratio	61.92%	61.53%

In accordance with the guidelines issued by RBI vide their circular no DBOD.BP.BC.87/21.04.048/2010-11 dated April 21, 2011, bank was required to build a Counter Cyclical Provisioning Buffer of ₹ 178.4 Million, which has been done as on 30.09.2011.

5.7 Income from Bancassurance

(₹ in Million)

Sl.No.	Nature of Income	2011-12	2010-11
1.	From Selling Life Insurance Policies	22.0	28.7
2.	From Selling Non Life Insurance Policies	4.7	3.7
3.	From Selling Mutual Fund Products	0.8	0.3
4.	Others	Nil	Nil
5.	Total	27.5	32.7

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2012	As on 31.03.2011
Total Deposits of twenty largest depositors (₹ in Million)	14799.4	12482.5
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	13.97%	14.31%

5.8.2 Concentration of Advances

	As on 31.03.2012	As on 31.03.2011
Total Advances to twenty largest borrowers (₹ in Million)	12109.3	12200.9
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	13.35%	16.80%

5.8.3 Concentration of Exposures

	As on 31.03.2012	As on 31.03.2011
Total Exposures to twenty largest borrowers/customers (₹ in Million)	12145.8	12200.9
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	13.26%	16.58%

5.8.4 Concentration of NPAs

	As on 31.03.2012	As on 31.03.2011
Total Exposures to top four NPA Accounts (₹ in Million)	402.0	377.4

5.9 Sector wise NPAs

Sl.No.	Sector	Percentage of NPAs to Total Advance in that Sector	
		As on 31.03.2012	As on 31.03.2011
1.	Agriculture & allied activities	0.60%	1.11%
2.	Industry (Micro & small, Medium and Large)	2.68%	6.34%
3.	Services	2.29%	4.14%
4.	Personal Loans	0.82%	1.51%

5.10 Movement of NPA

(₹ in Million)

Particulars	2011-12	2010-11
Opening Balance of Gross NPA	1924.5	1492.9
Additions (Fresh NPAs) during the year	1002.0	1078.7
Sub-total (A)	2926.5	2571.6
Less:-		
(i) Upgradations	135.1	212.3
(ii) Recoveries (excluding recoveries made from upgraded accounts)	628.3	347.3
(iii) Write-offs	333.9	87.5
Sub-total (B)	1097.3	647.1
Closing balance of Gross NPA (A – B)	1829.2	1924.5

5.11 Overseas Assets, NPAs and Revenue

(₹ in Million)

Particulars	31.03.2012	31.03.2011
Total Assets (Deposits with banks outside India)	409.1	403.6
Total NPAs	Nil	Nil
Total Revenues (Interest on Deposits with banks outside India)	0.10	0.10

5.12 Off-balance Sheet SPVs sponsored

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

Nil

5.13 Unamortised Pension and Gratuity Liabilities

(₹ in Million)

Particulars	2011-12	2010-11
Unamortised Pension Liability	238.4	317.9
Unamortised Gratuity Liability	124.4	165.9
Total	362.8	483.8

6. Comparative Figures

Previous year’s figures have been regrouped and recast wherever necessary to conform to current year’s classification.

NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2012-13

1. General
1.1 Capital Funds

a) In FY 2012-13 the bank has successfully completed the issue of shares on Rights basis, which was oversubscribed by 121.38%. On March 31, 2013, the Bank allotted 10461781 equity shares of ₹ 10 each at a premium of ₹ 65 per share. Consequently, the Paid up Capital and Share Premium Account of the Bank have been increased by ₹ 104.6 Million and ₹ 680.0 Million respectively.

b) As per the directions of Reserve Bank of India , SVG Group (holding 18.11 % of the paid up share Capital of the bank as on 31.03.2013) was required to divest shares in excess of 10% of the Paid up Capital before 31.03.2013. On March 26, 2013, the group had received approval of Reserve Bank of India for transfer of 4.98 % of their holdings as on the date of the letter. Since their divestment has not been completed as per the limit prescribed by RBI, the group has sought extension of time upto June 30, 2013 for the same.

1.2 Investments

a) The profit on sale of investments under Held to Maturity category amounting to ₹ 160.7 Million (previous year ₹ 8.80 Million) has been taken to Profit and Loss account and a sum of ₹ 81.4 Million (previous year ₹ 4.50 Million), being net of taxes and net of transfer to Statutory Reserve of such profit, has been appropriated to Capital Reserve Account.

b) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹ 148.4 Million (previous year ₹ 147.2 Million) which is netted against Income on Investments

c) Provision for depreciation on investments in the Available for Sale category amounting to ₹ 12.7 Million is debited to the Profit & Loss Account (Previous year ₹ 15.1 Million is credited to Profit & Loss Account). An equivalent amount of ₹ 6.40 Million (net of taxes and net of transfer to Statutory Reserves has been transferred from Investment Reserve to Profit & Loss Account and the same has been appropriated to General Reserve in line with RBI guidelines (previous year ₹ 2.60 Million has been transferred to Investment Reserve Account from Profit & Loss Account).

d) During 2012-13, the bank has not transferred any securities between categories. (previous year Nil).

1 .3 Reconciliation
Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2013. Steps for elimination of outstanding entries are in progress. 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 include disputed income tax liabilities of ₹ 100.6 Million which has been paid/adjusted and included under other assets. 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 judicial decisions on certain disputed issues.

2. Disclosures in terms of Reserve Bank of India Guidelines
2.1 Capital

Particulars	31.03.2013	31.03.2012
i)CRAR (%) – Basel II	12.19	11.14
ii) CRAR - Tier I capital (%)	9.52	8.89
iii) CRAR - Tier II Capital (%)	2.67	2.25
iv)Amount of subordinated debt raised as Tier-II capital(₹ in Million)	1175.0	1335.0
v)Amount raised by issue of IPDI	Nil	Nil
vi) Amount raised by issue of Upper Tier II instruments	Nil	Nil

2.2 Investments

(₹ in Million)

Items	31.03.2013	31.03.2012
(1) Value of Investments		
(i) Gross Value of Investments	33046.20	31474.46
(a) In India	33046.20	31474.46
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation	35.68	23.00
(a) In India	35.68	23.00
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments	33010.52	31451.46
(a) In India	33010.52	31451.46
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	23.0	28.1
(ii) Add: Provisions made during the year	26.3	13.9
(iii) Less: Write-off/ write-back of excess provisions during the year	13.6	19.0
(iv) Closing balance	35.7	23.0

2.2.1 <u>Repo Transactions</u>
(In Face Value terms)

(₹ in Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2013
Securities sold under repo				
i. Government Securities	Nil	2750	607.9	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	Nil	200	12.2	Nil
ii Corporate debt securities	Nil	Nil	Nil	Nil

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Million)

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	330.7	30	Nil	Nil	Nil
(ii).	FIs	40	40	Nil	Nil	Nil
(iii).	Banks	1438	649.9	Nil	Nil	Nil
(iv).	Private Corporate	136.2	84.7	7.8	40	47.9
(v).	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi).	Others (RIDF, RHF, MSME Fund)	1552.7	Nil	Nil	Nil	Nil
(vii).	Provision held towards depreciation	(35.7)	Nil	Nil	Nil	Nil
	Total	3461.9	804.6	7.8	40	47.9

ii) Non performing Non-SLR investments

(₹ in Million)

Particulars	31.03.2013	31.03.2012
Opening balance	Nil	Nil
Additions during the year	Nil	Nil
Reductions during the above period	Nil	Nil
Closing balance	Nil	Nil
Total provisions held	Nil	Nil

2.2.3 Sale and transfers to/from HTM Category

The value of sales from HTM category in 2012-13 exceeds 5% of the book value of investments held in HTM category at the beginning of the year requiring the following disclosures:

(₹ in Million)

Market value of investments held in the HTM Category :	28747.2
Excess of book value over market value for which provision is not required to be made as per RBI guidelines	886.7

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

Qualitative & Quantitative Disclosure: Not Applicable

2.4. Asset Quality

2.4.1 Non-Performing Asset

(₹ in Million)

Particulars	31.03.2013	31.03.2012
(i) Net NPAs to Net Advances (%)	**1.12%**	**1.10%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1829.3	1924.5
(b) Additions during the year	1713.1	1002.0
(c) Reductions during the year	1433.8	1097.2
(d) Closing balance	**2108.6**	**1829.3**
(iii) Movement of Net NPAs		
(a) Opening balance	842.1	1084.0
(b) Additions during the year	1426.9	449.9
(c) Reductions during the year	1276.5	691.8
(d) Closing balance	**992.5**	**842.1**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	780.6	806.6
(b) Provisions made during the year	391.8	140.4
(c) Write-off/ write-back of excess provisions	262.2	166.4
(d) Closing balance	**910.2**	**780.6**

2.4.2 Particulars of Accounts Restructured/Rescheduled as on 31.03.2013

(₹ in Million)

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 of the FY (opening figure)	No. of borrowers	3	-	-	-	3	-	-	-	-	-	87	5	17	-	109	90	5	17	-	112
		Amount outstanding	1236.9	-	-	-	1236.9	-	-	-	-	-	2167.8	14.3	42.3	-	2224.4	3404.7	14.3	42.3	-	3461.3
		Provision thereon	73.5	-	-	-	73.5	-	-	-	-	-	8.3	0.6	0.1	-	9	81.8	0.6	0.1	-	82.5
2	Fresh restructuring during the year.	No. of borrowers	4	-	-	-	4	-	-	-	-	-	14	-	-	-	14	18	-	-	-	18
		Amount outstanding	1489.1	-	-	-	1489.1	-	-	-	-	-	822.3	-	-	-	822.3	2311.4	-	-	-	2311.4
		Provision thereon	134.7	-	-	-	134.7	-	-	-	-	-	7	-	-	-	7	141.7	-	-	-	141.7
3	Upgradations to restructured standard category during the FY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher	No. of borrowers	1	-	-	-	1	-	-	-	-	-	52	-	-	-	52	53	-	-	-	53
		Amount outstanding	59.1	-	-	-	59.1	-	-	-	-	-	316.7	-	-	-	316.7	375.8	-	-	-	375.8

	provisioning and / or additonal risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY.	Provision thereon	7.8	-	-	-	7.8	-	-	-	-	-	4.9	-	-	-	4.9	12.7	-	-	-	12.7
5	Downgradations of retructured accounts during the FY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	1.6	-	-	1.6	-	1.6	-	-	1.6
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.078	-	-	0.078	-	0.078	-	-	0.078
6	Write-offs of restructured accounts during the FY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured acounts as on March 31 of the FY (closing figures*)	No. of borrowers	7	-	-	-	7	-	-	-	-	-	84	6	14	-	104	91	6	14	-	111
		Amount outstanding	2715.4	-	-	-	2715.4	-	-	-	-	-	2786.7	29.3	22.2	-	2838.2	5502.1	29.3	22.2	-	5553.6
		Provision thereon	142.5	-	-	-	142.5	-	-	-	-	-	12.8	0.57	0.035	-	13.4	155.3	0.57	0.035	-	155.9
*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)																						

*Includes one restructured standard advance with outstanding balance of ₹ 728.3 Millions for which formalities like issuance of State Government guarantee, execution of individual documentation as required under restructuring scheme are in progress

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

	2012-13	2011-12
(i) No. of accounts	Nil	58
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC (₹ in Million)	Nil	54.1
(iii) Aggregate consideration (₹ in Million)	Nil	179.0
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/loss over net book value (₹ in Million)	Nil	124.9

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

Nil.

2.4.5 Provisions on Standard Assets

(₹ in Million)

Particulars	31.03.2013	31.03.2012
Provisions held towards Standard Assets	464.7	338.0

2.5 Business Ratio

Particulars	31.03.2013	31.03.2012
(i) Interest Income as a percentage to Working Funds	10.27	9.97
(ii) Non-interest income as a percentage to Working Funds	0.74	0.79
(iii) Operating Profit as a percentage to Working Funds	0.72	0.87
(iv) Return on Assets (%)	0.21	0.24
(v) Business (Deposits plus advances) per employee (₹ in Million)	74.04	67.71
(vi) Profit per employee (₹ in Million)	0.09	0.10

2.6 Asset Liability Management

<u>Maturity pattern of certain items of assets and liabilities</u> *(as compiled by the management and relied upon by the auditors)*

(₹ in Million)

As on 31.03.2013	Day 1	2-7 Days	8 - 14 Days	15 to 28 days	29 days 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	469.30	1017.00	1060.20	2006.00	4236.80	8219.60	12491.20	31789.26	1914.90	60212.00	123416.26
Advances	910.50	1288.50	2095.90	2283.60	6599.30	13374.30	15756.40	36359.00	5191.70	4655.98	88515.18
Investments	0.00	0.00	497.10	0.00	1425.00	100.30	224.70	5135.30	2610.00	23018.12	33010.52
Borrowings	0.00	0.00	0.00	0.00	0.00	128.16	136.48	1311.42	0.00	418.00	1994.06
Foreign Currency assets	429.34	5.87	88.07	73.48	628.17	295.61	3.95	1.26	18.61	179.14	1723.50
Foreign Currency liabilities	109.54	6.10	13.14	11.16	54.58	137.66	302.06	349.64	112.71	0.00	1096.59

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector (₹ in Million)

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

Category	31.03.2013	31.03.2012
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	2552.7	2684.8
b) Non priority sector	1037.2	920.8
(Of which staff housing loans)	*(706.7)*	*(692)*
c) Total	3589.9	3605.6
(ii) Commercial Real Estate	3205.9	2679.6
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	Nil	Nil
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure	Nil	Nil
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	**6795.8**	**6285.2**

2.7.2 Exposure to Capital Market (₹ in Million)

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

Sl No	Items	31.03.2013	31.03.2012
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	1.3	1.3
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	1.4	1.8
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	0.1	0.1
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	6.4	5
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	Nil	Nil
	Total Exposure to Capital Market	9.2	8.2

2.7.3 Risk category wise country exposure (As compiled by the management and relied upon by the auditors)

(₹ in Million)

Risk Category	Exposure (Net) as at 31.03.2013	Provision held as at 31.03.2013	Exposure (Net) as at 31.03.2012	Provision held as at 31.03.2012
Insignificant	432.7	Nil	875.6	Nil
Low	131	Nil	224.2	Nil
Moderate	28.5	Nil	24.3	Nil
High	4.8	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	597	Nil	1124.1	Nil

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 (SGL), Group Borrower Limit (GBL) exceeded by the bank.

(₹ in Million)

Sl No	Name of Borrower	Total Exposure as on 31.03.2013
1	Ajmer Vidyut Vitran Nigam Limited	1356
2	TANGEDCO	1086.6

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 Million)

	31.03.2013	**31.03.2012**
Provision for Income Tax (including Deferred Tax & wealth tax)	61.29	36.6

2.8.1 Disclosure of Penalties imposed by RBI

Nil.

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

There are no material prior period income/expenditure requiring disclosure.

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

During financial year 2010-11, the bank re opened pension for those employees who had not opted for the pension scheme earlier. Further during the same year the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. In accordance with the RBI Circular DBOD.No. BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI Letter DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011 the Bank had amortized the pension and enhanced gratuity (in the cases mentioned above) for a period of 5 years commencing from 31.03.2011. Accordingly ₹ 121.0 Million (representing 1/5th of ₹ 604.8 Millions (Pension ₹ 397.4 Million and Gratuity ₹ 207.4 Million)) has been charged to the Profit and Loss account during the year. The balance amount carried forward for future amortization is ₹ 241.9 Million. Had such a circular not been issued by the RBI and accounting had been done in terms of Accounting Standard 15, the profit after tax of the Bank for the year would have been higher by ₹ 81.7 Million and Reserves and Surplus would have been lower by ₹ 163.3 Million.

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 amount to ₹ 20.2 Million (previous year ₹ 14.9 Million). There is no deficit in the Income & Expenditure of the provident fund (previous year also no deficit).

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 Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Present Value of Obligations - Closing	2491	2226	813	775.2	528.3	428.4
Fair Value of Plan Assets - Closing	1700.1	1481.5	655.7	581.4	N.A.	N.A.
Funded Status	790.9	744.5	157.3	193.8	528.3	428.4
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil
Less Amount unamortised and carried forward as per RBI letter DBOD.No.BP. BC. 15896/21.04.018/2010-11 dated April 08, 2011	158.9	238.4	83	124.4	N.A.	N.A.
Net Liability recognised in Balance Sheet (included Other Liabilities & Provisions)	632	506.1	74.3	69.4	528.3	428.4

The amount recognised in the statement of profit and loss account is as follows:

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Current Service Cost	518.5	520	34.6	39.1	30.5	20.3
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest Cost	166.2	160.3	61.5	64.3	33.3	29.4
Expected Return on Plan Assets	(125.9)	(143.3)	(49.4)	(47.9)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	73.2	14.1	27.6	13.9	109.3	81.2
Total, (included in "Payment to and provisions for employees" of Operating Expenses)	632	551.1	74.3	69.4	173.1	130.9

3.3.2.2 Changes in Fair Value of Plan Assets

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Fair Value of Plan Assets at the beginning of the year	1481.5	1685.6	581.4	563.3	N.A.	N.A.
Expected Return on Plan Assets	125.9	143.3	49.4	47.9	N.A.	N.A.
Contributions	585.6	306.6	110.9	150.6	73.2	97.4
Benefits Paid	541.6	599.3	102.5	164.7	73.2	97.4
Actuarial (Loss)/Gain	48.7	(54.6)	16.5	(15.7)	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	1700.1	1481.5	655.7	581.4	N.A.	N.A.

3.3.2.3 Changes in Present Value of Obligations

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Present Value of Obligations at the beginning of the year	2226	2185.6	775.2	838.3	428.4	394.9
Interest Cost	166.2	160.3	61.5	64.3	33.3	29.4
Current Service Cost	518.5	520	34.6	39.1	30.5	20.3
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	541.6	599.3	102.5	164.7	73.2	97.4
Actuarial Loss/(Gain)	121.9	(40.6)	44.1	(1.8)	109.3	81.2
Present Value of Obligations at the end of the year	2491	2226	812.9	775.2	528.3	428.4

3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Net Liability at the beginning of the period	506.1	182.1	69.4	109.1	428.4	394.9
Add Expenses Charged to Profit & Loss Account	711.5	630.6	115.8	110.9	173.1	130.9
Less Contributions	585.6	306.6	110.9	150.6	73.2	97.4
Net Liability at the end of the period	632	506.1	74.3	69.4	528.3	428.4

3.3.2.5 Actual Return on Plan Assets

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Expected Return on Plan Assets	125.9	143.3	49.4	47.9	N.A.	N.A.
Actuarial Gain (Loss)	48.7	(54.6)	16.5	(15.7)	N.A.	N.A.
Actual Return on Plan Assets	174.6	88.7	65.9	32.2	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Discount Rate (p.a.)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expected Return on Plan Assets (p.a.)	8.50%	8.00%	8.50%	8.00%	N.A.	N.A.
Future Salary Increases (p.a.)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
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 31.03.2013	As on 31.03.2012	As on 31.03.2013	As on 31.03.2012
Life Insurance Companies	47.12%	32.20%	31.49%	13.33%
Central Govt. Securities	16.70%	18.46%	28.75%	33.16%
State Govt. Securities	12.30%	9.31%	13.79%	21.10%
Other Trust Securities (PSU)/Deposits with Banks etc.	23.88%	40.03%	25.97%	32.41%
Total	100.00%	100.00%	100.00%	100.00%

3.3.2.8 Experience Adjustments

(₹ in Million)

	Pension		Gratuity	
	2012-13	2011-12	2012-13	2011-12
On Benefit Obligation (Gain+/Loss-)	-121.9	-89.3	-44.1	-36.5
On Plan Assets (Gain+/Loss-)	+48.7	+51.1	+16.5	-8

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in 2013-14 are as follows:

Pension: ₹ 1500 Million

Gratuity: ₹ 200 Million

3.3.3 Other Long term Employee Benefits

a) As on 31.03.2013 the Bank holds provision of ₹ 3.8 Million (previous year ₹ 3.03 Million) towards provision for Leave Fare Concession based on actuarial valuation.

3.4 Accounting Standard 17 – Segment Reporting (As compiled by the management and relied upon by the auditors)

Part A: Business Segments

(₹ in Million)

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue	2767.89	2187.84	3865.00	3951.46	7378.92	5312.57	142.49	156.08	14154.30	11607.95
Result	(943.22)	(873.38)	549.99	804.29	1291.08	994.08	30.45	12.14	928.30	937.13
Unallocated expenses									Nil	Nil
Operating profit									928.30	937.13
Provisions other than tax									600.84	640.09
Provision for Tax									61.29	36.60
Extraordinary profit/ loss									Nil	Nil
Net profit									266.17	260.44
OTHER INFORMATION										
Segment assets	35800.46	31934.33	29465.11	31354.74	62901.32	49873.17	19.13	20.07	128186.02	113182.31
Unallocated assets									6300.32	6571.76
Total assets									134486.34	119754.07
Segment liabilities	304.05	3304.20	45022.87	32892.73	86426.49	81137.69	183.64	146.72	131937.05	117481.34
Unallocated liabilities									2549.29	2272.73
Total liabilities									134486.34	119754.07

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
Sri.V.P.Iswardas	Key Management Personnel (Up to the completion of the term of office on 29.11.2012)

Note: In accordance with the RBI Guidelines on compliance with Accounting Standards by the Banks, the details of transactions with Key Management Personnel have not been disclosed since there is only one entity in the respective category of the related party.

3.6 Accounting Standard 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2013, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 421.54 Million
Components of Net Deferred Tax Asset as on 31.03.2013 are as follows:

(₹ in Million)

	31.03.2013	31.03.2012
Deferred Tax Asset		
Provision for Employee Benefits	180.9	149.2
Provision for Standard Assets	158	109.7
Counter Cyclical Provisioning Buffer	42.7	46.5
Others	61.3	34.6
Total Deferred Tax Asset	442.9	340
Deferred Tax Liability		
Depreciation on Fixed Assets	41.2	40.1
Net Deferred Tax Asset	401.7	299.9
Add/Less Effect of Restatement	19.8	(11.1)
Net Deferred Tax Asset after restatement	421.5	288.8

3.7 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 for Fixed Assets (AS 10)

a) 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 appropriation credited to revaluation reserve. During the year, the land and buildings owned by the Bank were revalued as on 30.06.2012 by approved valuer and the resultant appreciation of ₹ 891.8 Million has been credited to Revaluation Reserve.

b) Depreciation for the 12 month period on the net addition to value on revaluation of assets of ₹ 12.3 Million has been transferred from Revaluation Reserve to Profit and Loss Account.

4.2 Effect of Changes in Foreign Exchange Rates (AS 11)

The net profit for the year is arrived at after charging the amount of exchange differences due to translation of monetary assets and liabilities at the closing rates.

4.3 Accounting Standard 19 – Leases

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

4.4 Accounting Standard 20 – Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with (AS) 20, "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006. 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.

Particulars	**2012-13**	**2011-12 ***
EPS-Basic/Diluted (₹)	7.13	6.99
Amount used as numerator- Profit after Tax (₹ in Million)	**266.17**	**260.44**
Nominal value per Equity Share (₹)	10	10
Weighted Average Number of Equity Shares used as denominator	37309480	37272385

* Earnings per Share for previous year has been recast in the light of rights issue of 2012-13 in line with the relevant provisions of AS 20

4.5 Intangible Assets (Accounting Standard 26)

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

(₹ in Million)

	31.03.2013	31.03.2012
a) Acquired Application Software		
Opening Balance at cost	51.8	46.3
Add Additions during the year	6.6	5.5
Less Disposals during the year	Nil	Nil
Less Amortisation to date	42.4	34.3
Net Carrying Amount*	**16.0**	**17.5**
b) Internally Generated Software		
Opening Balance at cost	82.6	78.5
Add Additions during the year	7.9	4.1
Less Disposals during the year	Nil	Nil
Less Amortisation to date	76.2	63.1
Net Carrying Amount*	**14.3**	**19.5**
Total Carrying Amount	**30.3**	**37.0**

*The Net carrying amount of acquired application software and internally generated application software are included in Other Assets.

4.6 Impairment of Assets (Accounting Standard 28)

In the opinion of the Bank's management, there is no material impairment to the fixed assets as at 31.03.2013 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.7 Provisions, Contingent Liabilities and Contingent Assets (AS-29)

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

4.7.1 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.

b) 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.

b) 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 and accepted or endorsed by the Bank.

5. Additional Disclosures as per RBI Guidelines

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

(₹ in Million)

		31.03.2013	31.03.2012
a	Provisions towards NPA/write offs & Counter Cyclical Provision	391.82	*459.80
b	Add back of eligible amount of provision held in respect of Agricultural Debts Waived	Nil	Nil
c	Depreciation and write off of investments	12.69	(5.12)
d	Provision for Income tax (Including Deferred Tax and Wealth Tax)	61.29	36.60
e	Provision for Standard Assets	126.69	109.04
f	Provision for diminution on Restructured Advances	73.41	63.85
g	Other provisions	(3.77)	12.52
	Total	662.13	676.69

* includes ₹14.35 Cr debited to P&L for creation of Counter cyclical provisioning buffer.

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

Nil

5.4 Disclosure of complaints

A. Customer Complaints

a) No. of complaints pending at the beginning of the year	13
b) No. of complaints received during the year	107
c) No. of complaints redressed during the year	119
d) No. of complaints pending at the end of the year	1

B. Awards passed by the Banking Ombudsman

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

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 31.03.2013	As on 31.03.2012
Provisioning Coverage Ratio	63.28%	61.92%

5.7 Income from Bancassurance

(₹ in Million)

Sl.No.	Nature of Income	2012-13	2011-12
1.	From Selling Life Insurance Policies	3.4	22
2.	From Selling Non Life Insurance Policies	5.2	4.7
3.	From Selling Mutual Fund Products	0.4	0.8
4.	Others	Nil	Nil
5.	Total	9	27.5

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2013	As on 31.03.2012
Total Deposits of twenty largest depositors (₹ in Million)	20370.4	14799.4
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	16.51%	13.97%

5.8.2 Concentration of Advances

	As on 31.03.2013	As on 31.03.2012
Total Advances to twenty largest borrowers (₹ in Million)	11806.5	12109.3
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	11.53%	13.35%

5.8.3 Concentration of Exposures

	As on 31.03.2013	As on 31.03.2012
Total Exposures to twenty largest borrowers/customers (₹ in Million)	11883.3	12145.8
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	11.50%	13.26%

5.8.4 Concentration of NPAs

(₹ in Million)

	As on 31.03.2013	As on 31.03.2012
Total Exposures to top four NPA Accounts	532.6	402.0

5.9 Sector wise NPAs

Sl.No.	Sector	Percentage of NPAs to Total Advance in that Sector	
		As on 31.03.2013	As on 31.03.2012
1.	Agriculture & allied activities	1.13%	0.60%
2.	Industry (Micro & small, Medium and Large)	1.30%	2.68%
3.	Services	1.99%	2.29%
4.	Personal Loans	0.47%	0.82%

5.10 Movement of NPA

(₹ in Million)

Particulars	2012-13	2011-12
Opening Balance of Gross NPA	1829.3	1924.5
Additions (Fresh NPAs) during the year	1713.1	1002
Sub-total (A)	3542.4	2926.5
Less:-	0	0
(i) Upgradations	652.9	135.1
(ii) Recoveries (excluding recoveries made from upgraded accounts)	525.2	628.2
(iii) Write-offs	255.7	333.9
Sub-total (B)	1433.8	1097.2
Closing balance of Gross NPA (A – B)	2108.6	1829.3

5.11 Overseas Assets, NPAs and Revenue

(₹ in Million)

Particulars	31.03.2013	31.03.2012
Total Assets (Deposits with banks outside India)	384.7	409.1
Total NPAs	Nil	Nil
Total Revenues (Interest on Deposits with banks outside India)	0.1	0.1

5.12 Off-balance Sheet SPVs sponsored

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

Nil

5.13 Unamortised Pension and Gratuity Liabilities

(₹ in Million)

Particulars	2012-13	2011-12
Unamortised Pension Liability	158.9	238.4
Unamortised Gratuity Liability	83	124.4
Total	241.9	362.8

5.14 Disclosure on Remuneration

Qualitative disclosures	(a)	Information relating to the composition and mandate of the Remuneration Committee. <u>Composition</u> The Remuneration Committee of the Board consist of three members, of which one member is from Risk Management committee of the Board. All the members of the Committee are independent directors. <u>Function and mandate</u> The Remuneration Committee of the Board would oversee framing, review and implementation of the compensation policy on behalf of the Board. The Committee would ensure that the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. <u>Process</u> The 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 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 WTD's, MD & CEO and Senior executives to ensure financial stability of the organization. The Committee would also analyze various factors to ascertain whether cost/ income ratio supports the remuneration package provided to WTD's, MD & CEO and Senior Executives consistent with maintenance of sound capital adequacy ratio. <u>Authority to invoke clawback arrangement</u>

		The Remuneration Committee of the Board also have the authority to ascertain whether the decision taken by the WTD, MD& CEO, Senior executives (above Chief General Manager) have brought forth a negative contribution to the Bank. The Committee will be vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable. <u>Objectives</u> 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. <u>Key features</u> • 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 four categories. 1) MD & CEO/Whole time directors 2) Senior Executives ((Risk control and compliance staff) -Non

IBA Package

3) Senior Executives (Chief General Manger) -Non IBA Package

4) Other officers and staff -on IBA package

Clawback Arrangement/ Compensation Recovery

A clawback arrangement or a compensation recovery is provided in the policy [WTD's, MD & CEO and Senior Executives- above Chief General Manager) 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.

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. <u>Compensation of risk control staff</u> 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. **<u>Compensation of MD & CEO, whole time directors and senior executives (Non IBA) , performance linkage</u>** The compensation paid out to the referred functionaries is divided into two 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. Approval from RBI is obtained to decide compensation for whole time directors and MD & CEO. 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 309 (1) of the Companies Act,1956. **<u>Compensation paid to Other Officers and staff members on IBA package</u>** 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 Linked incentive

		scheme which has been formulated on the basis of performance parameters.
	(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. **<u>Deferred compensation and Performance Linkage</u>** (Non-IBA) In the event variable compensation paid to WTD's, MD & CEO, Senior executives (above Chief General Manger), the deferred period should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis. <u>Clawback and deferral arrangements</u> The provisions of clawback and deferral arrangements applicable to the referred functionaries (above Chief General Manger) 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 PLI to decide the compensation to WTD/ MD & CEO 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. Bank has to formulate a ESOP plan/scheme. 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 Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time.

				Current Year	Previous Year
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.		2 ₹ 40,000	1 ₹ 12,000
	(h)	(i)	Number of employees having received a variable remuneration award during the financial year.	1	1
		(ii)	Number and total amount of sign-on awards made during the financial year.	Nil	Nil
		(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
		(iv)	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 financial year.	Nil	Nil
	(j)		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (on payment basis).	₹ 1,495,000(F) ₹ 450,000(V)	₹ 1,800,000(F) ₹ 330,000(V)
	(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

5.15 Disclosures relating to Securitisation

Not applicable to the Bank

5.16 Credit Default Swaps

Nil

6.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.

7. Comparative Figures

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

NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR 2013-14

1. General

1.1 Capital Funds

As per the directions of Reserve Bank of India (RBI), Siam Vidhya Group (holding 13.13% of the paid up share Capital of the bank as on 31.03.2014) was required to divest shares in excess of 10% of the Paid up Capital before 31.12.2013. Since their divestment has not been completed within the time limit prescribed by RBI, the Siam Vidhya Group sought extension of time from RBI upto June 30, 2014 and with the approval of RBI ,their share holding has been brought down to 9.98% of the paid up capital on 06.06.2014 .

1.2 Investments

a) The profit on sale of investments under Held to Maturity category amounting to ₹267.9 Million (previous year ₹160.7 Million) has been taken to Profit and Loss account and a sum of ₹132.6 Million (previous year ₹81.4 Million), being net of taxes and net of transfer to Statutory Reserve of such profit, has been appropriated to Capital Reserve Account.

b) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹161.4 Million (previous year ₹148.4 Million) which is netted against Income on Investments

c) Provision for depreciation on investments in the Available for Sale category amounting to ₹45.6 Million is debited to the Profit & Loss Account (Previous year₹12.7 Million). As permitted by RBI Guidelines, a sum of ₹15.8 Million (previous year₹6.4 Million) (net of taxes and transfer to Statutory Reserves) was transferred from investment reserve to Profit & Loss Account.

d) During 2013-14, the bank has transferred securities from Held to Maturity category to Available for Sale category amounting to ₹7747.5 Million between categories. (previous year Nil).

1 .3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 31st March 2014. Steps for elimination of outstanding entries are in progress. Since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4Taxation

Claims against the bank not acknowledged as debt under contingent liabilities include disputed income tax liabilities of ₹92.1 Million (Previous Year ₹ 100.6 Million) which has been paid/adjusted and included under other assets. 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 judicial decisions on certain disputed issues.

1.5 Wage settlement

Pending settlement of wage revision with effect from 1-11-2012, Provision of ₹153.9Million has been created during the current year on the basis estimated by the management. Bank has also created provision of ₹100.0Million towards expected escalation in retirement benefit costs pursuant to such revision.

1.6 Draw Down from Counter Cyclical Provisioning Buffer

(a)In terms of RBI circular DBOD.No.BP.95/21.04.048/2013-14 Dated February 7, 2014, Banks are permitted to utilize up to 33% of counter cyclical provisioning buffer/floating provisions held by them as on March,2013 for making specific provisions for non-performing assets, as per the policy approved by their Board of Directors. Accordingly the bank has utilized an amount of ₹ 58.8 Million for making specific provision for non-performing assets as per the policy approved by the Board of Directors in this regard.

(b) Also in terms of RBI circular DBOD.BP.BC.No.98 / 21.04.132/2013-14 dated February 26, 2014, banks are permitted to use the balance of counter cyclical provisioning buffer after adjustments made as mentioned in (a) above, for meeting any shortfall on sale of Non Performing Assets . Accordingly the bank has utilized an amount of ₹ 94.2 Million out of the balance remaining in counter cyclical provisioning buffer for meeting shortfall that arose on sale of Non Performing Assets to Assets Reconstruction Company.

(c) Balance in counter cyclical provisioning buffer after aforementioned drawals is ₹25.4 Million.

2. Disclosures in terms of Reserve Bank of India Guidelines

2.1 Capital

Particulars		BASEL III 31.03.2014
i)	Common Equity Tier 1 capital ratio (%)	9.08
ii)	Tier 1 Capital ratio (%)	9.08
iii)	Tier 2 Capital ratio (%)	1.92
iv)	Total Capital ratio (CRAR) (%)	11.00
v)	Percentage of the shareholding of the Government of India in public sector banks	N.A.
vi)	Amount of equity capital raised (during the year)	Nil
vii)	Amount of Additional Tier 1 capital raised (during the year) ; of which	
	PNCPS:	Nil
	PDI:	Nil
viii)	Amount of Tier 2 capital raised (during the year) ; of which	
	Debt capital instrument:	Nil
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	Nil

Particulars	BASEL II	
	31.03.2014	31.03.2013
i) Common Equity Tier 1 capital ratio (%)	9.27	9.52
ii)Tier 1 Capital ratio (%)	9.27	9.52
iii)Tier 2 Capital ratio (%)	1.98	2.67
iv)Total Capital ratio (CRAR) (%)	11.25	12.19
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	Nil	Nil
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: [Perpetual CumulativePreference Shares (PCPS) / Redeemable Non-CumulativePreference Shares (RNCPS) / Redeemable CumulativePreference Shares (RCPS)]	Nil	Nil

2.2 Investments

(₹ in Million)

Items	31.03.2014	31.03.2013
(1) Value of Investments		
(i) Gross Value of Investments	51397.84	33046.20
(a) In India	51397.84	33046.20
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation	81.31	35.68
(a) In India	81.31	35.68
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments	51316.53	33010.52
(a) In India	51316.53	33010.52
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	35.7	23.0
(ii) Add: Provisions made during the year	45.6	26.3
(iii) Less: Write-off/ write-back of excess provisions during the year	NIL	13.6
(iv) Closing balance	81.3	35.7

2.2.1 **<u>Repo Transactions</u>**

(In Face Value terms)

(₹ in Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2014
Securities sold under repo				
i. Government Securities	Nil	3140.0	885.9	3140.0
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	Nil	300.0	13.6	Nil
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) <u>Issuer composition of Non SLR investments</u>

(₹ in Million)

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*	1608.1	1307.5	Nil	387.5	1307.5*
(ii).	FIs	30.0	30.0	Nil	Nil	Nil
(iii).	Banks	9530.7	2965.2	Nil	Nil	Nil
(iv).	Private Corporate	136.2	84.7	7.8	40.0	47.9
(v).	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi).	Others (RIDF, RHF, MSME Fund, SRs)	5008.8	1206.5	Nil	1206.5	1206.5
(vii).	Provision held towards depreciation	(79.5)	Nil	Nil	Nil	Nil
	Total	16234.3	5593.9	7.8	1634.0	2561.9

* Includes securities issued by the government of Rajasthan amounting to ₹171.2 Million.

ii)Non performing Non-SLR investments

(₹ in Million)

Particulars	31.03.2014	31.03.2013
Opening balance	0.8	0.8
Additions during the year	47.8	Nil
Reductions during the above period	Nil	Nil
Closing balance	48.6	0.8
Total provisions held	48.6	Nil

Note: Previous year figures recast to confirm to current classification.

2.2.3 Sale and transfers to/from HTM Category

The value of sales during the year from HTM category 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 Million)

Market value of investments held in the HTM Category :	29766.7
Excess of book value over market value for which provision is not required to be made as per RBI guidelines	2495.4

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 Million)

Particulars	31.03.2014	31.03.2013
(i) Net NPAs to Net Advances (%)	**2.22%**	**1.12%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2108.6	1829.3
(b) Additions during the year	3903.6	1713.1
(c) Reductions during the year	2676.7	1433.8
(d) Closing balance	**3335.5**	**2108.6**
(iii) Movement of Net NPAs		
(a) Opening balance	992.5	842.1
(b) Additions during the year	3200.9	1426.9
(c) Reductions during the year	2261.0	1276.5
(d) Closing balance	**1932.4**	**992.5**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	910.2	780.6
(b) Provisions made during the year	655.0	391.8
(c) Write-off/ write-back of excess provisions	213.8	262.2
(d) Closing balance	**1351.4**	**910.2**

2.4.2 Particulars of Accounts Restructured/Rescheduled as on 31.03.2014

PARTICULARS OF ACCOUNTS RESTRUCTURED/RESCHEDULED AS ON 31.03.2014

(₹ in Million)

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 of the FY (opening figure)	No. of borrowers	7	-	-	-	7	-	-	-	-	-	84	6	14	-	104	91	6	14	-	111
		Amount outstanding	2715.4	-	-	-	2715.4	-	-	-	-	-	2786.7	29.3	22.2	-	2838.2	5502.1	29.3	22.2	-	5553.6
		Provision thereon	142.5	-	-	-	142.5	-	-	-	-	-	12.8	0.57	0.035	-	13.4	155.3	0.57	0.035	-	155.9
2	Fresh restructuring during the year.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	-	1	-	6	5	-	1	-	6
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	87.6	-	6.2	-	93.8	87.6	-	6.2	-	93.8
		Provision thereon	-	-	-	-	-	-	-	-	-	-	1.1	-	0.3	-	1.4	1.1	-	0.3	-	1.4
3	Upgradations to restructured standard category during the FY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	1	-	-	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	0.3	0.3	-	-	-	0.3
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	0.0	0.0	-	-	-	0.0

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 FY.	No. of borrowers											10				10	10				10
		Amount outstanding											59.1				59.1	59.1				59.1
		Provision thereon											0.6				0.6	0.6				0.6
5	Downgradations of restructured accounts during the FY.	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	2
		Amount outstanding	-	-	459.9	-	459.9	-	-	-	-	-	-	56.4	-	-	56.4	-	56.4	459.9	-	516.3
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured accounts as on March 31 of the FY (closing figures*)	No. of borrowers	5	-	1	-	6	-	-	-	-	-	67	1	12	-	80	72	1	13	-	86
		Amount outstanding	1699.9	-	459.9	-	2159.8	-	-	-	-	-	1892.2	56.4	16.2	-	1964.8	3592.1	56.4	476.1	-	4124.6
		Provision thereon	84.3	-	0.0	-	84.3	-	-	-	-	-	4.8	0.0	0.71	-	5.51	89.1	0.00	0.71	-	89.81

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

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

(₹ in Million)

	2013-14	2012-13
(i) No. of accounts (No)	112	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	1364.2	Nil
(iii) Aggregate consideration	1270.0	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/(loss) over net book value	(94.2)	Nil

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

Nil.

2.4.5 Provisions on Standard Assets

(₹ in Million)

Particulars	31.03.2014	31.03.2013
Provisions held towards Standard Assets	428.9	464.7

2.5 Business Ratio

Particulars	31.03.2014	31.03.2013
(i)Interest Income as a percentage to Working Funds	10.25	10.27
(ii)Non-interest income as a percentage to Working Funds	0.80	0.74
(iii)Operating Profit as a percentage to Working Funds	0.69	0.72
(iv) Return on Assets (%)	0.21	0.21
(v) Business (Deposits plus advances) per employee (₹ Million)	77.56	74.04
(vi) Profit per employee (₹ Million)	0.11	0.09

2.6 Asset Liability Management

<u>Maturity pattern of certain items of assets and liabilities</u>*(as compiled by the management and relied upon by the auditors)*

(₹ in Million)

As on 31.03.2014	Day 1	2-7 Days	8 - 14 Days	15 to 28 days	29 days 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	446.59	914.97	1625.97	1827.60	6444.53	9553.98	11039.68	31038.96	3583.96	70262.37	136738.61
Advances	229.77	1058.52	1487.90	1602.04	7466.96	6802.52	18811.63	36724.75	5410.04	7479.49	87073.62
Investments	0.00	486.10	0.00	2472.40	2086.90	5401.90	4733.30	3415.40	10611.90	22108.63	51316.53
Borrowings	0.00	3340.00	0.00	400.00	100.00	977.48	283.48	36.47	418.00	0.00	5555.43
Foreign Currency assets	957.75	19.09	28.32	13.58	111.07	103.26	36.55	18.13	180.80	0.00	1468.55
Foreign Currency liabilities	188.83	13.15	2.60	9.84	85.53	130.30	244.96	366.81	419.15	0.00	1461.17

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(₹ in Million)

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

Category	31.03.2014	31.03.2013
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	2411.8	2552.7
b) Non priority sector	1273.1	1037.2
(Of which staff housing loans)	*(710.3)*	*(706.7)*
c) Total	3684.9	3589.9
(ii) Commercial Real Estate	4072.5	3205.9
(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	**7757.4**	**6795.8**

2.7.2 Exposure to Capital Market

(₹ in Million)

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

Sl No	Items	31.03.2014	31.03.2013
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	1.3	1.3
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	1.3	1.4
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	0.1
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 stock brokers and guarantees issued on behalf of stock brokers and market makers	0.2	6.4
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	**2.8**	**9.2**

2.7.3 Risk category wise country exposure(As compiled by the management and relied upon by the auditors)

(₹ in Million)

Risk Category	Exposure (Net) as at 31.03.2014	Provision held as at 31.03.2014	Exposure (Net) as at 31.03.2013	Provision held as at 31.03.2013
Insignificant	355.1	Nil	432.7	Nil
Low	152.3	Nil	131.0	Nil
Moderate	58.8	Nil	28.5	Nil
High	2.1	Nil	4.8	Nil
Very High	0.8	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	569.1	Nil	597.0	Nil

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 (SGL), Group Borrower Limit (GBL) exceeded by the bank.

(₹ in Million)

Sl No	Name of Borrower	As on 31.03.2014		
		Advance Exposure	Investment Exposure	Total Exposure
1	Ajmer Vidyut Vitran Nigam Limited	1011.1	488.4	1499.5
2	TANGEDCO	827.4	387.5	1214.9

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 Million)

	31.03.2014	31.03.2013
Provision for Income Tax(including Deferred Tax & wealth tax)	159.52	61.29

2.8.1 Disclosure of Penalties imposed by RBI

Nil.

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

There are no material prior period income/expenditure requiring disclosure.

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

During financial year 2010-11, the bank re opened pension for those employees who had not opted for the pension scheme earlier. Further during the same year the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. In accordance with the RBI Circular DBOD.No. BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI Letter DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011 the Bank had amortized the pension and enhanced gratuity (in the cases mentioned above) for a period of 5 years commencing from 31.03.2011. Accordingly ₹121.0 Million (representing 1/5th of ₹604.8 Million (Pension ₹397.4 Million and Gratuity ₹207.4 Million)) has been charged to the Profit and Loss account during the year. The balance amount carried forward for future amortization is ₹121.0 Million (previous year ₹241.9 Million). Had such a circular not been issued by the RBI and accounting had been done in terms of Accounting Standard 15, the profit after tax of the Bank for the year would have been higher by ₹79.9 Million and Reserves and Surplus would have been lower by ₹79.9 Million.

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 amount to ₹ 28.1 Million (previous year ₹20.2 Million). There is no deficit in the Income & Expenditure of the provident fund (previous year also no deficit).

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 Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Present Value of Obligations - Closing	2802.3	2491.0	819.3	813.0	494.8	528.3
Fair Value of Plan Assets - Closing	2612.2	1700.1	768.2	655.7	N.A.	N.A.
Funded Status	190.1	790.9	51.2	157.3	494.8	528.3
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil
Less Amount unamortised and carried forward as per RBI letter DBOD.No.BP. BC. 15896/21.04.018/2010-11 dated April 08, 2011	79.5	158.9	41.5	83.0	N.A.	N.A.
Net Liability recognised in Balance Sheet (included in Other Liabilities & Provisions)	110.6	632.0	9.6	74.3	494.8	528.3

The amount recognised in the statement of profit and loss account is as follows:

(₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Current Service Cost	558.6	518.5	40.2	34.6	33.8	30.5
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest Cost	190.2	166.2	67.6	61.5	43.9	33.3
Expected Return on Plan Assets	(163.6)	(125.9)	(59.5)	(49.4)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the year	200.0	73.2	19.5	27.6	(34.9)	109.3
Total, (included in "Payment to and provisions for employees" of Operating Expenses)	785.2	632.0	67.8	74.3	42.8	173.1

3.3.2.2 Changes in Fair Value of Plan Assets

(₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Fair Value of Plan Assets at the beginning of the year	1700.1	1481.5	655.7	581.4	N.A.	N.A.
Expected Return on Plan Assets	163.6	125.9	59.5	49.4	N.A.	N.A.
Contributions	1386.1	585.6	174.0	110.9	76.3	73.2
Benefits Paid	678.2	541.6	116.5	102.5	76.3	73.2
Actuarial (Loss)/Gain	40.6	48.7	(4.5)	16.5	N.A.	N.A.
Fair Value of Plan Assets at the end of the year	2612.2	1700.1	768.2	655.7	N.A.	N.A.

3.3.2.3 Changes in Present Value of Obligations

(₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Present Value of Obligations at the beginning of the year	2491.0	2226.0	813.0	775.2	528.3	428.4
Interest Cost	190.2	166.2	67.6	61.5	43.9	33.3
Current Service Cost	558.6	518.5	40.2	34.6	33.8	30.5
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	678.2	541.6	116.5	102.5	76.3	73.2
Actuarial Loss/(Gain)	240.7	121.9	15.0	44.2	(34.9)	109.3
Present Value of Obligations at the end of the year	2802.3	2491.0	819.3	813.0	494.8	528.3

3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Net Liability at the beginning of the period	632.0	506.1	74.3	69.4	528.3	428.4
Add Expenses Charged to Profit & Loss Account	864.7	711.5	109.3	115.8	42.8	173.1
Less Contributions	1386.1	585.6	174.0	110.9	76.3	73.2
Net Liability at the end of the period	110.6	632.0	9.6	74.3	494.8	528.3

3.3.2.5 Actual Return on Plan Assets

(₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Expected Return on Plan Assets	163.6	125.9	59.5	49.4	N.A.	N.A.
Actuarial Gain (Loss)	40.6	48.7	(4.5)	16.5	N.A.	N.A.
Actual Return on Plan Assets	204.2	174.6	55	65.9	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Discount Rate (p.a.)	8.84%	8.50%	8.96%	8.50%	8.96%	8.50%
Expected Return on Plan Assets (p.a.)	9.62%	8.50%	9.07%	8.50%	N.A.	N.A.
Future Salary Increases (p.a.)	5.50%	5.00%	5.50%	5.00%	5.50%	5.00%
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 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
Life Insurance Companies	74.42%	47.12%	49.36%	31.49%
Central Govt. Securities	5.96%	16.70%	21.72%	28.75%
State Govt. Securities	7.20%	12.30%	11.34%	13.79%
Other Trust Securities (PSU)/Deposits with Banks etc.	12.42%	23.88%	17.58%	25.97%
Total	100.00%	100.00%	100.00%	100.00%

3.3.2.8 Experience Adjustments

(₹ in Million)

	Pension		Gratuity	
	2013-14	2012-13	2013-14	2012-13
On Benefit Obligation (Gain+/Loss-)	-313.0	-121.9	-79.9	-44.1
On Plan Assets (Gain+/Loss-)	21.6	48.7	-8.3	16.5

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in 2014-15 are as follows:

Pension: ₹1100.0 Million

Gratuity: ₹100.0Million

3.3.3 Other Long term Employee Benefits

As on 31.03.2014 the Bank holds provision of ₹3.9 Million (previous year ₹3.8Million) towards provision for Leave Fare Concession based on actuarial valuation.

3.4 Accounting Standard 17 – Segment Reporting(As compiled by the management and relied upon by the auditors)

Part A: Business Segments

(₹ in Million)

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue	4100.93	2767.89	2907.98	3865.00	9051.08	7378.92	152.95	142.49	16212.94	14154.30
Result	-1039.86	-943.22	67.87	549.99	1955.73	1291.08	31.24	30.45	1014.98	928.30
Unallocated expenses									Nil	Nil
Operating profit									1014.98	928.30
Provisions other than tax									546.00	600.84
Provision for Tax									159.52	61.29
Extraordinary profit/ loss									Nil	Nil
Net profit									309.46	266.17
OTHER INFORMATION										
Segment assets	51849.02	35800.46	30177.70	29465.11	63654.03	62901.32	22.53	19.13	145703.28	128186.02
Unallocated assets									5950.54	6300.32
Total assets									151653.82	134486.34
Segment liabilities	5013.63	304.05	38462.21	45022.87	105657.88	86426.49	147.83	183.64	149281.55	131937.05
Unallocated liabilities									2372.27	2549.29
Total liabilities									151653.82	134486.34

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
Sri.Rakesh Bhatia (Managing Director and CEO)	Key Management Personnel

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 22 – Accounting for Taxes on Income

Net Deferred Tax Asset as on 31.03.2014, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹181.3Million.

Components of Net Deferred Tax Asset as on 31.03.2014 are as follows:

(₹in Million)

	31.03.2014	31.03.2013
Deferred Tax Asset		
Provision for Employee Benefits	169.5	180.9
Provision for Standard Assets	145.8	158.0
Counter Cyclical Provisioning Buffer	0.0	42.7
Carry Forward Loss	293.8	0.0
Others	40.9	61.3
Total Deferred Tax Asset	**650.0**	**442.9**
Deferred Tax Liability		
Depreciation on Fixed Assets	47.6	41.2
Interest accrued but not due	339.3	0.0
Special Reserve u/s 36 (1)(viii)	80.7	0.0
Total Deferred Tax Liability	**467.6**	**41.2**
Net Deferred Tax Asset	**182.4**	**401.7**
Add/Less Effect of Restatement	**(1.1)**	**19.8**
Net Deferred Tax Asset after restatement	**181.3**	**421.5**

3.7 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

4.1Accounting Standard 10 – Accounting for Fixed Assets

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 appropriation credited to revaluation reserve. Depreciation for the 12 month period on the net addition to value on revaluation of assets of ₹14.0 Million (Previous year ₹ 12.3 Million) has been transferred from Revaluation Reserve to Profit and Loss Account.

4.2 Accounting Standard 19 – Leases

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

4.3 Accounting Standard 20 – Earnings per Share

Particulars	2013-14	2012-13
EPS-Basic/Diluted	₹ 7.39	₹ 7.13
Amount used as numerator- Profit after Tax (₹ in Million)	**309.46**	**266.17**
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	41847125	37309480

4.4Accounting Standard 26 – Intangible Assets

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

(₹ in Million)

	31.03.2014	31.03.2013
a) Acquired Application Software		
Opening Balance at cost	58.4	51.8
Add Additions during the year	33.4	6.6
Less Disposals during the year	Nil	Nil
Less Amortisation to date	51.1	42.4
Net Carrying Amount*	**40.7**	**16.0**
b) Internally Generated Software		
Opening Balance at cost	90.5	82.6
Add Additions during the year	8.0	7.9
Less Disposals during the year	Nil	Nil
Less Amortisation to date	82.0	76.2
Net Carrying Amount*	**16.5**	**14.3**
Total Carrying Amount	**57.2**	**30.3**

*The Net carrying amount of acquired application software and internally generated application software are included in Other Assets.

4.5Accounting Standard 28 - Impairment of Assets

In the opinion of the Bank's management, there is no material impairment to the fixed assets as at 31.03.2014 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.6Accounting 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) 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.

c) 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 and accepted or endorsed by the Bank.

5. Additional Disclosures as per RBI Guidelines

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

(₹ in Million)

		31.03.2014	31.03.2013
a	Provisions towards NPA/write offs	749.19	391.82
b	Drawal from Counter Cyclical Provisioning Buffer	(153.03)	Nil
c	Depreciation and write off of investments	45.63	12.69
d	Provision for Income tax (Including Deferred Tax and Wealth Tax)	159.52	61.29
e	Provision for Standard Assets	(35.81)	126.69
f	Provision for diminution on Restructured Advances	(65.96)	73.41
g	Other provisions	6.10	(3.77)
	Total	705.64	662.13

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 creates Special Reserve by appropriation of profits, in order to avail tax deductions as per section 36 (1) (viii) of the Income Tax Act, 1961. The Reserve bank Of India through its circular DBOD No. BP.BC.77/21.04.018/2013 -14 dated December 20, 2013 on Deferred Tax Liability on Special Reserve created under section 36 (1) (viii) of the Income Tax Act, 1961 had advised banks to create deferred tax liability on the amount outstanding in Special Reserve as a matter of prudence. In accordance with the above said circular the bank has transferred ₹ 80.7Million from General Reserves and created deferred tax liability for the periods upto 31.03.2013. Had this amount been charged to Profit & Loss account, the amount of profit for the year would have been lower by such amount.

5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

a) No. of complaints pending at the beginning of the year	5
b) No. of complaints received during the year	62
c) No. of complaints redressed during the year	60
d) No. of complaints pending at the end of the year	7

B. ATM Complaints

a) No. of ATMs complaints pending at the beginning of the year	Nil
b) No. of ATMs complaints received during the year	3245
c) No. of ATMs complaints redressed during the year	3245
d) No. of ATMs complaints pending at the end of the year	Nil

C. Awards passed by the Banking Ombudsman

a) No. of unimplemented Awards at the beginning of the year	Nil
b) No. of Awards passed by the Banking Ombudsmen during the year	2
c) No. of Awards implemented during the year	2
d) No. of unimplemented Awards at the end of the year	Nil

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 31.03.2014	As on 31.03.2013
Provisioning Coverage Ratio	49.28%	63.28%

5.7 Income from Bancassurance

(₹in Million)

Sl.No.	Nature of Income	2013-14	2012-13
1.	From Selling Life Insurance Policies	9.3	3.4
2.	From Selling Non Life Insurance Policies	6.1	5.2
3.	From Selling Mutual Fund Products	0.3	0.4
4.	Others	Nil	Nil
5.	Total	15.7	9.0

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 31.03.2014	As on 31.03.2013
Total Deposits of twenty largest depositors (₹ in Million)	20369.4	20370.4
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	14.90%	16.51%

5.8.2 Concentration of Advances

	As on 31.03.2014	As on 31.03.2013
Total Advances to twenty largest borrowers (₹ in Million)	11567.3	11806.5
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	11.40%	11.53%

5.8.3 Concentration of Exposures

	As on 31.03.2014	As on 31.03.2013
Total Exposures to twenty largest borrowers/customers(₹ in Million)	13141.5	11883.3
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	12.53%	11.50%

5.8.4 Concentration of NPAs

(₹ in Million)

	As on 31.03.2014	As on 31.03.2013
Total Exposures to top four NPA Accounts	1430.5	532.6

5.9 Sector wise NPAs

Sl.No.	Sector	Percentage of NPAs to Total Advance in that Sector	
		As on 31.03.2014	As on 31.03.2013
1.	Agriculture & allied activities	0.52%	1.13%
2.	Industry (Micro & small, Medium and Large)	3.94%	1.30%
3.	Services	4.85%	1.99%
4.	Personal Loans	4.92%	0.47%

5.10 Movement of NPA

(₹ in Million)

Particulars	2013-14	2012-13
Opening Balance of Gross NPA	2108.6	1829.3
Additions (Fresh NPAs) during the year	3903.6	1713.1
Sub-total (A)	6012.2	3542.4
Less:-		
(i) Upgradations	446.7	652.9
(ii) Recoveries (excluding recoveries made from upgraded accounts)	2224.1	525.2
(iii) Technical/ Prudential Write-offs	0.00	249.3
(iv) Write-offs other than those under (iii) above	5.9	6.4
Sub-total (B)	2676.7	1433.8
Closing balance of Gross NPA (A – B)	3335.5	2108.6

5.11 Movement of technical write offs and recoveries:

(₹ in Million)

Particulars	2013-14	2012-13
Opening balance of technical/prudential written off accounts	594.6	382.6
Add: Technical/Prudential write-offs during the year	0.0	249.3
Sub-total(A)	594.6	631.9
Less-Recoveries made from previously technical/Prudential written offs accounts during the year (including sale to ARCs)(B)	120.4	37.3
Closing balance (A-B)	474.2	594.6

5.12 Overseas Assets, NPAs and Revenue

(₹ in Million)

Particulars	31.03.2014	31.03.2013
Total Assets (Deposits with banks outside India)	866.1	384.7
Total NPAs	Nil	Nil
Total Revenues (Interest on Deposits with banks outside India)	0.3	0.1

5.13 Off-balance Sheet SPVs sponsored

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

Nil

5.14 Unamortised Pension and Gratuity Liabilities

(₹ in Million)

Particulars	2013-14	2012-13
Unamortised Pension Liability	79.5	158.9
Unamortised Gratuity Liability	41.5	83.0
Total	121.0	241.9

5.15 Disclosure on Remuneration

Qualitative disclosures	(a)	Information relating to the composition and mandate of the Remuneration Committee. <u>Composition</u> The Remuneration & Compensation Committee of the Board consist of five members. All the members of the Committee are independent directors. <u>Function and mandate</u> The Remuneration and Compensation Committee of the Board would

		oversee framing, review and implementation of the compensation policy on behalf of the Board. The Committee would ensure that the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. <u>Process</u> The Remuneration and Compensation 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 Remuneration and Compensation 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. The Committee would also analyze various factors to ascertain whether cost/ income ratio supports the remuneration package provided to MD & CEO, WTD's and Senior Executives consistent with maintenance of sound capital adequacy ratio. <u>Authority to invoke clawback arrangement</u> The Remuneration and Compensation Committee of the Board also have the authority to ascertain whether the decision taken by the MD& CEO, WTD, Senior executives (above Chief General Manager) have brought forth a negative contribution to the Bank. The Committee will be vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable. <u>Objectives</u> 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 four categories. 1) MD & CEO/Whole time directors 2) Senior Executives ((Risk control and compliance staff) - Non IBA Package 3) Senior Executives (Chief General Manger) -Non IBA Package 4) 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- above Chief General Manager) 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. **<u>Severance pay and guaranteed bonus</u>** 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. **<u>Hedging</u>** 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. **<u>Committees to mitigate risks caused by an individual decision</u>** 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. **<u>Compensation of risk control staff</u>** 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. **<u>Compensation of MD & CEO, whole time directors and senior</u>**

		executives (Non IBA) , performance linkage The compensation paid out to the referred functionaries is divided into two 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. Approval from RBI is obtained to decide compensation for MD & CEO and 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 309 (1) of the Companies Act, 1956. **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 Linked incentive scheme which has been formulated on the basis of performance parameters.
	(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 the event variable compensation paid to MD & CEO, WTD's, Senior executives (above Chief General Manger), the deferred 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 (above Chief General Manger) 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 PLI 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. Bank has to formulate a ESOP plan/scheme. 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 Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time.

				Current Year	Previous Year
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)		Number of meetings held by the Remuneration & Compensation Committee during the financial year and remuneration paid to its members.	Nil Nil	2 ₹ 40,000
	(h)	(i)	Number of employees having received a variable remuneration award during the financial year.	Nil	1
		(ii)	Number and total amount of sign-on awards made during the financial year.	NIL	Nil
		(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
		(iv)	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 financial year.	Nil	Nil
	(j)		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (on payment basis).	₹ 7,500,000 (F) Nil	₹ 1,495,000(F) ₹ 450,000(V)
	(k)	(i)	Total amount of outstanding	Nil	Nil

			deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		
		(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

5.16 Disclosures relating to Securitisation

Not applicable to the Bank at this stage.

5.17 Credit Default Swaps

Nil

6. 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.

7. Comparative Figures

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

NOTES ON ACCOUNTS FOR THE HALF YEAR ENDED ON 30.09.2014.

1.1 Capital Infusion

On October 14, 2014, the Board of Directors of the Bank allotted 3406094 equity shares @ ₹180/- per share under preferential allotment route to eleven investors. Consequent to the above, the paid up capital of the Bank has increased to ₹452.5 million from₹ 418.4 million and Share premium to ₹ 3485.6 million from ₹ 2906.7.million.

1.2 Investments

a) The loss on sale of investments under Held to Maturity category amounting to ₹15.2million has been charged to Profit & Loss Account. (As against profit of ₹267.9million taken to Profit and Loss account in FY 2013-14).

b) In respect of Investments in Held to Maturity category, the amount of amortisation of excess of acquisition cost over face value is ₹84.2million (FY 2013-14 - ₹161.4 million) which is netted against Income on Investments.

c) Excess provisions on depreciation in the Available for Sale category of investments amounting to ₹ 24.4 million (FY 2013-14– Nil) has been credited to Profit & Loss Account.

d) During the half year ended September 30, 2014, the bank has transferred securities from Held to Maturity category to Available for Sale category amounting to ₹ 4143.1million between categories. (FY 2013-14 – ₹ 7747.5 million)

1 .3 Reconciliation

Reconciliation of inter-bank and inter-branch transactions has been completed up to 30th September 2014. Steps for elimination of outstanding entries are in progress. Since the outstanding entries to be eliminated are insignificant, no material consequential effect is anticipated.

1.4Taxation

Claims against the bank not acknowledged as debt under contingent liabilities include disputed income tax liabilities of ₹ 91.7 million (FY 2013-14 – ₹ 92.1 million) which has been paid/adjusted and included under other assets. 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 half year is arrived at after due consideration of the various judicial decisions on certain disputed issues.

1.5 Wage settlement

Pending settlement of wage revision with effect from 1-11-2012, Provision of ₹ 83.7 million F.Y. 2013-14 ₹ 153.90 million has been created during the current half year on the basis estimated by the management (Total provision held is ₹ 298.5 million). Bank has also created a provision in FY 2013-14 of ₹100 million towards expected escalation in retirement benefit costs pursuant to such revision.

1.6 Unamortised loss on sale of Financial Assets

a) In the first quarter of FY 2014-15, the bank had sold financial assets of Net Book Value of ₹663.6 million to asset reconstruction companies for a consideration of ₹622.0 million, which resulted in a shortfall of ₹ 41.6 million. Bank has drawn the entire balance of Counter Cyclical Provisioning Buffer of ₹ 25.4 million towards meeting this shortfall as permitted by RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. The remaining loss of ₹16.2 million is amortised over a period of 2 years beginning in the quarter in which the asset is sold in line with RBI guidelines. Accordingly, a sum of ₹4.0 million has been amortised during the period, and the balance amount carried forward is ₹ 12.1 million.

b) In the second quarter of FY 2014-15, the bank had sold financial assets of Net Book Value of ₹931.7 million to asset reconstruction companies for a consideration of ₹467.5 million, which resulted in a shortfall of ₹464.2 million. The shortfall is amortised over a period of 2 years beginning in the quarter in which the asset is sold in line with RBI circular DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. Accordingly, a sum of ₹58 million has been amortised during the period and the balance amount carried forward is ₹ 406.2 million

c) The total unamortised loss on sale of financial assets to Asset Reconstruction Companies to be carried forward, amounts to ₹418.3 million and is shown under Other Assets.

2. Disclosures in terms of Reserve Bank of India Guidelines
2.1 Capital

Particulars	Basel III	
	30.09.2014	31.03.2014
i) Common Equity Tier 1 capital ratio (%)	7.87	9.08
ii) Tier 1 Capital ratio (%)	7.87	9.08
iii) Tier 2 Capital ratio (%)	1.85	1.92
iv) Total Capital ratio (CRAR) (%)	9.72	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 half year/year)	Nil	Nil
vii) Amount of Additional Tier 1 capital raised (during the half year/year); of which		
PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii) Amount of Tier 2 capital raised (during the half year/year) ; of which		
Debt capital instrument:	Nil	Nil
Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	Nil	Nil

Particulars	BASEL II	
	30.09.2014	31.03.2014
i) Common Equity Tier 1 capital ratio (%)	7.96	9.27
ii)Tier 1 Capital ratio (%)	7.96	9.27
iii)Tier 2 Capital ratio (%)	1.91	1.98
iv)Total Capital ratio (CRAR) (%)	9.87	11.25
v)Percentage of the shareholding of the Government of India in public sector banks	Nil	Nil
vi)Amount of equity capital raised during the half year/year	Nil	Nil
vii)Amount of Additional Tier 1 capital raised (during the half year/year); of which		
PNCPS:	Nil	Nil
PDI:	Nil	Nil
viii)Amount of Tier 2 capital raised (during the half year/year) ; of which		
Debt capital instrument:		
Preference Share Capital Instruments:	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	Nil	Nil

2.2 Investments

(₹ in Million)

Items	30.09.2014	31.03.2014
(1) Value of Investments		
(i) Gross Value of Investments	51388.51	51397.84
(a) In India	51388.51	51397.84
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation	58.60	81.31
(a) In India	58.60	81.31
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments	51329.91	51316.53
(a) In India	51329.91	51316.53
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	81.3	35.7
(ii) Add: Provisions made during the half year(Shifting of HTM to AFS)	01.7	45.6
(iii)Less: Write-off/ write-back of excess provisions during the half year/year	24.4	NIL
(iv) Closing balance	58.6	81.3

2.2.1Repo Transactions(In Face Value terms)

(₹ in Million)

	Minimum outstanding during the half year	Maximum outstanding during the half year	Daily Average outstanding during the half year	Outstanding as on 30.09.2014
Securities sold under repo				
i. Government Securities	320	660	325.3	340
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo				
i. Government Securities	70	2400	93.3	2400
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities sold under Term repo				
i. Government Securities	710	4600	1706.9	4250
ii Corporate debt securities	Nil	Nil	Nil	Nil
Securities sold under MSF				
i. Government Securities	50	200	3.3	Nil
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 half-year.

2.2.2 Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in Million)

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*	1547.	1246.5	Nil	326.5	1246.5
(ii).	FIs	30.	30.	Nil	Nil	Nil
(iii).	Banks	2072.5	1781.5	Nil	Nil	Nil
(iv).	Private Corporate	118.6	67.1	7.8	40.	47.9
(v).	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi).	Others (RIDF, RHF, MSME Fund, SRs)	6132.2	2194.8	Nil	2194.8	2194.8
(vii).	Provision held towards depreciation	(58.6)	Nil	Nil	Nil	Nil
	Total	9841.7	5319.9	7.8	2561.3	3489.2

** includes securities issued by Govt. of Rajasthan amounting to ₹ 171.2 million*

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

Particulars	30.09.2014	31.03.2014
Opening balance	48.6	0.8
Additions during the half year/year	Nil	47.8
Reductions during the above period	Nil	Nil
Closing balance	48.6	48.6
Total provisions held	48.6	48.6

2.2.3 Sale and transfers to/from HTM Category

Sale from HTM category of investments is within 5% of the opening book value and hence disclosure requirements have not been triggered.

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 Million)

Particulars	30.09.2014	31.03.2014
(i) Net NPAs to Net Advances (%)	**3.76%**	**2.22%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3335.5	2108.6
(b) Additions during the half year/year	2710.7	3903.6
(c) Reductions during the half year/year	700.5	2676.7
(d) Closing balance	**5345.7**	**3335.5**
(iii) Movement of Net NPAs		
(a) Opening balance	1932.4	992.5
(b) Additions during the half year/year	2299.8	3200.9
(c) Reductions during the half year/year	689.1	2261.0
(d) Closing balance	**3543.1**	**1932.4**
(iv)Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1351.4	910.2
(b) Provisions made during the half year/year	560.6	655.0
(c) Write-off/ write-back of excess provisions	135.7	213.8
(d) Closing balance	**1776.3**	**1351.4**

2.4.2 PARTICULARS OF ACCOUNTS RESTRUCTURED/RESCHEDULED AS ON 30.09.2014

(₹.in million)

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 of the HY (opening figure)	No. of borrowers	5	-	1	-	6	-	-	-	-	-	67	1	12	-	80	72	1	13	-	86
		Amount outstanding	1699.9	-	459.9	-	2159.8	-	-	-	-	-	1892.2	56.4	16.2	-	1964.8	3592.1	56.4	476.1	-	4124.6
		Provision thereon	84.3	-	-	-	84.3	-	-	-	-	-	4.8	-	00.71	-	5.51	89.1	-	00.71	-	89.81
2	Fresh restructuring during the half year.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	-	-	-	2	2	-	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	15.7	-	-	-	15.7	15.7	-	-	-	15.7
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the HY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the HY and hence need not be shown as restructured standard advances at the beginning of the next HY.	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Downgradations of restructured accounts during the HY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	1	-	-	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.33	-	-	-	0.33	00.33	-	-	-	00.33
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.017	-	-	-	0.017	0.017	-	-	-	0.017
6	Write-offs of restructured accounts during the HY.	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured accounts as on September 30 of the HY (closing figures*)	No. of borrowers	2	-	1	-	3	-	-	-	-	-	58	1	11	-	70	60	1	12	-	73
		Amount outstanding	649.7	-	460.	-	1109.7	-	-	-	-	-	1858.8	0.33	16.1	-	1875.23	2508.5	0.33	476.1	-	2984.93
		Provision thereon	3.7	-	-	-	3.7	-	-	-	-	-	3.9	0.017	0.7	-	4.6	7.6	0.017	0.7	-	8.3

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

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

(₹ in Million)

	6 months ended 30.09.2014	12 months ended 31.03.2014
(i) No. of accounts	7	112
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	1595.2	1364.2
(iii) Aggregate consideration	1089.5	1270.0
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain/(loss) over net book value	(505.7)	(94.2)

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

Nil.

2.4.5 Provisions on Standard Assets

(₹in Million)

Particulars	30.09.2014	31.03.2014
Provisions held towards Standard Assets	427.0	428.9

2.5 Business Ratio

Particulars	6 Months ended 30.09.2014 (Annualised)	12 months ended 31.03.2014
(i)Interest Income as a percentage to Working Funds	10.00	10.25
(ii)Non-interest income as a percentage to Working Funds	0.62	0.80
(iii)Operating Profit as a percentage to Working Funds	0.34	0.69
(iv) Return on Assets (%)	(0.24)	0.21
(v) Business (Deposits plus advances) per employee (₹ Million)	76.62	77.56
(vi) Profit /(Loss) per employee (₹ Million)	(0.06)	0.11

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 Million)

As on 30.09.2014	Day 1	2-7 Days	8 - 14 Days	15 to 28 days	29 days 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	418.50	811.80	1435.10	2026.20	7230.60	8854.90	11047.50	32888.01	3430.70	73511.71	141655.02
Advances	303.10	1311.40	1893.70	1859.50	8196.80	7916.50	21711.70	36790.20	7007.00	7313.13	94303.03
Investments	2900.00	2557.30	4262.00	3243.50	135.90	514.00	3620.20	624.30	180.90	33291.81	51329.91
Borrowings	1180.00	1250.00	2250.00	0.00	157.00	36.48	36.47	0.00	418.00	0.00	5327.95
Foreign Currency assets	899.50	43.36	35.84	46.80	380.05	125.79	41.05	12.35	401.38	0.00	1986.12
Foreign Currency liabilities	68.92	4.02	4.71	18.55	91.62	116.39	395.81	419.64	443.58	0.00	1563.24

Note: Deposits have been classified as per behavioural maturity.

2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(₹ in Million)

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

Category	30.09.2014	31.03.2014
a) Direct exposure		
(i) Residential Mortgages		
a) Priority sector	2450.3	2411.8
b) Non priority sector	1451.9	1273.1
(Of which staff housing loans)	(711.8)	(710.3)
c) Total	3902.2	3684.9
(ii) Commercial Real Estate	5284.0	4072.5
(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	**9186.2**	**7757.4**

2.7.2 Exposure to Capital Market

(₹ in Million)

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

Sl No	Items	30.09.2014	31.03.2014
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	1.3	1.3
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	1.3
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	Nil	Nil
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	0	0.2

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	**1.3**	**2.8**

2.7.3 Risk category wise country exposure(As compiled by the management and relied upon by the auditors)

(₹ in Million)

Risk Category	Exposure (Net) as at 30.09.2014	Provision held as at 30.09.2014	Exposure (Net) as at 31.03.2014	Provision held as at 31.03.2014
Insignificant	358.4	Nil	355.1	Nil
Low	122.4	Nil	152.3	Nil
Moderate	22.1	Nil	58.8	Nil
High	00.5	Nil	2.1	Nil
Very High	Nil	Nil	0.8	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	503.4	Nil	569.1	Nil

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 (SGL), Group Borrower Limit (GBL) exceeded by the bank.

(₹ in Million)

Sl No	Name of Borrower	As on 30.09.2014		
		Advance Exposure	Investment Exposure	Total Exposure
1	Ajmer VidyutVitran Nigam Ltd	1034.1	488.4	1522.5
2	Tamil Nadu Generation and Distribution Corporation	828.3	326.5	1154.8

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 half year

(₹ in Million)

	30.09.2014	31.03.2014
Provision for Income Tax(including Deferred Tax & wealth tax)	(94.65)	159.52

2.8.1 Disclosure of Penalties imposed by RBI -Nil.

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

In terms of section 123 and Schedule II of the Companies Act ,2013 (the Act) applicable with effect from 01.04.2014, depreciation for the half year ended 30.09.2014 has been provided on the basis of the useful life as prescribed in Schedule II of the Act. As a result, the depreciation charged for the half year ended 30.09.2014 is higher by ₹12.6 million. An amount of ₹5.6 million (net of Deferred Tax ₹2.9 million) has been adjusted against the opening balance of Retained Earnings in respect of the assets which have no remaining useful life as per the transitional provisions specified in Schedule II of the Act.

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

During financial year 2010-11, the bank re opened pension for those employees who had not opted for the pension scheme earlier. Further during the same year the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. In accordance with the RBI Circular DBOD.No. BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI Letter DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011 the Bank had amortized the pension and enhanced gratuity (in the cases mentioned above) for a period of 5 years commencing from 31.03.2011. Accordingly ₹60.5 million (representing 50% of 1/5th of ₹604.8 million (Pension₹39.8 million and Gratuity₹20.8 million)) has been charged to the Profit and Loss account during the half year (FY 2013-14 - ₹121. million). The balance amount carried forward for future amortization is₹60.5 million (FY 2013-14- ₹ 121 million). Had such a circular not been issued by the RBI and accounting had been done in terms of Accounting Standard 15, the loss for the half year would have been lower by₹39.9 million and Reserves and Surplus would have been lower by₹39.9 million.

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 half year amount to ₹19.3 million(FY 2013-14- ₹28.1 million). 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 million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY 14-15	2013-14
Present Value of Obligations - Closing	2834.6	2802.3	827.5	819.3	495.7	494.8
Add: Adhoc provision for expected escalation in retirement benefits due to wage revision*	90.	90.	10.	10.	N.A.	N.A.
Fair Value of Plan Assets - Closing	2965.8	2612.2	812.4	768.2	N.A.	N.A.
Funded Status	(41.1)	280.1	25.1	61.1	495.7	494.8
Unrecognised Actuarial Gains	Nil	Nil	Nil	Nil	Nil	Nil
Less Amount unamortised and carried forward as per RBI letter DBOD.No.BP. BC. 15896/21.04.018/2010-11 dated April 08, 2011	39.8	79.5	20.8	41.5	N.A.	N.A.
Net Liability (Asset) recognised in Balance Sheet	(80.9)	200.6	4.3	19.6	495.7	494.8

* Bank had funded ₹100 millions of adhoc provision towards expected escalation in retirement benefits created in FY 2013-14.

The amount recognised in the statement of profit and loss account is as follows:

(₹in million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY 14-15	2013-14
Current Service Cost	273.3	558.6	25.0	40.2	34.1	33.8
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest Cost	111.3	190.2	34.	67.6	20.8	43.9
Expected Return on Plan Assets	(112.5)	(163.6)	(33.1)	(59.5)	N.A.	N.A.
Net Actuarial Loss/(Gain) recognised in the half year	61.5	200.	13.	19.5	(28.7)	(34.9)
Total, (included in "Payment to and provisions for employees" of Operating Expenses)	333.6	785.2	38.9	67.8	26.2	42.8

3.3.2.2 Changes in Fair Value of Plan Assets

(₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY 14-15	2013-14
Fair Value of Plan Assets at the beginning of the year	2612.2	1700.1	768.1	655.7	N.A.	N.A.
Expected Return on Plan Assets	112.5	163.6	33.1	59.5	N.A.	N.A.
Contributions	654.9	1386.1	75.	174.	25.3	76.3
Benefits Paid	433.8	678.2	58.6	116.5	25.3	76.3
Actuarial (Loss)/Gain	20.	40.6	(5.2)	(4.5)	N.A.	N.A.
Fair Value of Plan Assets at the end of the half year/year	2965.8	2612.2	812.4	768.2	N.A.	N.A.

3.3.2.3 Changes in Present Value of Obligations

(₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY 14-15	2013-14
Present Value of Obligations at the beginning of the year	2802.3	2491.	819.3	813.0	494.8	528.3
Interest Cost	111.3	190.2	34.0	67.6	20.8	43.9
Current Service Cost	273.3	558.6	25.	40.2	34.1	33.8
Past Service Cost	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	433.8	678.2	58.6	116.5	25.3	76.3
Actuarial Loss/(Gain)	81.5	240.7	7.8	15.	(28.7)	(34.9)
Present Value of Obligations at the end of the half year/ year	2834.6	2802.3	827.5	819.3	495.7	494.8

3.3.2.4 Movement in Net Liability Recognised in Balance Sheet

(₹ in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY 14-15	2013-14
Net Liability at the beginning of the period	200.6	632.0	19.6	74.3	494.8	528.3
Add Expenses Charged to Profit & Loss Account	373.4	954.7	59.7	119.3	26.2	42.8
Less Contributions	654.9	1386.1	75.	174.	25.3	76.3
Net Liability (Asset) at the end of the period	(80.9)	200.6	4.3	19.6	495.7	494.8

3.3.2.5 Actual Return on Plan Assets (₹in Million)

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY14-15	2013-14
Expected Return on Plan Assets	112.5	163.6	33.1	59.5	N.A.	N.A.
Actuarial Gain (Loss)	20.	40.6	(5.2)	(4.5)	N.A.	N.A.
Actual Return on Plan Assets	132.5	204.2	27.9	55.	N.A.	N.A.

3.3.2.6 Actuarial Assumptions

	Pension		Gratuity		Long term Compensated Absences (Privilege Leave)	
	HY 14-15	2013-14	HY 14-15	2013-14	HY 14-15	2013-14
Discount Rate (p.a.)	8.61%	8.84%	8.61%	8.96%	8.61%	8.96%
Expected Return on Plan Assets (p.a.)	8.61%	9.62%	8.61%	9.07%	N.A.	N.A.
Future Salary Increases (p.a.)	5.50%	5.50%	5.50%	5.50%	5.50%	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 30.09.2014	As on 31.03.2014	As on 30.09.2014	As on 31.03.2014
Life Insurance Companies	81.44%	74.42%	55.98%	49.36%
Central Govt. Securities	3.82%	5.96%	21.92%	21.72%
State Govt. Securities	6.45%	7.20%	10.68%	11.34%
Other Trust Securities (PSU)/Deposits with Banks etc.	8.29%	12.42%	11.42%	17.58%
Total	100.00%	100.00%	100.00%	100.00%

3.3.2.8 Experience Adjustments (₹ in Million)

	Pension		Gratuity	
	HY 14-15	2013-14	HY 14-15	2013-14
On Benefit Obligation (Gain+/Loss-)	+45.2	-313.	-09.5	-79.9
On Plan Assets (Gain+/Loss-)	+33.	+21.6	-03.4	-08.3

3.3.2.9 Expected Contributions

Bank's best estimates of contributions to the funds in second half year of 2014-15 are as follows:

Pension: ₹ 300.Million

Gratuity: ₹ 50.Million

3.3.3 Other Long term Employee Benefits

As on 30.09.2014 the Bank holds provision of ₹4.1Million (FY 2013-14 - ₹3.9 Million) towards provision for Leave Fare Concession based on actuarial valuation.

3.4 Accounting Standard 17 – Segment Reporting (As compiled by the management and relied upon by the auditors)

Part A: Business Segments

(₹ in Million)

Business Segments	**Treasury**		**Corporate/Wholesale Banking**		**Retail Banking**		**Other Banking Business**		**Total**	
	HY 2014-15	2013-14	HY 2014-15	2013-14	HY 2014-15	2013-14	HY 2014-15	2013-14	HY 2014-15	2013-14
Revenue	2006.55	4100.93	1743.95	2907.98	4330.72	9051.08	81.52	152.95	8162.74	16212.94
Result	-754.56	-1039.86	-18.78	67.87	1030.20	1955.73	9.35	31.24	266.21	1014.98
Unallocated expenses									Nil	Nil
Operating profit									266.21	1014.98
Provisions other than tax									542.33	546.00
Provision for Tax									(94.65)	159.52
Extraordinary profit/ loss									Nil	Nil
Net profit/(Loss)									(181.47)	309.46
OTHER INFORMATIO N										
Segment assets	51799.97	51849.02	32192.51	30177.70	65498.96	63654.03	19.36	22.53	149510.80	145703.28
Unallocated assets									5983.48	5950.54
Total assets									155494.28	151653.82
Segment liabilities	5239.22	5013.63	40445.71	38462.21	107508.20	105657.88	150.39	147.83	153343.52	149281.55
Unallocated liabilities									2150.76	2372.27
Total liabilities									155494.28	151653.82

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
Sri.Rakesh Bhatia (Managing Director and CEO)	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 30.09.2014, computed in compliance with the Accounting Standard 22 on Accounting for Taxes on Income, amounts to ₹ 278.8 Million, which is included in Other Assets.

Components of Net Deferred Tax Asset as on 30.09.2014 are as follows:

(₹ in Million)

	30.09.2014	31.03.2014
Deferred Tax Asset		
Provision for Employee Benefits	169.9	169.5
Provision for Standard Assets	156.9	145.8
Carry Forward Loss	277.8	293.8
Others	22.8	40.9
Total Deferred Tax Asset	**627.4**	**650**
Deferred Tax Liability		
Depreciation on Fixed Assets	43.4	47.6
Interest accrued but not due	283.2	339.3
Special Reserve u/s 36 (1)(viii)	80.7	80.7
Total Deferred Tax Liability	**407.3**	**467.6**
Net Deferred Tax Asset	**220.1**	**182.4**
Add/Less Effect of Restatement	**58.7**	**(1.1)**
Net Deferred Tax Asset after restatement	**278.8**	**181.3**

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

4 Other Accounting Standards

4.1Accounting Standard 10 – Accounting for Fixed Assets

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 appropriation credited to revaluation reserve. Depreciation for the 6 month period on the net addition to value on revaluation of assets of ₹6.7 Million (FY 2013-14 -₹ 14. Million) has been transferred from Revaluation Reserve to Profit and Loss Account.

4.2 Accounting Standard 19 – Leases

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

4.3 Accounting Standard 20 – Earnings per Share

Particulars	30.09.2014	2013-14
EPS-Basic/Diluted	(₹4.34)	₹7.39
Amount used as numerator- Profit / (Loss)after Tax (₹ in Million)	(181.47)	309.46
Nominal value per Equity Share	₹ 10	₹ 10
Weighted Average Number of Equity Shares used as denominator	41847125	41847125

4.4Accounting Standard 26 – Intangible Assets

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

(₹ in Million)

	30.09.2014	31.03.2014
a) Acquired Application Software		
Opening Balance at cost	91.8	58.4
Add Additions during the half year/year	01.8	33.4
Less Disposals during the half year/year	Nil	Nil
Less Amortisation to date	56.9	51.1
Net Carrying Amount*	**36.7**	**40.7**
b) Internally Generated Software		
Opening Balance at cost	98.4	90.5
Add Additions during the half year/year	7.2	8.0
Less Disposals during the half year/year	Nil	Nil
Less Amortisation to date	83.9	82.0
Net Carrying Amount*	**21.7**	**16.5**
Total Carrying Amount	**58.4**	**57.2**

*The Net carrying amount of acquired application software and internally generated application software are included in Other Assets.

4.5Accounting Standard 28 - Impairment of Assets

In the opinion of the Bank's management, there is no material impairment to the fixed assets as at 30.09.2014 requiring recognition in terms of Accounting Standard 28 – Impairment of Assets.

4.6Accounting 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) 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.

c) 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 and accepted or endorsed by the Bank.

5. Additional Disclosures as per RBI Guidelines

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

(₹ in Million)

		30.09.2014	31.03.2014
a	Provisions towards NPA/write offs	596.73	749.19
b	Drawal from Counter Cyclical Provisioning Buffer	(25.37)	(153.03)
c	Depreciation and write off of investments	(22.71)	45.63
d	Provision for Income tax (Including Deferred Tax and Wealth Tax)	((94.64))	159.52
e	Provision for Standard Assets	(1.95)	(35.81)
f	Provision for diminution on Restructured Advances	(2.04)	(65.96)
g	Other provisions	(2.33)	6.10
	Total	447.69	705.64

5.2 Floating Provisions

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

5.3 Draw Down from Reserves

Bank has not drawn from Reserves any amount other than from profit and loss account balance as detailed in para 3.1.

5.4 Disclosure of complaints

A. Customer Complaints (Other than ATM)

a) No. of complaints pending at the beginning of the half year	7
b) No. of complaints received during the half year	66
c) No. of complaints redressed during the half year	61
d) No. of complaints pending at the end of the half year	12

B. ATM Complaints

a) No. of ATMs complaints pending at the beginning of the half year	Nil
b) No. of ATMs complaints received during the half year	1809
c) No. of ATMs complaints redressed during the half year	1809
d) No. of ATMs complaints pending at the end of the half year	Nil

C. Awards passed by the Banking Ombudsman

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

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 30.09.2014	As on 31.03.2014
Provisioning Coverage Ratio	39.11%	49.28%

5.7 Income from Bancassurance

(₹ in Million)

Sl.No.	Nature of Income	6 months ended 30.09.2014	12 months ended 31.03.2014
1.	From Selling Life Insurance Policies	9.6	9.3
2.	From Selling Non Life Insurance Policies	2.3	6.1
3.	From Selling Mutual Fund Products	0.00	0.3
4.	Others	Nil	Nil
5.	Total	11.9	15.7

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	As on 30.09.2014	As on 31.03.2014
Total Deposits of twenty largest depositors (₹ in Million)	19336.7	20369.4
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	13.65%	14.90%

5.8.2 Concentration of Advances

	As on 30.09.2014	As on 31.03.2014
Total Advances of twenty largest borrowers (₹ in Million)	11345.5	11567.3
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	10.40%	11.40%

5.8.3 Concentration of Exposures

	As on 30.09.2014	As on 31.03.2014
Total Exposures to twenty largest borrowers/customers (₹ in Million)	13704.1	13141.5
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	12.06%	12.53%

5.8.4 Concentration of NPAs

(₹ in Million)

	As on 30.09.2014	As on 31.03.2014
Total Exposures to top four NPA Accounts	2158.2	1430.5

5.9 Sector-wise advances

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

(₹ in Million)

	Sector	As on 30.09.2014		
		Outstanding Total Advances	**Gross NPAs**	**Percentage of Gross NPAs to Total Advances in that sector**
A	**Priority Sector**			
1	Agriculture and allied activities	6481.1	66.3	1.02
2	Advances to industries sector eligible as priority sector lending	15466.8	524.2	3.39
3	Services	6620.4	940.5	14.21
4	Personal loans	3571.9	237.8	6.66
	Sub-total (A)	**32140.2**	**1768.8**	**5.50**
B	**Non Priority Sector**			
1	Agriculture and allied activities	0	0	0
2	Industry	13101.2	2874.3	21.94
3	Services	22485.9	372.1	1.65
4	Personal loans	28360.3	330.5	1.16
	Sub-total (B)	**63947.4**	**3576.9**	**5.59**
	Total (A+B)	**96087.6**	**5345.7**	**5.56**

5.10 Movement of NPA

(₹ in Million)

Particulars	HY 2014-15	2013-14
Opening Balance of Gross NPA	3335.5	2108.6
Additions (Fresh NPAs) during the half year/year	2710.7	3903.6
Sub-total (A)	6046.2	6012.2
Less:-		
(i) Upgradations	114.1	446.7
(ii) Recoveries (excluding recoveries made from upgraded accounts)	583.0	2224.1
(iii) Technical/ Prudential Write-offs	0.00	0.00
(iv) Write-offs other than those under (iii) above	3.4	5.9
Sub-total (B)	700.5	2676.7
Closing balance of Gross NPA (A – B)	5345.7	3335.5

5.11 Movement of technical write offs and recoveries:

(₹ in Million)

Particulars	HY 2014-15	2013-14
Opening balance of technical/prudential written off accounts	474.2	594.6
Add: Technical/Prudential write-offs during the half year/year	0.00	0.00
Sub-total(A)	474.2	594.6
Less-Recoveries made from previously technical/Prudential written offs accounts during the half year/year (including sale to ARCs)(B)	0.7	120.4
Closing balance (A-B)	473.5	474.2

5.12 Overseas Assets, NPAs and Revenue

(₹ in Million)

Particulars	30.09.2014	31.03.2014
Total Assets (Deposits with banks outside India)	998.8	866.1
Total NPAs	Nil	Nil
Total Revenues (Interest on Deposits with banks outside India)	0.5	0.3

5.13 Off-balance Sheet SPVs sponsored

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

Nil

5.14 Unamortised Pension and Gratuity Liabilities

(₹ in Million)

Particulars	30.09.2014	2013-14
Unamortised Pension Liability	39.8	79.5
Unamortised Gratuity Liability	20.8	41.5
Total	60.6	121.

5.15 Disclosure on Remuneration

Qualitative disclosures	(a)	Information relating to the composition and mandate of the Remuneration & Compensation Committee. <u>Composition</u> The Remuneration & Compensation Committee of the Board consist of five members. All the members of the Committee are independent directors. <u>Function and mandate</u> The Remuneration and Compensation Committee of the Board would oversee the framing, review and implementation of compensation policy including ESOS of the bank on behalf of the Board. The Committee should also ensure that the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. <u>Process</u> The Remuneration and Compensation 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 Remuneration and Compensation 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. The Committee would also analyze various factors to ascertain whether cost/ income ratio supports the remuneration package provided to MD & CEO, WTD's and Senior Executives consistent with maintenance of sound capital adequacy ratio. <u>Authority to invoke clawback arrangement</u> The Remuneration and Compensation 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 will be vested with the powers to invoke the clawback arrangement, after taking into account relevant statutory and regulatory stipulations as applicable. <u>Objectives</u>

		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 four categories. 1) MD & CEO/Whole time directors 2) Senior Executives ((Risk control and compliance staff) -Non IBA Package 3) Senior Executives (Chief General Manger) -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 providedin 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.

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. **<u>Compensation of MD & CEO, whole time directors and senior executives (Non IBA) , performance linkage</u>** The compensation paid out to the referred functionaries is divided into two 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. 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. **<u>Compensation paid to Other Officers and staff members on IBA package</u>** 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 Linked incentive scheme which has been formulated on the basis of performance parameters.
	(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. **<u>Deferred compensation</u>** **<u>and Performance Linkage</u>** (Non-IBA) In the event variable compensation paid to MD & CEO, WTD's, Senior/other executives (Non IBA Package)), the deferred period

		should not be less than three years. Compensation payable under deferral arrangements should vest no faster than on a pro rata basis. <u>Clawback and deferral arrangements</u> The provisions of clawback and deferral arrangements applicable to the referred functionaries (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. Bank has to formulate a ESOP plan/scheme. 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 Performance Linked incentive scheme which has been formulated on the basis of performance parameters as may be prescribed from time to time.

				Current Year (upto Sept 14)	Previous Year (FY 2013-14)
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)	Number of meetings held by the Remuneration & Compensation Committee during the half year and remuneration paid to its members.		2 ₹ 100,000	Nil Nil
	(h)	(i)	Number of employees having received a variable remuneration award during the half year.	Nil	Nil
		(ii)	Number and total amount of sign-on awards made during the half year.	Nil	Nil
		(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
		(iv)	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 half year.	Nil	Nil

	(j)	Breakdown of amount of remuneration awards for the half year to show fixed and variable, deferred and non-deferred (on payment basis).		₹ 3.6 Million Nil	₹ 7.5 Million Nil
	(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

5.16 Disclosures relating to Securitisation - Not applicable to the Bank at this stage.

5.17 Credit Default Swaps – Nil

5.18 Intra-Group Exposures - NA

5.19 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" of the financial statements.

(₹ in Million)

Particulars	30.09.2014	31.03.2014
Opening balance of amounts transferred to DEAF	Nil	Nil
Add : Amounts transferred to DEAF during the half year	92.9	Nil
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	92.9	Nil

5.20 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, the bank has estimated the liability of ₹ 8.1Million on Unhedged Foreign Currency Exposures. As permitted in the said circular, bank has charged ½ of the same (₹ 4 Million) during the half year and the remaining will be charged in the next half year.

(B) Capital Held

In terms of the aforementioned circulars, no additional capital is required to be held towards unhedged foreign currency exposures.

6. 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.

5. Comparative Figures

The figures for the previous period relates to the figures as at/ year ending 31st March 2014 and hence are not comparable. The previous year's/period's figures have been regrouped and recast wherever necessary to conform to current period's classification.

Annexure A-V

NOTES TO ADJUSTMENTS CARRIED OUT IN THE STATEMENT OF PROFIT & LOSS AND BALANCE SHEET

1. Wage Settlement

a. During the financial year 2010-11 the actual amount payable on account of wage settlement with employees pertaining to the financial years 2007-08 to 2009-10, was crystallized at ₹ 345 million. As against this, aggregate provision of ₹ 231.30 million was held comprising of ₹ 160 million for financial year 2008-09 and ₹ 71.30 million for the year 2009-10. The balance amount of ₹ 113.70 million after netting off the provision held, was debited to the profit and loss account in the financial year 2010-11. This has been given effect to in the re-stated profit and loss account in the respective financial years i.e. 2008-09 and 2009-10.

b. During the financial year 2013-14, on account of settlement of wage revision with employees which was due with effect from 01.11.2012, a sum of ₹ 214.80 million was provided for as expenditure in the profit and loss account. A sum of ₹ 60.90 million which was pertaining to the financial year 2012-13 (out of the said sum of ₹ 214.80 million) was re-stated in the profit loss account for the financial year 2012-13.

2. Sick Leave and Unavailed Casual Leave

A sum of ₹ 29.33 million towards the provision for sick leave and ₹ 1.61 million towards unavailed casual leave upto 31.03.2012 was provided for in the accounts upto 31.03.2012. In the financial year 2012-13 the said sum was written back as the sick leave and unavailed casual leave was non encashable. In the re-stated profit and loss accounts this has been given effect to in the financial years 2009-10, 2010-11, 2011-12 and 2012-13.

3. Business promotion expenses

Incentives paid to employees towards business promotion up to the financial year 2011-12 were grouped under Payments to and Provision for Employees under Item 1 of Operating Expenditure. From the financial year 2012-13 such expenditure was grouped under Item 9 – other expenditure of Operating Expenditure. In order to maintain uniformity, the said amounts were restated as Other expenditure instead of Payments to and Provision for Employees in the restated profit and loss account.

4. Matured Investments

Matured investments were grouped under 'investments' up to the financial year 2011-12. Corresponding provision for depreciation of such investments were also grouped under the same heading. From the financial year 2012-13 the said investments were grouped under Other assets and the said provision under Other liabilities. Accordingly in the re-grouped Statement of assets and liabilities the Matured investments and corresponding provision has been re-stated under other assets and other liabilities up to the financial year 2011-12.

5. CEOs' Travelling expenses

In the audited financial statements for the year 2013-14 travelling expenses of CEOs' were grouped under Item 9 – other expenditure of Operating Expenditure. Up to the financial year 2012-13 the said travelling expense were grouped under item 6 - Directors fees allowances and expenses of Operating Expenditure. Accordingly, in the restated Profit & Loss account up to 2012-13 the travelling expenses of CEOs' has been regrouped under other expenditure instead of Directors fees allowances and expenses.

6. Reserves on Revaluation of Fixed assets

Balance in the Revaluation reserve being the amount of revaluation of fixed assets have been deducted from the net fixed assets and Revaluation Reserves in the restated Statement of assets and liabilities as at 31.03.2010, 31.03.2011, 31.03.2012, 31.03.2013,31.03.2014 and as at 30th September 2014.

7. Change in the method of depreciation on Motor Vehicle.

The accounting policy on charging depreciation on motor vehicles was changed from Written Down Value Method to Straight Line Method, with effect from 1.4.2014. Accordingly the financial results for the year ended 31.03.2010, 31.03.2011, 31.03.2012, 31.03.2013 and 31.03.2014 have been restated along with its corresponding effect on account of profit/loss on sale of assets and depreciation.

8. Adjustment for Qualifications by Auditors in H1 of FY 2014-15

For H1 of Financial year 2014-15, Auditors had qualified the Auditors Report for not classifying two advance accounts (aggregating to ₹ 1161.9 Million) as Non Performing Assets based on the RBI AFI of 31st March 2014, requiring provision for NPA of ₹ 165 Million and interest reversal of ₹ 61.9 Million. While restating the financials effect has been given to the qualification. Accordingly, loss for the period is higher by ₹ 114 Million and deferred tax asset higher by ₹ 58.6 Million with consequential impact on Gross NPA and Net NPA.

Annexure A-V (Continued)
(₹ in Million)

Table reflecting reconciliation of Audited Profit with Restated Profit

Particulars	Financial Year ended 31st March					Half Year Ended
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
Net Profit after tax as per audited financial statements	16.54	121.76	259.01	326.66	268.80	(65.48)
Increase / (decrease) in profit as a result of adjustment for:						
Adjustment of Wage Revision Arrears in the respective years for which it relates based on the actual calculation made after crystallization of the liability during the year ended 31-03-2011	(82.08)	113.74				
Adjustment of Wage Revision Arrears in the respective years for which it relates based on the provision made for each year.				(60.90)	60.90	
Adjustment for reversal of provision made for sick leave and unavailed casual leave	(37.12)	4.39	2.37	(30.94)		
Adjustment in Depreciation due to change in Depreciation method	0.58	0.54	0.55	0.54	0.85	(2.97)
Adjustment in Profit on sale of land, building & other assets	(0.18)	(0.65)	(0.81)	(0.18)	(0.15)	(0.13)
Adjustment on account of giving effect to qualifications by auditors						(172.63)
Provision for taxes on account of restatement of financial statements.	40.38	(40.05)	(0.68)	30.99	(20.94)	59.74
Adjusted / Restated Net profit after tax	**(61.88)**	**199.73**	**260.44**	**266.17**	**309.46**	**(181.47)**

Annexure A-V (Continued)
(₹ in Million)

Table reflecting reconciliation of Audited profits available for appropriation with Restated profits available for appropriation.

Particulars	**Financial Year ended 31st March**					**Half Year Ended**
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
Opening Accumulated Profit available for appropriation as per audited financial statements	0.10	-	-	-	-	19.70
Increase / (decrease) in Opening Accumulated Profit on account of arrears of wage revision, reversal of provision made for sick leave and unavailed casual leave, change in depreciation method and provision for taxes on account of restatement of financial statements as per current practice in r/o tax provisions	20.91	(57.52)	20.45	21.87	(38.62)	2.04
Add : current year profit available for appropriation as per Audited Balance sheet	16.54	121.76	259.01	326.66	268.80	(65.48)
Increase / decrease in provisions and appropriations as a result of adjustments for -						
Adjustment of Wage Revision Arrears in the respective years for which it relates based on the actual calculation made after crystallization of the liability during the year ended 31-03-2011	(82.08)	113.74				
Adjustment of Wage Revision Arrears in the respective years for which it relates based on the provision made for each year.				(60.90)	60.90	
Adjustment for reversal of provision made for sick leave and unavailed casual leave as per Auditors comment	(37.12)	4.39	2.37	(30.94)		
Adjustment in Depreciation due to change in Depreciation method	0.58	0.54	0.55	0.54	0.85	(2.97)
Adjustment in Profit on sale of land, building & other assets	(0.18)	(0.65)	(0.81)	(0.18)	(0.15)	(0.13)
Adjustment on account of giving effect to qualifications by auditors						(172.63)
Provision for taxes on account of restatement of financial statements.	40.38	(40.05)	(0.68)	30.99	(20.94)	59.74
Adjusted / Restated balance of Accumulated Profit available for appropriation	(40.87)	142.21	280.89	288.04	270.84	(159.73)

Annexure A-VI

Adjustments not carried out in the Statement of Restated P&L and Assets and Liabilities

1. Various guidelines / circulars / instructions and directions have been issued by The Reserve Bank of India from time to time. Such guidelines / circulars / instructions have prescribed the effective date, method of compliance, reporting, provisioning norms, disclosures etc. These being mandatory and statutory in nature, have been given effect to in the financial statements as prescribed / directed from the date of its applicability.

2. In financial year 2010-2011, Bank had reopened the pension option for such of its employees (including retirees) who had not opted for the pension scheme earlier. Also, in financial year 2010-11, the limit of gratuity payable was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. In line with RBI guidelines on the matter (as contained in RBI Cir.No.DBOD.BP.BC.80/21.04.018/2010-11 dated 9th February 2011 on Reopening of Pension Option to Employees of Public Sector Banks and Enhancement of Gratuity Limits – Prudential Regulatory Treatment, made applicable to the bank vide DBOD No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011) Bank has done the following accounting in this regard:

    a. Pension cost relating to retired/separated employees amounting to ₹ 276.2 million has been fully charged to Profit & Loss account of financial year 2010-11.
    b. Pension cost relating to other employees amounting to ₹ 397.4 million is being amortised over a period of 5 years starting from financial year 2010- 11.
    c. Effect of enhancement in gratuity limit amounting to ₹ 207.4 million has been amortised over a period of 5 years starting from financial year 2010-11.

    Adjustments have not been done for the above while drawing the restated profit and loss account and balance sheet.

3. In the financial statements of Financial year 2012-13, out of 408 branches / offices, 55 branches / offices have not been audited and in respect of which the central statutory auditors carried out necessary review procedures considered adequate by them. Approval of the Central Government as required u/s 228 of the Companies Act 1956 has not yet been obtained.

Annexure A-VII

Summary of Significant Transaction with Related Parties (AS-18)

As per para 8.3.1 of RBI cir no DBOD.No.BP. BC. 89 /21.04.018/2002-03 dated March 29, 2003 -Guidelines on compliance with Accounting Standards (AS) by banks, where the disclosures under the Accounting Standards are not aggregated disclosures in respect of any category of related party i.e., where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party. Accordingly the following disclosures are made:

Sl No	Name	Designation	Financial Year	Category of Related Party	Period of Relationship
1.	Sr.R.Venkataraman	Chairman & Chief Executive Officer	2009-10	Key Management Personnel	01.04.2009 to 30.11.2009
2.	Sri.V.P.Iswardas	Managing Director & Chief Executive Officer	2009-10	Key Management Personnel	30.11.2009 to 31.03.2010
3.	Sri.V.P.Iswardas	Managing Director & Chief Executive Officer	2010-11	Key Management Personnel	01.04.2010 to 31.03.2011
4.	Sri.V.P.Iswardas	Managing Director & Chief Executive Officer	2011-12	Key Management Personnel	01.04.2011 to 31.03.2012
5.	Sri.V.P.Iswardas	Managing Director & Chief Executive Officer	2012-13	Key Management Personnel	01.04.2012 to 29.11.2012
6.	Sri.Rakesh Bhatia	Managing Director & Chief Executive Officer	2013-14	Key Management Personnel	01.04.2013 to 31.03.2014
7.	Sri.Rakesh Bhatia	Managing Director & Chief Executive Officer	First Half of 2014-15	Key Management Personnel	01.04.2014 to 30.09.2014

Annexure- A-VIII

SEGMENT REPORTING

PART A: BUSINESS SEGMENT

(₹ in Million)

S. No.	PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH 2010	2011	2012	2013	2014	Half Year ended 30.09.2014
1	**Segment Revenue**						
	a) Treasury Operations	1654.90	1653.76	2187.84	2767.89	4100.93	2006.55
	b) Corporate Banking	1640.55	2488.25	3951.46	3865.00	2907.98	1743.95
	c) Retail Banking	3060.28	4075.28	5312.57	7378.92	9051.09	4330.72
	d) Other Banking Operations	163.30	148.45	156.08	142.49	152.96	81.52
2	**Segment Results**						
	a) Treasury Operations	(1119.85)	(869.33)	(873.38)	(943.22)	(1039.86)	(754.56)
	b) Corporate Banking	310.54	553.25	804.29	549.99	67.87	(18.78)
	c) Retail Banking	705.52	749.36	994.08	1291.08	1955.73	1030.20
	d) Other Banking Operations	(9.40)	20.90	12.14	30.45	31.24	9.35
	TOTAL	**(113.19)**	**454.18**	**937.13**	**928.30**	**1014.98**	**266.21**
	Unallocated expenses						
	Operating Profit	(113.19)	454.18	937.13	928.30	1014.98	266.21
	Provisions & Contingencies	84.66	161.58	640.09	600.84	546.00	542.33
	Profit Before Tax	(197.85)	292.60	297.04	327.46	468.98	(276.12)
	Tax Provision	(135.97)	92.87	36.60	61.29	159.52	(94.65)
	Extra Ordinary Profit/ Loss						
	Net Profit	**(61.88)**	**199.73**	**260.44**	**266.17**	**309.46**	**(181.47)**
3	Segment Assets						
	a) Treasury Operations	25658.93	24314.65	31934.33	35800.46	51849.02	51799.97
	b) Corporate Banking	18647.25	29562.15	31354.74	29465.11	30177.70	32192.51
	c) Retail Banking	26136.93	38097.66	49873.17	62901.32	63654.03	65498.96
	d) Other Banking Operations	60.15	30.22	20.07	19.13	22.53	19.36
	Unallocated Assets	5622.61	5591.96	6571.76	6300.32	5950.54	5983.48
	Total Assets	**76125.87**	**97596.64**	**119754.07**	**134486.34**	**151653.82**	**155494.28**
4	**Segment Liabilities**						
	a) Treasury Operations	37.81	1076.00	3052.35	53.70	4330.04	4661.02
	b) Corporate Banking	14463.07	22656.96	30022.31	41605.63	35232.01	37497.45
	c) Retail Banking	56628.07	67174.23	79310.23	84294.34	103373.07	105475.30
	d) Other Banking Operations	187.93	267.35	146.72	183.64	147.83	150.39
	Unallocated Liabilities	1787.00	1657.04	2272.72	2549.29	2372.27	2150.77
	Total Outside Liabilities	**73103.88**	**92831.58**	**114804.33**	**128686.60**	**145455.22**	**149934.93**
	Net Worth	**3021.99**	**4765.06**	**4949.74**	**5799.74**	**6198.60**	**5559.35**

	PART B: Geographic Segments
	The Bank has no branches outside India.

Annexure: A-IX

STATEMENT OF ADVANCE (Net)

(₹ in Million)

PARTICULARS	**FINANCIAL YEAR ENDED 31ST MARCH**					**HALF YEAR ENDED**
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
A [i] Bills Purchased & discounted	757.20	1,091.68	1,949.48	2,547.67	4,742.53	8,013.19
[ii] Cash Credit, Overdraft and demand Loans	27,771.73	38,314.14	50,888.97	63,679.57	57,132.34	61,335.57
[iii] Term Loans	16,140.45	22,794.43	23,796.98	22,287.94	25,198.75	24,954.27
TOTAL	**44,669.38**	**62,200.25**	**76,635.43**	**88,515.18**	**87,073.62**	**94,303.03**
B [i] Secured by tangible assets (Includes advances against book debts)	39,142.89	55,108.76	71,781.36	82,827.90	78,969.26	83,574.72
[ii] Covered by Bank/Government guarantees	607.64	1,359.32	1,845.01	2,567.36	4,919.63	6,601.57
[iii] Unsecured	4,918.85	5,732.17	3,009.06	3,119.92	3,184.73	4,126.74
TOTAL	**44,669.38**	**62,200.25**	**76,635.43**	**88,515.18**	**87,073.62**	**94,303.03**
C. I. Advances in India						
[i] Priority sector	15,056.31	21,514.23	25,886.23	19,138.16	25,579.92	31,029.18
[ii] Public sector	600.25	2,480.15	2,912.83	2,877.73	2,795.29	2,759.70
[iii] Banks	-	-	1,652.74	40.08	-	-
[iv] Others	29,012.82	38,205.87	46,183.63	66,459.21	58,698.41	60,514.15
TOTAL	44,669.38	62,200.25	76,635.43	88,515.18	87,073.62	94,303.03
II. Advances outside India	-	-	-	-	-	-
GRAND TOTAL (C.I and II)	**44,669.38**	**62,200.25**	**76,635.43**	**88,515.18**	**87,073.62**	**94,303.03**

Annexure: A-X

STATEMENT OF INVESTMENT

(₹ in Million)

Sl. No.	Particulars	Financial Year ended 31st March					Half year ended 30.09.2014
		2010	**2011**	**2012**	**2013**	**2014**	
A	**Investments(Unquoted)**	**Book Value**	**Book Value**	**Book Value**	**Book Value**	**Book Value**	**Book Value**
	SLR Securities	-	-	-	-	-	-
	Non SLR Securities	-	-	-	-	-	-
1	PSU Bonds	26.70	20.00	20.00	-	1,307.50	1,075.30
2	Mutual Fund(Debt Oriented)	-	-	-	-	-	-
3	Rural Infrastructure Development Fund (RIDF) and Other Funds	3,248.00	2,997.80	2,219.40	1,552.70	3,802.30	3,937.50
4	Securities issued by ARC'S	-	-	-	-	1,206.50	2,194.80
5	Share	8.20	10.70	8.30	8.30	9.10	9.10
6	Other Securities	-	-	-	40.00	40.00	40.00
	Total (A)	**3,282.90**	**3,028.50**	**2,247.70**	**1,601.00**	**6,365.40**	**7,256.70**
B	**Investments (Quoted)**						
	SLR Securities						
1	GOI Treasury bills	1,301.80	2,232.70	2,146.40	245.50	2,832.80	5,919.80
2	GOI Securities(Dated)	16,121.60	18,875.70	24,937.40	28,157.70	30,381.80	30,856.10
3	State Govt. Securities(Dated)	587.30	637.10	836.80	1,145.50	1,869.40	2,312.30
4	Other approved Securites	27.66	5.60	-	-	-	2,400.00
	Non SLR Securities						
1	PSU Bonds	205.00	420.90	410.80	420.70	380.60	551.70
2	Bank Certificate of Deposits	1,266.40	1,247.70	493.30	987.00	9,059.80	1,601.50
3	Share	128.00	81.30	0.80	37.60	36.80	19.20
4	All others	-	401.19	401.26	451.20	471.24	471.21
	Total (B)	**19,637.76**	**23,902.19**	**29,226.76**	**31,445.20**	**45,032.44**	**44,131.81**
	Total Gross Investment	**22,920.66**	**26,930.69**	**31,474.46**	**33,046.20**	**51,397.84**	**51,388.51**
	Less: Prov. For Dep on Investment	26.55	28.11	23.00	35.68	81.31	58.60
	Total Net Investment	**22,894.11**	**26,902.58**	**31,451.46**	**33,010.52**	**51,316.53**	**51,329.91**
	Investment (Quoted)	**Mkt Value**	**Mkt Value**	**Mkt Value**	**Mkt Value**	**Mkt Value**	**Mkt Value**
	SLR Securities						
1	Treasury Bills	1,301.80	2,232.70	2,146.40	245.50	2,832.80	5,919.80
2	Central Govt. Securities	15,097.10	17,675.00	23,328.40	27,268.20	28,007.10	29,105.70
3	State Govt. Securities	564.10	609.10	809.30	1,151.50	1,761.00	2,230.40
4	Other Approved	28.70	5.80	-	-	-	-
	Non SLR Securities						
1	PSU Bonds	217.70	424.00	409.50	415.20	365.00	553.30
2	Bank Certificate of Deposits	1,266.40	1,247.70	493.30	987.00	9,059.80	1,601.50
3	Share	107.90	62.20	-	12.10	11.60	9.30
4	All Others	-	400.40	396.80	457.00	467.10	474.60
	TOTAL	18,583.70	22,656.90	27,583.70	30,536.50	42,504.40	39,894.60

STATEMENT OF DIVIDENDS DECLARED BY THE BANK ON EQUITY CAPITAL

(₹ in Million)

Financial Year ended	Rate of Dividend (%)	Total Dividend Paid
31.03.2010	Nil	Nil
31.03.2011	10	31.58
31.03.2012	15	*47.04
31.03.2013	15	#62.77
31.03.2014	10	41.86
30.09.2014	Nil	Nil

* The bank has declared dividend @ 15% on the share capital for the year 2012. Before approval of financial results there had been forfieture of shares and the proposed dividend has taken only after considering the forfeiture in the books of accounts.

A sum of ₹ 62.21 Million has been appropriated from the restated profit and loss account for the year ended on 31.03.2013. The dividend appropriated is net of ₹ 0.56 million being the excess dividend proposed in the financial year 2011-12.

SUMMARY OF ACCOUNTING RATIOS AS RESTATED

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half year ended 30.09.2014
	2010	2011	2012	2013	2014	
Earnings per share (Basic) (₹)	(2.47)	6.43	6.99	7.13	7.39	(4.34)*
Earnings per share (Diluted) (₹)	(2.47)	6.43	6.99	7.13	7.39	(4.34)*
Return on net worth %	(2.05%)	4.19%	5.26%	4.59%	4.99%	(3.26%)*
Net asset value per equity share (₹)	159.67	152.00	157.55	138.59	148.13	132.85
Weighted average number of equity shares outstanding during the year / period (₹ in Million)	25.04	31.07	37.27	37.31	41.85	41.85
Total number of shares outstanding at the end of the year / period (₹ in Million)	18.93	31.35	31.42	41.85	41.85	41.85

* Not Annualized

The ratios have been computed as below:

Earnings per share (Rs) = Net profit / (Net loss) available to equity shareholders (after extra-ordinary items) / Weighted average number of equity shares outstanding during the year/period

Earnings per share calculations are done in accordance with Accounting Standard 20 —Earnings per Share notified under —Companies (Accounting Standards) Rules, 2006

Return on net worth (%) = Net profit / (Net loss) after tax (after extra- ordinary items) / Net worth excluding revaluation reserve at the end of the year/period

Net asset value per equity share (Rs) = Net worth excluding revaluation reserve, Deferred Tax Asset and intangible assets at the end of the year/period / Number of equity shares outstanding at the end of the year/period

Annexure – D

CAPITALISATION STATEMENT AS RESTATED

(₹ in Million)

PARTICULARS	Pre Issue (As on 30th September 2014)	Post Issue#
Short Term Debt	4590.00	4590.00
Long Term Debt	739.40	739.40
Total Debt	5329.40	5329.40
Share Holders‘ Funds		
Share Capital @	418.99	[0]
- Reserves & Surplus * @	5254.32	[0]
Total Shareholders‘ fund	5673.31	[0]
Long Term Debt / Share Holder Funds	0.13 : 1	[0]
Total Debt / Share Holder Funds	0.94 : 1	[0]

*Reserves & Surplus are arrived at after excluding the Revaluation Reserve & Deferred Tax Assets / Deferred Revenue Expenditure.

@ After 30.09.2014 the bank has received an amount of ₹ 34.06 million as share capital on preferential allotment of equity shares and ₹ 579.04 million towards share premium of the same. The bank has also undertaken rights issue of equity shares and has received an amount of ₹ 150.84 million as share capital and ₹ 980.49 million towards share premium of right shares. The share capital and reserves and surplus of the bank has increased to that extent after 30.09.2014.

The corresponding post issue figures will be updated after completion of book building process.

STATEMENT OF TAX SHELTER **Annexure - E**

As per Income Tax Return – Non Restated **(₹ in Million)**

PARTICULARS	Amount in Millions					
	Financial Year ended 31st March					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
Net Profit before Tax as per Audited Statements (A)	(79.05)	174.59	294.93	418.95	407.37	(100.39)
Normal Applicable Tax Rates (%) (B)	33.99	33.22	32.45	32.45	33.99	33.99
Tax as per actual rate on profits (C=A*B)	-	57.99	95.69	135.93	138.47	-
ADJUSTMENTS						
Permanent Difference						
Deduction claimed u/s 36(1)(viii) of the Income Tax Act	-	37.40	55.22	83.62	-	-
-						
Total permanent difference (D)	**-**	**37.40**	**55.22**	**83.62**	**-**	**-**
Timing Difference						
i) Difference between Tax and Book Depreciation	(10.57)	(31.94)	(21.71)	(1.07)	19.97	(2.91)
ii) Provision for Bad and doubtful debts/Bad debts written off	88.71	30.90	6.69	249.36	-	-
iii) Interest accrued but not due on Investment	-	-			998.19	(165.00)
iv) Provision for leave benefits	21.01	(55.94)	(36.19)	(69.68)	33.42	(1.15)
v) Provision for Standard /restructured Assets	-	(36.86)	(172.89)	(200.09)	101.86	29.16
vi) Others	196.15	150.49	(2.49)	(6.82)	120.90	(10.36)
Total timing difference (E)	**295.30**	**56.65**	**(226.59)**	**(28.30)**	**1,274.34**	**(150.26)**
Total Adjustments (F=D+E)	**295.30**	**94.05**	**(171.37)**	**55.32**	**1,274.34**	**(150.26)**
Tax Saving thereon (G=F*B/100)	100.37	31.24	(55.60)	17.95	433.15	(51.07)
Taxable Profit (H=A-F)	(374.35)	80.54	466.30	363.63	(866.97)	49.87
Carry Forward of Losses adjusted (I)	-	80.54	293.81	-	-	49.87
Net Taxable Profit (J=H-I)	(374.35)	-	172.49	363.63	(866.97)	(0.00)
Total tax as per return (K=J*B)	-	-	55.96	117.98	-	-
Carried Forward Business losses	276.63	196.26	-	-	772.68	722.81
Carried Forward Unabsorbed Depreciation	97.72	97.55	-	-	94.29	94.29
Total Carried Forward loss and unabsorbed depreciation as per Return	374.35	293.81	-	-	866.97	-

STATEMENT OF BORROWINGS

Annexure-F
(₹ in Million)

Particulars	Financial Year ended 31st March					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
Reserve Bank of India		250.00	2980.00		4190.00	4590.00
Under Repo						
Other Banks/ CBLO		784.14	0.27			
SIDBI / IDBI Refinance	0.73	0.36				
NABARD Refinance		786.69	530.38	274.06	109.43	90.00
Others - NHB		500.00	909.00	545.00	181.00	72.95
Sub Total	**0.73**	**2321.19**	**4419.65**	**819.06**	**4480.43**	**4752.95**
Subordinated Debt for Tier II Capital	928.00	917.00	1335.00	1175.00	1075.00	575.00
Total	**928.73**	**3238.19**	**5754.65**	**1994.06**	**5555.43**	**5327.95**

Key Financial Indicators

S.No.	PARTICULARS	(In Percentage unless otherwise stated) FINANCIAL YEAR ENDED 31ST MARCH						
		2010	2011	2012	2013	2014	HALF YEAR ENDED30.09.2014	
1	Interest income/ Average working funds (AWF)	7.84%	8.68%	9.97%	10.27%	10.25%	5.00%	*
2	Interest expenses/ AWF	6.18%	5.85%	7.13%	7.63%	7.66%	3.81%	*
3	Interest spread/AWF	1.67%	2.83%	2.85%	2.64%	2.58%	1.20%	*
4	Non Interest Income/AWF	1.00%	0.85%	0.79%	0.74%	0.80%	0.31%	*
5	Operating Expenses/AWF	2.82%	3.16%	2.77%	2.65%	2.69%	1.33%	*
6	Cost Income Ratio	105.75%	85.92%	76.11%	78.60%	79.56%	88.47%	
7	Operating Profit/AWF	-0.15%	0.52%	0.87%	0.72%	0.69%	0.17%	*
8	Return on assets	-0.08%	0.23%	0.24%	0.21%	0.21%	-0.12%	*
9	Yield on Advances	11.58%	11.52%	12.90%	13.03%	13.07%	6.40%	*
10	Cost of Deposit	6.90%	6.45%	7.88%	8.47%	8.49%	4.18%	*
11	Dividend pay out ratio (Including Corporate Dividend Tax)	0.00%	18.38%	21.14%	27.59%	15.82%	0.00%	
12	Credit Deposit Ratio	65.12%	72.23%	73.25%	72.73%	64.75%	67.83%	
13	**Capital Adequacy Ratio**							
	(BASEL II)	10.59	11.28	11.14	12.19	11.25	9.87	
	Tier I	7.84	9.48	8.89	9.52	9.27	7.96	
	Tier II	2.75	1.8	2.25	2.67	1.98	1.91	
	(BASEL III)					11.00	9.72	
	Tier I					9.08	7.87	
	Tier II					1.92	1.85	
14	No. of employees	2681	2733	2651	2817	2840	3055	
15	No. Of Branches	364	364	372	390	430	431	
16	Business per employee (₹ in Million)	42.35	53.96	67.71	74.04	77.56	76.62	
17	Operating Profit per employee (₹ in Million)	-0.04	0.17	0.35	0.33	0.36	0.09	*
18	Net Profit / (loss) per employee (₹ in Million)	-0.02	0.07	0.10	0.09	0.11	-0.06	*
19	Business per branch (₹ in Million)	311.95	405.13	482.52	534.81	512.29	543.06	
20	Operating profit per branch (₹ in Million)	-0.31	1.25	2.52	2.38	2.36	0.62	*
21	Net profit / (loss) per branch (₹ in Million)	-0.17	0.55	0.70	0.68	0.72	-0.42	*

* Not Annualized

Definitions of Key Ratios

1	Interest income/ Average working funds (AWF)=Interest income as a percentage to monthly average of total assets
2	Interest expense/ Monthly average working funds (AWF)=Interest expense as a percentage to monthly average of total assets
3	Net interest margin/AWF =Net interest income(interest income- interest expense) as a percentage to monthly average of total assets
4	Non interest income/AWF =Non interest income as a percentage of monthly average of total assets
5	Operating expenses/Monthly AWF=Operating expenses as a percentage of monthly average of total assets
6	Cost income ratio=Operating expense as a percentage of net operating income i.e net interest income + other income
7	Gross(Operating profit)/Average working fund=Operating profit as percentage to monthly average working fund
8	Return on assets = Net profit as a percentage to monthly average working fund
9	Yield on advances=Interest received on advances as a percentage to fortnightly average of advance
10	Cost of deposit=Interest paid on deposits as a percentage to fortnightly average of deposits
11	Dividend pay out ratio (Including corporate dividend tax)= (Amount required for dividend + Tax)as a percentage to net profit
12	Credit deposit ratio=Gross advance/Deposit
13	CRAR = Capital funds percentage to risk weighted assets
16	Business per employee =(Deposits less interbank deposits + Advances) divided by no of employees less temporary employees)
17	Gross profit per employee =Gross profit divided by no of employees less temporary employees
18	Net profit per employee =Net profit/No of employees less temporary employees
19	Business per branch =Total business less inter bank deposits divided by no of branches
20	Gross profit per branch =Gross profit divided by no of branches
21	Net profit per branch = Net profit divided by no of branches

Annexure H

Statement of Cash and Balances with RBI

(₹ in Million)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
Cash in hand(including foreign currency notes)	548.37	597.37	661.02	846.80	720.21	904.26
Balances with Reserve Bank of India						
[i] in Current Account	5308.00	5274.04	6203.74	5445.78	5518.82	5394.86
[ii] in Other Accounts	0.00	0.00	0.00	0.00	0.00	0.00
Total	**5856.37**	**5871.41**	**6864.76**	**6292.58**	**6239.03**	**6299.12**

Annexure I

Statement of Balance with Bank and Money at Call and Short Notice

(₹ in Million)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
I. In India						
[i]Balances with banks						
(a) in Current Accounts	133.78	180.90	111.23	147.86	137.36	127.39
(b) in Other Deposit Accounts	150.00	545.00	2325.00	3825.00	3500.50	200.42
Sub Total (i)	**283.78**	**725.90**	**2436.23**	**3972.86**	**3637.86**	**327.81**
[ii]Money at call and short notice						
(a) with banks	0.00	0.00	0.00	0.00	0.00	0.00
(b) with other Institutions	499.67	0.00	0.00	0.00	0.00	0.00
Sub Total (ii)	**499.67**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL (i and ii)	**783.45**	**725.90**	**2436.23**	**3972.86**	**3637.86**	**327.81**
II. Outside India						
(i) in Current Accounts	416.20	403.58	409.12	384.75	866.13	504.84
(ii) in Other Deposit Accounts	0.00	0.00	0.00	0.00	0.00	494.00
(iii) Money at call and short notice	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	416.20	403.58	409.12	384.75	866.13	998.84
GRAND TOTAL (I and II)	**1199.65**	**1129.48**	**2845.35**	**4357.61**	**4503.99**	**1326.65**

Annexure J

Statement of Fixed Assets

(₹ in Million)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
Premises						
At cost as on 31 st March of the preceding year	67.59	70.55	70.55	68.35	68.96	69.46
Appreciation on revaluation	458.46	458.46	458.46	1350.27	1350.27	1350.27
Additions during the year	2.96	0.00	0.40	0.60	0.51	0.19
Deductions during the year	0.00	0.00	2.59	0.00	0.00	0.00
Depreciation to date	86.92	95.35	102.17	116.35	132.15	139.67
Total	**442.09**	**433.66**	**424.65**	**1302.87**	**1287.59**	**1280.25**
Other Fixed Assets (including furniture and fixtures)						
At cost as on 31st March of the preceding year	811.45	849.36	869.35	932.01	1025.77	1108.16
Additions during the year	46.92	51.22	81.22	112.76	118.13	46.99
Deductions during the year	9.01	17.29	18.56	19.00	35.74	12.05
Depreciation to date	497.47	563.92	597.88	634.06	659.30	702.40
Total	**351.89**	**319.37**	**334.13**	**391.71**	**448.86**	**440.70**
Grand Total	**793.98**	**753.03**	**758.78**	**1694.58**	**1736.45**	**1720.95**

Annexure K

Statement of Other Assets

(₹ in Million)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
Interest accrued	443.83	480.99	706.18	713.68	1176.79	889.66
Tax paid in advance/tax deducted at source	348.66	314.30	388.10	185.16	281.05	106.69
Stationery and stamps	12.00	11.25	10.62	10.57	10.91	10.59
Non-banking assets acquired in satisfaction of claims	15.95	15.19	110.95	119.04	164.72	165.51
Others	710.65	624.09	710.06	1324.56	654.43	1291.44
Total	**1531.09**	**1445.82**	**1925.91**	**2353.01**	**2287.90**	**2463.89**

Annexure L

Statement of Deposits

(₹ in Million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
Demand Deposit	**2,920.88**	**3,268.99**	**3,478.59**	**3,293.55**	**3,314.45**	**3,895.03**
From Banks	6.05	12.19	14.49	3.88	5.32	2.51
From Others	2,914.83	3,256.80	3,464.10	3,289.67	3,309.13	3,892.52
Savings Deposits	**14,605.94**	**16,242.46**	**17,004.97**	**18,340.40**	**20,295.38**	**21,553.38**
Term Deposits	**52,256.68**	**67,745.24**	**85,565.14**	**101,782.31**	**113,128.78**	**116,206.61**
From Banks	1,671.39	2,804.42	4,213.90	4,594.61	4,989.09	3,681.08
From Others	50,585.29	64,940.82	81,351.24	97,187.70	108,139.69	112,525.53
Total Deposits	**69,783.50**	**87,256.69**	**106,048.70**	**123,416.26**	**136,738.61**	**141,655.02**

Annexure M

Statement of Other Liabilities and Provisions

(₹ in Million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
I. Bills payable	187.93	267.35	146.72	183.64	147.83	150.39
II. Inter-office adjustments (net)	447.72	292.80	299.80	145.04	217.61	225.75
III. Interest accrued	416.74	412.31	581.53	549.02	641.07	650.79
IV. Others(including provisions)	1,339.26	1,364.24	1,972.93	2,398.58	2,154.67	1,925.03
Total	**2,391.65**	**2,336.70**	**3,000.98**	**3,276.28**	**3,161.18**	**2,951.96**

Annexure N

Statement of Share Capital

(₹ in Million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
Authorized Capital :						
8,00,00,000 Equity shares of Rs 10/- each (₹)	800.00	800.00	800.00	1000.00	1000.00	1000.00
20,00,000 Preference Shares of Rs.100/- each (₹)	200.00	200.00	200.00	200.00	200.00	200.00
Total	**1000.00**	**1000.00**	**1000.00**	**1200.00**	**1200.00**	**1200.00**
Issued and Subscribed Capital						
Equity shares of Rs 10/- each (₹)	315.79	315.79	315.79	418.47	418.47	418.47
Equity shares of Rs 10/- each (Nos)	31.58	31.58	31.58	41.85	41.85	41.85
Called-up Capital						
Equity shares of Rs 10/- each (₹)	315.79	315.79	315.79	418.47	418.47	418.47
Equity shares of Rs 10/- each (Nos)	31.58	31.58	31.58	41.85	41.85	41.85
Less: Calls in arrears	0.81	2.31	1.63	0.00	0.00	0.00
Less : Called up but not due	125.72	0.00	0.00	0.00	0.00	0.00
Add : Forfieted Shares				0.52	0.52	0.52
Share Capital	**189.26**	**313.48**	**314.16**	**418.99**	**418.99**	**418.99**

Annexure O

Statement of Reserves and Surplus

(₹ in Million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
I Statutory Reserves						
Opening balance	1215.48	1219.61	1250.05	1314.81	1396.47	1463.67
Additions during the year	4.13	30.44	64.76	81.66	67.20	0.00
Deductions during the year	0.00	0.00	0.00	0.00	0.00	0.00
Total	**1219.61**	**1250.05**	**1314.81**	**1396.47**	**1463.67**	**1463.67**
II Capital Reserves						
Opening balance	301.47	305.08	311.19	315.65	397.06	529.69
Additions during the year	3.61	6.11	4.46	81.41	132.63	0.00
Deductions during the year	0.00	0.00	0.00	0.00	0.00	0.00
Total	**305.08**	**311.19**	**315.65**	**397.06**	**529.69**	**529.69**
III Revaluation Reserves						
Opening balance	408.27	401.53	395.12	387.66	1267.12	1253.11
Additions during the year	0.00	0.00	0.00	891.81	0.00	0.00
Deductions during the year	6.74	6.41	7.46	12.35	14.01	6.66
Total	**401.53**	**395.12**	**387.66**	**1267.12**	**1253.11**	**1246.45**
IV Share Premium						
Opening balance	862.98	868.05	2217.81	2224.42	2906.66	2906.66
Additions during the year	5.07	1349.76	6.61	682.24	0.00	0.00
Deductions during the year	0.00	0.00	0.00	0.00	0.00	0.00
Total	**868.05**	**2217.81**	**2224.42**	**2906.66**	**2906.66**	**2906.66**
V Revenue and other Reserves						
Opening balance	905.94	914.69	962.89	1098.79	1189.20	1108.44
Additions during the year	14.59	49.52	142.93	96.83	15.79	0.00
Deductions during the year	5.84	1.32	7.03	6.42	96.55	0.00
Total	**914.69**	**962.89**	**1098.79**	**1189.20**	**1108.44**	**1108.44**
VI Balance in Profit and Loss Account	(57.52)	20.45	21.87	(38.62)	21.74	(165.28)
SUB TOTAL	**3651.44**	**5157.51**	**5363.20**	**7117.89**	**7283.31**	**7089.63**
Less: Revaluation Reserve	401.53	395.12	387.66	1267.12	1253.11	1246.45
Less: Deffered Revenue and Issue Expenditure	417.18	310.81	339.96	470.02	250.59	702.82
TOTAL	**2832.73**	**4451.58**	**4635.58**	**5380.75**	**5779.61**	**5140.36**

Annexure P

Statement of Contingent Liabilities

(₹ in Million)

S.NO.	PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
		2010	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
1	Claims against the Bank not acknowledged as debt	40.82	39.36	50.16	52.26	56.01	72.57
2	Liability on account of outstanding forward exchange contracts	5,093.06	5,939.84	6,536.79	5,294.08	8,335.98	5,406.24
3	Guarantees given on behalf of constituents:	-	-	-	-	-	-
	In India	985.05	1,495.40	2,169.10	2,496.31	2,081.02	2,096.30
	Outside India	-	-	-	-	-	-
4	Acceptance, Endorsement & other obligations	525.67	630.66	850.18	621.56	812.62	1,037.70
5	Other Items for which the Bank is contingently liable	200.41	320.96	158.40	102.84	94.89	187.36
	TOTAL (F)	**6,845.01**	**8,426.22**	**9,764.63**	**8,567.05**	**11,380.52**	**8,800.17**
G.	Bills for collection	792.77	725.28	754.39	809.20	721.29	763.54

Annexure Q

Statement of Capital Adequacy

(In Percentage)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
(BASEL II)	10.59	11.28	11.14	12.19	11.25	9.87
Tier I	7.84	9.48	8.89	9.52	9.27	7.96
Tier II	2.75	1.80	2.25	2.67	1.98	1.91
(BASEL III)					11.00	9.72
Tier I					9.08	7.87
Tier II					1.92	1.85

Annexure R

Statement of Non Performing Assets

(₹ in Million)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
	2010	2011	2012	2013	2014	30.09.2014
Gross NPA	1492.99	1924.55	1829.26	2108.69	3335.54	5345.77
Gross NPA (%)	3.29	3.05	2.35	2.35	3.77	5.56
Net NPA	705.20	1084.03	842.11	992.59	1932.42	3543.12
Net NPA (%)	1.58	1.74	1.10	1.12	2.22	3.76

Annexure S

Statement of Other Income which exceeds 20% of NPBT

(₹ in Million)

PARTICULARS	FINANCIAL YEAR ENDED 31ST MARCH					Half Year Ended
Source of Income	**2010**	**2011**	**2012**	**2013**	**2014**	**30.09.2014**
Commission, Exchange & Brokerage	200.28	166.26	173.03	162.60	166.93	94.70
Profit on Sale of Investments (net)	128.53	52.14	52.78	228.88	440.97	82.13
Profit on Sale of Land, Buildings & Other Assets	(0.29)	5.33	12.27	4.57	0.88	(1.62)
Profit on Exchange Transactions	64.00	97.56	113.81	130.73	125.35	71.96
Miscellaneous Income	346.94	423.12	499.72	418.88	439.05	223.23
Total	**739.46**	**744.41**	**851.61**	**945.66**	**1173.18**	**470.40**
Break up of Miscellaneous Income						
Bad Debts Written Off Recovered	44.21	95.14	151.95	38.60	34.43	0.91
Locker Rent Received	13.68	14.74	15.67	25.21	32.06	16.18
Rent Received(on Building Only)	0.19	0.25	0.22	0.22	0.24	0.10
Lease Rental Income	1.15	0.00	1.67	5.11	0.00	0.00
Processing Fee	110.22	140.19	141.10	129.12	162.77	101.46
Incidental Charges	91.60	90.77	103.01	120.91	118.13	75.10
Folio and Service Charges	81.41	75.81	80.33	78.77	81.88	29.19
Other Charges	4.48	6.22	5.77	20.94	9.54	0.29
Total	**346.94**	**423.12**	**499.72**	**418.88**	**439.05**	**223.23**

Note: Items mentioned here are generally recurring in nature and derived from normal business activities

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR BANK

You should read the following discussion and analysis of our Bank's financial condition and results of operations together with our audited financial statements, as restated, including the notes and schedules thereto included in the section titled "Financial Information" on page 190. You should also read the section titled "Risk Factors" on page 13, which discusses a number of factors and contingencies that could impact our financial condition and results of operations, and the sections titled "Our Business" and "Selected Statistical Information" on pages 127 and 221 which presents important statistical and other information about our Bank's business.

This discussion contains forward-looking statements and reflects the current views of our Bank with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Forward-Looking Statements" and "Risk Factors" on pages 12 and 13, respectively. In this section, references to "we" and "our" are to our Bank.

Our financial statements included in this Draft Red Herring Prospectus are prepared in accordance with Indian GAAP, the Banking Regulation Act and guidelines issued by the RBI from time to time which differs in certain material respects from IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements in this Draft Red Herring Prospectus will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian accounting processes.

The following discussion is based on our audited financial information as restated as of and for the fiscal years ended March 31,2012, 2013, 2014 and the six months ended September 30, 2014.Our Bank does not have any subsidiaries or affiliates and hence there are no separate consolidated financial information.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" and "Fiscal" are to the 12-month period ended March 31 of that fiscal year.

Overview

We are one of the oldest private sector banks in India with a history of over 94 years, and a strong base in Kerala along with significant presence in Tamil Nadu, Karnataka and Maharashtra. We offer a wide range of products and services, with particular focus on small and medium enterprises ("**SME**"), retail and NRI customers. We deliver our products and services to our customers through multiple channels, including 431 branches (comprising five service branches) and 232 ATMs spread across 15 states and four union territories and cater to an overall customer base of 1.61 million as on December 31, 2014.

While our Bank has a long operating history as a traditional bank, we are currently focusing on initiatives to transform ourselves into a full service contemporary bank. To this end, we have recently undertaken a number of initiatives to enhance our business focus by upgrading processes, technology and human resources. As part of our transformation, we are in the process of organizing our operations under focused business areas; re-aligning, training and incentivizing employees; creating new products and services; increasing sales and marketing efforts; investing in technology and strengthening our monitoring and risk management policies.

We have four principal business areas, namely, (a) SME banking, (b) retail banking, (c) corporate banking, and (d) treasury operations.

Under our SME banking business, we cater to small and medium manufacturing units, services and trading companies, with borrowing needs up to ₹ 250 million. We offer a wide range of products including term loans, cash credit, working capital finance, foreign currency loans, export credit, bill discounting, letters of credit and bank guarantees. We believe that lending to SME customers enables us to diversify our credit risk due to relatively smaller individual exposures. SMEs offer comparatively higher yields, cross-selling and associated business opportunities, along with higher degree of secured and collateralized loans and also enable us to meet our priority sector targets. As on December 31, 2014, our Bank has 382 branches in metro, urban and semi urban locations, which we believe are conveniently located in close proximity to a large proportion of our existing and target SME customer base. Further, in order to reduce our turnaround time, we have decentralized our credit process by establishing eight regional credit hubs for proposals within the lending power of the branches and zonal offices and one central credit hub for proposals under the head quarter lending powers. As a percentage of our total advances, loans to SME customers accounted for 33.41%, 40.40% and 43.18% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Under our retail banking business, we offer a wide range of loan and deposit products to our retail and NRI customers, such as gold loans, loans against properties, personal loans, housing loans and agricultural loans, and deposit products such as current accounts, savings accounts, term deposits and cumulative deposit accounts. Gold loan advances constituted 38.31%, 32.04% and 29.54% of our total advances as on March 31, 2013, March 31, 2014 and September 30, 2014 and continues to be a mainstay for our Bank on the retail advances side. On the deposits side, NRI deposits have been a stable source of funding for our Bank constituting 13.47%, 17.27% and 18.50% of our total deposits as on March 2013, 2014 and September 30, 2014, and has grown at a CAGR of 33.43% during the last three Fiscals. For facilitating fund transfer services required by our NRI customers, we have remittance and rupee drawing arrangements with 14 exchange houses in the Middle East. We also have tie ups with major money transfer agents including Wall Street Finance Limited, MoneyGram Payment Systems Inc, Weizmann Forex Ltd and UAE Exchange & Financial Services Ltd, which enhances our capability to provide international remittance services and strengthens our NRI business.

Our retail banking business also includes financial inclusion products, as well as fee income from distribution of third-party products such as life insurance and general insurance. We distribute life insurance products of Edelweiss Tokio Life Insurance Company Limited, and are in the process of finalizing an agreement with a leading general insurance company for distributing general insurance products. As a percentage of our total advances, retail banking advances accounted for 50.79%, 45.57%, and 43.66%, as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Under our corporate banking business, we cater to companies with an annual turnover of over ₹ 1,000 million (with credit requirement of above ₹ 250 million). As a percentage of our total advances, corporate banking advances accounted for 15.80%, 14.03%, and 13.16% as on March 31, 2013, March 31, 2014 and September 30, 2014, respectively.

Our treasury operations primarily consist of statutory reserves management, liquidity management, investment and trading, and money market and foreign exchange activities. Our treasury operations are aimed at maintaining an optimum level of liquidity, while complying with the RBI mandated cash reserve ratio and the statutory liquidity ratio. We maintain SLR through a portfolio of central Government, state Government, corporate debt and trustee securities that we actively manage to optimize yield and benefit from price movements. We are also involved in the trading of securities and foreign exchange, and invest in sovereign debt instruments, commercial papers, mutual funds, certificates of deposits, floating rate instruments, bonds and debentures to manage short-term surplus liquidity and further optimize yield and to generate profits thereon.

As on December 31, 2014, we have a network of 431 branches and 232 ATMs. Out of our 431 branches, 55 branches are in metropolitan cities, 102 branches in urban areas, 225 branches in semi-urban and 49 branches in rural areas. For efficient administration, we have organized all our branches under nine zonal offices. We deliver our products and services through multiple delivery channels that include branches, ATMs, internet and mobile banking.

Our total assets have increased from ₹ 119,754.07 million as on March 31, 2012 to ₹ 134,486.34 million as on March 31, 2013, to ₹ 151,653.82 million as on March 31, 2014, at a CAGR of 12.53%. Our total deposits have increased from ₹ 106,048.70 million as on March 31, 2012 to ₹ 123,416.26 million as on March 31, 2013, to ₹ 136,738.61 million as on March 31, 2014, at a CAGR of 13.55%. During the same period, our total advances have increased from ₹ 77,676.90 million as on March 31, 2012 to ₹ 89,759.71 million as on March 31, 2013, and decreased slightly from this level to ₹ 88,540.20 million as on March 31, 2014, at a CAGR of 6.76%. Our total assets, total deposits and total advances as on September 30, 2014 are ₹ 155,494.28 million, ₹ 141,655.02 million and ₹ 96,087.65 million respectively.

Our total income (interest income plus other income) increased from ₹ 11,607.95 million in Fiscal 2012, to ₹ 14,154.30 million in Fiscal 2013 to ₹ 16,212.96 million in Fiscal 2014, at a CAGR of 18.18%. During the same period, our net profit after tax increased from ₹ 260.44 million in Fiscal 2012, to ₹ 266.17 million in Fiscal 2013, to ₹ 309.46 million in Fiscal 2014, at a CAGR of 9.01%. Our total income and net profit after tax for the six months ended September 30, 2014 are ₹ 8,162.74 million and ₹ (181.47) million respectively. As on September 30, 2014, our CRAR, Tier 1 Capital and Tier 2 Capital was 9.87%, 7.96% and 1.91% respectively as per Basel – II, and 9.72%, 7.87% and 1.85% respectively as per Basel – III. In order to augment our capital base, we raised ₹ 613.10 million through preferential allotment of Equity Shares to investors, in October 2014, followed by rights issue to existing Shareholders in March 2015, where we raised Equity capital to the tune of ₹ 1,131.33 million.

Factors affecting our Financial Results

Our Bank's asset portfolio, financial condition and results of operations have been, and are expected to be, influenced by numerous factors, including but not limited to those described below. These are expected to affect the overall growth prospects of our Bank, including its ability to expand its deposit base, the quality of its assets, the level of credit disbursed by our Bank, the value of its asset portfolio and its ability to implement its strategy.

The Indian economy and credit environment

As a bank with principal business operations in the domestic Indian market, our financial condition and results of operations are influenced by the general economic conditions prevailing in India. A slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged.

As reported by the RBI in its Financial Stability Report for December 2014, the growth of the Indian banking sector moderated during Fiscal 2014. Profitability declined on account of higher provisioning on banks' delinquent loans and slow credit growth. The aggregate balance sheet of scheduled commercial banks in Fiscal 2014 registered a decline in growth in total assets and credit for the fourth consecutive year. This decline could be attributed to several factors including slower economic growth, de-leveraging, continuing pressure on asset quality leading to increased risk aversion among banks as well as increasing recourse by corporates to non-bank financing including commercial papers and external commercial borrowings.

In its 6th Bi-Monthly Monetary Policy Statement of February 2015, the RBI stated that domestic economic activity was likely to have remained subdued in the third quarter of Fiscal 2015, reflecting shortfall in the *kharif* harvest relative to the last year. Agricultural growth was forecasted to grow in the last quarter of Fiscal 2015. While there was a broad based improvement in industrial activity in November 2014, continuing contraction in consumer goods production was analysed to underscore the persisting weakness in consumption demand. Retail inflation, measured by year-on-year changes in the CPI edged up in December 2014 on the expected reversal of favourable base effects that had tempered upside pressures since June. In the fuel category, prices of constituents such as electricity, coal and cooking gas remained stable in the absence of administered revisions. Consequently, the CPI registered a monthly decline for the first time since February 2014.

Active liquidity management operations under the revised framework adopted in early September ensured that liquidity conditions generally remained comfortable. Money market rates evolved in close alignment with the policy repo rate, excluding occasional pressures around days of advance tax outflows and quarter-end tightness. Overnight variable rate repo/reverse repo auctions announced early in the day give markets advance intimation of the RBI's assessment on system-wide liquidity needs for the day, allowing fine tuning of liquidity. The average daily net borrowings under the LAF (including term repos, reverse repos and marginal standing facility) were around ₹850 billion in December and January.

In terms of RBI's "*Result of the Survey of Professional Forecasters on Macroeconomic Indicators (32nd Round)*" (released on February 3, 2015), the forecast of real GDP growth (at factor cost) was 5.4% for Fiscal 2015, while the real GDP growth forecast for Fiscal 2016 was estimated to be 6.4%. Money supply growth for Fiscal 2015 is expected to be 13.2% in Fiscal 2015 and expected to grow to 14.00% in Fiscal 2016. Bank credit is expected to grow by 13.9% and 15.00% in Fiscals 2014 and 2015, respectively. In terms of long term forecasts, average GDP growth from Fiscal 2015 to Fiscal 2019 is expected to grow to 6.8% in the next five years. The gross domestic saving rate is projected to be at 30.70% of the GDP in Fiscal 2015 and is expected to improve to 31.30% in Fiscal 2016. The repo rate is projected to be at a median of 7.75% in Fiscal 2015 and 7.25% in Fiscal 2016. Additionally, the bank credit of scheduled commercial banks is projected to grow at a median of 13.9% in Fiscal 2015 and 15.00% in Fiscal 2016.

According to the Monthly Economic Report for January 2015 prepared by the Department of Economic Affairs, Ministry of Finance, Government of India, the average WPI inflation rate for the last 12 months (February 2014 to January 2015) was 3.4% as compared to 6.1% during the corresponding period in Fiscal 2013. There is no assurance that inflation will not further increase in the future. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations.

Inflation may also have a bearing on the overall interest rates which may adversely affect our net interest income. High rates of inflation in the Indian economy have impacted and could continue to impact our Bank's ability to sustain profitable net interest margins because it could lower the demand for loans or require the Bank to increase the costs of its deposits. In response to elevated inflation, in Fiscals 2011 and 2012, the RBI increased its policy rates 13 times, announcing gradual increases in the repo rate from 5.00% on March 31, 2010 to a peak of 8.50% with effect from October 25, 2011. The repo rate was however been reduced to 7.50% with effect from March 13, 2015. The reverse repo rate has been pegged at 1.0% below the repo rate since March 2011 and thus has followed a similar trend since that time and was 6.50% with effect from March 13, 2015.

The growth prospects of our business, including the quality of our assets and our ability to grow our asset portfolio and implement our strategy, are influenced by the growth rate of the economy as a whole, the economic cycle and the health of the capital markets. The level of credit disbursed, recovery of loans and demand for loans are all affected by these factors. Any slowdown in the growth of the Indian economy or the economies of other countries, coupled with inflationary pressures, could adversely impact our business, the business sectors that we are targeting as growth areas and the financial standing and growth plans of our borrowers and contractual counterparties.

Regulations governing the Indian banking industry

Our operations are regulated extensively by the RBI. The RBI is actively involved in the management of the Indian economy. Accordingly, we are subject to:

- Two categories of statutory reserve requirements: Cash Reserve Ratio ("**CRR**") and Statutory Liquidity Ratio ("**SLR**"). Under these requirements, all banks are required to maintain a certain stipulated proportion of their net demand and time liabilities ("**NDTL**") in the form of cash, gold, balances with RBI, current account balances with other banks and unencumbered Government and/or other approved securities. The basic objective of the CRR and the SLR requirements is to ensure that banks hold sufficient liquid resources to meet any unexpected contingencies. At present the required CRR is 4%, while the stipulated SLR is 21.50%. Further, in December 2011, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the marginal standing facility, against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 2% of their respective NDTL outstanding at the end of the second preceding fortnight. Any increase in the CRR and/or the SLR requirements from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations.

- Requirements to lend to certain priority sectors: In terms of the RBI's *Master Circular on Priority Sector Lending – Targets and Classifications* dated July 1, 2014 ("**Priority Lending Circular**"), priority sectors for scheduled banks are: (i) agriculture; (ii) micro and small enterprises; (iii) education; (iv) micro credit; (v) housing; (vi) export credit; and (vii) certain other loans as specified in the Priority Lending Circular. Each of the priority sectors has associated sub-limits. Under the Priority Lending Circular, the priority sector lending targets are linked to ANBC (net bank credit plus investments made by banks in non-statutory liquidity bonds included in the Held To Maturity category and not taking into account the re-capitalisation bonds floated by the Government) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on March 31 of the previous year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher.

- Requirements restricting lending in certain specified sectors, including

  (i) *real estate*: the RBI stipulates that the borrower obtains prior permission from the central government/ local government/ other statutory authority over the relevant real estate project prior to lending to a real estate project;

  (ii) *commodities*: the RBI stipulates specific restrictions on bank advances against specified sensitive commodities, such as food grains, selected major seed oils, raw cotton, sugar/ gur and cotton textiles, including restrictions in relation to minimum margin, valuation of commodity stocks, interest rates and other operational stipulations; and

  (iii) *capital markets*: the RBI stipulates numerous restrictions, including uniform margin for financing of capital markets transactions, minimum cash margins for guarantees and restrictions relating to loans sanctions to companies against the security of shares.

- RBI's prudential norms in respect of income recognition, asset classification and provisioning: Any changes in the regulatory framework regarding provisioning for NPAs could adversely affect our profitability and consequently our net worth. For further details, see the section titled "*Regulations and Policies – Prudential norms on income recognition, asset classification and provisions pertaining to advances*" on page 152.

The Government's monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting the monetary policy. A monetary policy designed to combat inflation typically results in an increase in RBI lending rates. Further, in addition to having gradually established more stringent capital adequacy requirements, the RBI has also instituted several prudential measures to moderate credit growth including increase in risk weights for capital adequacy computation and general provisioning for various asset classes. For further information, see the section titled "*Regulation and Policies*" on page 149.

Interest rates and cost of funds

Our interest income is a significant component of our revenues. Interest income represents the interest earned from interest-bearing assets (advances/bills, balances with the RBI and other inter-bank funds and investments). In the six months ended September 30, 2014, and for Fiscal 2014, income from interest earned was ₹ 7,692.34 million and ₹ 15,039.78 million, respectively, which constituted 94.23% and 92.76% of our total income in such periods. Changes in interest rates affect the rates we earn on our interest-bearing assets and that we pay on our interest-bearing liabilities. Since July 2010, the RBI implemented a new base rate mechanism designed to move Indian banks closer to a market-based interest rate regime, with each bank in India required to publicly disclose its own minimum rate, or "base rate," for all new and existing loans and advances which are due for re-pricing, subject to certain limited exceptions. Under this new base rate system, banks must review and revise their base rates at least once per quarter.

Indian banks generally follow the direction of interest rates set by the RBI and adjust both their deposit rates and lending rates upwards or downwards accordingly, subject to a published minimum base rate. Decreases in the RBI policy rates would signal Indian banks to re-examine their base rate and lending rates which could affect our interest income. Conversely, increases in the RBI policy rates could affect the ability of potential borrowers to avail loans despite partly mitigating higher deposit costs. For further details, please see sections titled "*Risk Factors – Our business is vulnerable to interest rate and investment related risks. Volatility in interest rates, value of investments and other market conditions could adversely affect our net interest margin, the value of our fixed income portfolio, our security receipts, our income from treasury operations, the quality of our loan portfolio and our financial performance*" and "*Selected Statistical Information*" on pages 18 and 221, respectively.

In addition, yields on government and approved investments, as well as yields on our other interest earning assets are dependent on interest rates. In case of a sharp and sustained increase in interest rates, we could be adversely affected by the decline in the market value of our government securities portfolio and other fixed income securities. A fall in interest rates, on the other hand, would enhance the market value of our government securities portfolio and other fixed income securities.

Our primary interest-bearing liability is our deposit base. Our ability to offer lower interest rates for our customers' deposit accounts depends significantly on our ability to provide such customers with convenient banking services that make up for lower returns on deposits. To continue to source low-cost funding through deposits, we must, among other things, focus on increasing our brand recall, continuing to develop innovative products to serve customers, enact marketing strategies that support these products, continue to develop our information technology systems to offer modern banking services and develop products and services to distinguish ourselves in an increasingly competitive industry. However, the increasing competition for funding, increasing interest rates and changes to the RBI's liquidity and reserve requirements may increase the rates that we pay on our deposits and in turn affect our profitability.

Competition in the Indian banking industry

We operate in a highly competitive environment, and face competition from public and private sector Indian commercial banks and foreign commercial banks in all our products and services. We also face competition in some or all of our products and services from NBFCs, post office savings schemes, exchange houses, micro-financing institutions, co-operative banks and other entities operating in the financial sector.

Further liberalization of the Indian financial sector could also lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely affect our competitive environment. For instance, the RBI has come out with a set of guidelines for licensing of new banks in the private sector in February 2013. The process of licensing culminated with the granting of "*in-principle*" approval to two applicants to set up new banks in the private sector within a period of 18 months.

Additionally, the RBI is working on a policy of having various categories of "differentiated" bank licenses which will allow a wider pool of entrants into banking. Guidelines for licensing of entities as payment banks and small finance banks have been issued in November 2014 to enhance financial inclusion. Our business and operations could be significantly impacted by the increasing registration of small finance banks and payment banks.

We also compete with foreign banks with operations in India. In November 2013, the RBI released a framework for the setting up of wholly owned subsidiaries in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, wholly owned subsidiaries of foreign banks are allowed to raise rupee resources through issue of non-equity capital instruments. Further, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from RBI in each case, subject to certain reporting requirements. The guidelines may result in increased competition from foreign banks.

Our future success will depend in large part on our ability to respond in an effective and timely manner and our ability to compete effectively. Increased competitive pressure may have an adverse impact on our business, financial condition and results of operations.

Growth in the SME and retail segment

We have traditionally targeted the SME and the retail segments. Lending to the SME sector enables us to diversify our credit risk profile due to the smaller individual exposure reducing systemic risks. SMEs offer comparatively higher yields, associated business/ cross-selling opportunities and higher degree of secured/ collateralised loans. Our advances to SME customers have grown from ₹ 29,986.10 million in Fiscal 2013 to ₹ 35,770.63 million in Fiscal 2014 which constituted 33.41% and 40.40% of our total advances for the same periods.

In the retail segment, we have a significant gold loan portfolio and NRI deposit portfolio. Gold loans constituted 29.99%, 38.31%, 32.04% and 29.54% of our total advances in Fiscals 2012, 2013, 2014 and for six months ended September 30, 2014. Apart from being safer products by virtue of the liquidity of the underlying security, gold loans offer other benefits such as easy lending and less operational cost. Further, NRI deposits have been a stable source of funding for the Bank over the years, growing at a CAGR of 33.43% over the last three Fiscals.

Our network has also been selectively augmented to focus on the SME and retail segments. Going forward, we expect a significant portion of our business and revenues to continue to be derived from our exposure to the SME and retail segment, and consequently, any downturn in these segments, occasioned by macro or micro-economic circumstances, deterioration of asset quality, low recoveries or any other circumstances may adversely affect our interest income.

Ability to manage credit, market and operational risk

Our ability to continue to reduce or contain the level of our gross and net NPAs may be affected by a number of factors that are beyond our control, such as increased competition, a recession in the economy, including in respect of specific industries to which we are exposed, decreases in agricultural production, decline in commodity prices, adverse fluctuations in interest and exchange rates or adverse changes in the Government of India's policies, laws or regulations. In addition, the expansion of our business may also cause the level of our NPAs to increase. Future increases in NPAs may have an adverse effect on our business, prospects, financial condition and results of operations.

The credit quality of our loan portfolio is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Our net NPAs were ₹ 842.11 million, ₹ 992.59 million, ₹ 1,932.42 million and ₹ 3,543.12 million for Fiscals, 2012, 2013, 2014 and for six month ended September 30, 2014, respectively, while our gross NPAs were ₹ 1,829.26 million, ₹ 2,108.69 million, ₹ 3,335.54 million and ₹ 5,345.77 million, respectively, for Fiscals, 2012, 2013, 2014 and for six month ended September 30, 2014. Our Net NPAs to Net Advances ratios were 1.10%, 1.12%, 2.22% and 5.56% as of March 31, 2012, 2013 and 2014 and the six months ended September 30, 2014, respectively, while our gross NPA ratio was 2.35%, 2.35%, 3.77% and 3.76% for the same periods.

The level of our NPAs is a function of the credit quality of our loans, which is further dependent upon the credit appraisal processes and recovery procedures adopted by us. We have enterprise-wide risk management systems to manage credit risk, market risk and operational risk. We monitor credit risk at the transaction level as well as the portfolio level. Our ability to reduce or contain the level of our gross and net NPA ratios may be impacted by a number of factors beyond our control, such as increased competition, depressed economic condition, including with respect to specific industries to which we are exposed, decreases in agricultural production, increases or decreases in commodity prices, adverse fluctuations in interest and exchange rates or adverse changes in Indian policies, laws or regulations and also on our ability to manage our risk.

Basel III implementation

The RBI has extended the end date for full implementation of Basel III capital regulations by one year (to March 31, 2019) to provide some lead time to banks on account of potential stresses on asset quality and consequential impact on the performance and profitability of the banks. With such extension, full implementation of Basel III in India will slightly exceed the internationally agreed end date of January 1, 2019. With regard to the introduction of countercyclical capital buffers ("CCCB") in India, the RBI notified the final guidelines in February 2015. While the framework for CCCBs is already in effect, the activation of CCCBs are expected to be implemented under appropriate circumstances.

Ability to increase our income from commission, exchange and brokerage, processing fees, incidental charges and folio and other service charges

Our ability to improve profitability will depend, among other factors, on our success in increasing our non fund based income from existing and new customers. In order to grow our other income, we distribute third-party investment products, such as insurance products. We distribute life insurance products of Edelweiss Tokio Life Insurance Company Limited, and are in the process of finalizing an agreement with a leading general insurance company for distributing general insurance products. We intend to improve our non-fund-based portfolio, including letters of credit and bank guarantees and to improve our foreign exchange-related products and services portfolio. Our income from commission, exchange and brokerage, processing fees, incidental charges and folio and service charges constituted 58.42%, 51.96%, 45.15% and 63.87% of our total other income for Fiscals 2012, 2013, 2014 and for six month ended September 30, 2014, respectively.

We intend to continue to bring innovative products to the market and improve cross-selling efforts in order to enhance fee based income. However, the increasing sophistication of our customers, offerings of similar products and services by our competitors and changes in the regulatory environment could adversely impact our ability to grow our fee based income.

Our ability to manage costs and expenses

Our ability to control costs is important to our overall profitability. In the recent past, the growth in our operating costs was higher due to expenditures like increase in dearness allowances for employees, provision for salary arrears towards expected wage revisions and additional provisions towards expected escalation in retirement benefits of employees. The average age of our employees is 42 years, and consequently, we are likely to incur higher costs for payments and providing for retirement benefits for our employees. Further, as interest expenditure is one of the main costs, we have formulated strategies to improve our CASA balances and are making continuous efforts to reduce our cost of deposits and cost of borrowings by reviewing the asset liability mismatches through our ALCO by suitably adjusting the interest rates where possible. We will also be making efforts to improve employee productivity and effecting improvements in our infrastructure and technology platform and centralizing processing of our operations in select areas. We will continue, however, to face many challenges in controlling our costs as we continue to increase our distribution network, add new products/services and increase our business volume. Additionally, we expect our operating expenses on account of payment to and provision for employees to increase significantly after the implementation of the 10th Bipartite Wage Revision Settlement between the management of A Class Scheduled Banks like us (represented by the IBA) and their workmen (represented by various labour unions and officers' associations) ("**10th Bipartite Settlement**"). As at February 2015, the terms of the 10th Bipartite Settlement as mutually agreed between the parties include a 15% annual wage increase in salary and allowances for employees of A Class Scheduled Banks (on salary slip components) effective (when implemented) from November 1, 2012 and every second and fourth Saturday to be designated as a holiday, and the other Saturdays designated as full working days. An inability to effectively manage such cost and expense escalations could affect our income and profitability.

Significant Accounting Policies

1. **General**

   a) Our 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 our Bank used in the preparation of these financial statements confirm to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India and referred to in the Companies Act, 2013 so far as they apply to our 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, unless otherwise stated.

2. **Use of estimates**

   The preparation of our 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. Our 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 half 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 half 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 our 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 amortised cost, if acquired at a premium. In case the cost is higher than the face value, the premium is amortised over the period remaining to maturity using Constant Yield Method. Such amortisation 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 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/Securitisation Company.

(vi) Profit on sale of investments in ‘Held to Maturity’ category is recognised in the Profit and Loss Account and an equivalent amount net of taxes and transfer to Statutory Reserves 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 are classified as Performing and Non Performing based on the relevant RBI guidelines. The amount of advances shown in the Balance Sheet is net off provisions and interest suspense.

b) Provision on Standard Assets is maintained as per RBI guidelines and the same is included in Other Liabilities & Provisions.

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

d) 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.

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 withdrawal is made from Revaluation Reserve Account.

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.

e) The useful life for computation of depreciation for various categories of Fixed Assets are as follows:

Type of Fixed Asset	Useful life (Yrs)	Depreciation Method
Building	58 Yrs	Written Down Value
Motorcars	8 Yrs	Straight Line
Furniture & Fixtures	10 Yrs	Straight Line

Type of Fixed Asset	Useful life (Yrs)	Depreciation Method
Plant & Machinery	15 Yrs	Straight Line
Servers & Networks	6 Yrs	Straight Line
Other Computer Hardware	3 Yrs	Straight Line
ATMs	8 Yrs	Straight Line

7. **Intangible Assets**

Accounting and amortisation of Computer Software are in accordance with the provisions of Accounting Standard 26 – Intangible Assets, issued by Institute of Chartered Accountants of India (ICAI).

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 our 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 our 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 our 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 our 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 our Bank for a minimum period of 5 years. The net liability arising out of reopening of pension option to employees and enhancement in gratuity limits is amortised in 5 years commencing from 2010-11as per approval of RBI (vide the RBI Circular DBOD.No.BP. BC.80/21.04.018/2010-11 dated February 9, 2011 and RBI letter DBOD.No.BP.BC.15896/21.04.018/2010-11 dated April 08, 2011).

iii) Long term compensated absences and other long term employee benefits.

a. Privilege Leave.
b. Sick leave on half pay.
c. Carry forward of unavailed casual leave.
d. Leave fare concession.

10. **Recognition of revenue and expenditure**

Revenue is recognised to the extent it is probable that the economic benefits will flow to our 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.

b) Exchange, Brokerage, Commission & Rent on lockers are recognised on cash basis.

c) Income on Investments (other than dividend on equity shares & mutual funds and income on non performing investments) is recognised on accrual basis. Dividend income is recognised on cash basis.

d) 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.

e) 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 10 million and above are classified as corporate/wholesale banking liabilities (to conform to ALM classification adopted by our 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' issued by Institute of Chartered Accountants of India (ICAI) and charged to Profit and Loss Account.

14. **Accounting for provisions, contingent liabilities and contingent assets**

As per the Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India (ICAI), our 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.

Contingent assets are not recognized in the financial statements.

15. **Earnings per share**

Our Bank reports basic and diluted Earnings per equity share in accordance with the Accounting Standard 20 on "Earnings per share". Our Bank reports basic and diluted earnings per equity share in accordance with AS 20, "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006. 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. **Net profit**

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

(i) provision for taxes

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

(iii) provision for depreciation on investments

(iv) other usual and necessary provisions.

Results of Operations

The table below sets forth a summary of our financial results containing significant items of our income and expenditure for Fiscal 2012, 2013, 2014 and six months ended September 30, 2014, based on our restated financial statements included in the section titled "*Financial Information*" on page 190.

(*in ₹ million, except percentages*)

Particulars	Fiscal 2012		Fiscal 2013		Fiscal 2014		Six months ended September 30, 2014	
Income	**Amount**	**% of total Income**	**Amount**	**% of total Income**	**Amount**	**% of total Income**	**Amount**	**% of total Income**
Interest earned (A)	10,756.34	92.66	13,208.64	93.32	15,039.78	92.76	7,692.34	94.24
Interest expended (B)	7,686.09	66.21	9,816.48	69.35	11,247.74	69.37	5,854.00	71.72
Net Interest Income (C= A-B)	**3,070.25**	**26.45**	**3,392.16**	**23.97**	**3,792.04**	**23.39**	**1,838.34**	**22.52**
Other income (D)	851.61	7.34	945.66	6.68	1,173.18	7.24	470.40	5.76
Total income (E = A+D)	**11,607.95**	**100.00**	**14,154.30**	**100.00**	**16,212.96**	**100.00**	**8,162.74**	**100.00**
Operating expenses (F)	2,984.73	25.71	3,409.52	24.09	3,950.24	24.36	2,042.53	25.02
Total expenditure (excluding provisions and contingencies) **(G = B+F)**	**10,670.82**	**91.93**	**13,226.00**	**93.44**	**15,197.98**	**93.74**	**7,896.53**	**96.74**
Provisions and contingencies (other than provisions for tax) (H)	640.09	5.51	600.84	4.24	546.00	3.37	542.33	6.64
Provision for tax (I)	**36.60**	**0.32**	**61.29**	**0.43**	**159.52**	**0.98**	**(94.65)**	**(1.16)**
Net profit/ (loss) after tax (E-G-H-I)	**260.44**	**2.24**	**266.17**	**1.88**	**309.46**	**1.91**	**(181.47)**	**(2.22)**

Components of Income and Expenditure

Income

Our income consists of interest earned and other income.

Interest earned includes interest and discounts on advances and bills made to our customers, income on investments, interest on balances with the RBI and other inter-bank funds and other interest income (which primarily includes interest income received from refunds of income tax). Our investment portfolio consists primarily of dated central government and state government securities, other approved securities, bonds issued by public sector undertakings, RIDF (and other funds), security receipts issued by asset restructuring companies, bank certificate of deposits, equity shares and other deposits. We meet our SLR requirements through investments in dated central government, treasury bills and other approved securities.

Our other income consists of commission, exchange and brokerage fees, profit from sale of investments, profit from sale of land, buildings and other assets (including from sale of non-bank assets), profits from exchange transactions and miscellaneous income. Our miscellaneous income consists primarily of recovery of bad debts written off, locker rents, building rentals, lease rental income, processing fees on our banking products and other charges such as incidental charges (including charges for non-maintenance of minimum balance) and folio and service charges.

Expenditure

Our expenditure consists of interest expended and operating expenses.

Our interest expended consists of the interest paid on deposits, interest paid on borrowings from the RBI and other inter-bank counterparties/financial institutions and other interest expenses (including interest paid on CBLO borrowings and tier II bonds issued by us).

Our non-interest expenditure consists principally of operating expenses, which includes payments to and provisions for employees, rent, taxes and lighting, printing and stationery, depreciation on our Bank’s properties, directors’ and auditors’ fees, law charges, repairs and maintenance, insurance, postage and telecommunications, advertising and publicity, and other expenses, which consist primarily of travelling and inspection expenses, business promotion expenses, expenses on security and watchmen, clearing house expenses, wages paid to temporary labour and facility management charges.

Provisions and contingencies

Provisioning for standard (performing) assets, non-performing assets, depreciation on investments, diminution in restructured standard advances are included in provisions and contingencies.

Six months ended September 30, 2014

Summary of performance

(*in ₹ million)*

Particulars	For six months ended September 30, 2014
Net Interest Income	1,838.34
Other Income	470.40
Operating Expenses	2,042.53
Provisions and Contingencies (other than provisions for tax)	542.33
Provision for Tax	(94.65)
Net loss after tax	**(181.47)**

Net Interest Income

Our net interest income for the six months ended September 30, 2014 was ₹ 1,838.34 million.

(*in ₹ million)*

Particulars	For six months ended September 30, 2014
Interest/ discount on advances/ bills	5,762.99
Income on investments	1,862.06
Interest on balance with RBI and other inter-bank funds	61.81
Interest on others	5.48
Interest earned	**7,692.34**
Interest on deposits	5,661.42
Interest on RBI/ inter-bank borrowings	111.83
Others	80.75
Interest expended	**5,854.00**
Net interest income	**1,838.34**

Interest earned

Our interest earned for the six months ended September 30, 2014 was ₹ 7,692.34 million. Our interest earned comprised primarily of the following:

- Our income on interest and discount of advance/ bills of ₹ 5,762.99 million. The average yield on our advances portfolio was 12.72% (annualized) for the six months ended September 30, 2014; and

- Our interest earned on investments was ₹ 1,862.06 million. These investments primarily included government securities, bank certificate of deposits, securities issued by asset restructuring companies, the RIDF, treasury bills and PSU bonds.

Interest expended

Our interest expended for the six months ended September 30, 2014 was 5,854.00 million. Our interest expended comprised primarily of the following:

- Interest paid on deposits for the six months ended September 30, 2014 was ₹ 5,661.42 million. The average cost of our deposits was 8.36% (annualized) as at September 30, 2014; and

- Interest paid on RBI borrowings was ₹ 111.83 million.

Other income

Our other income for the six months ended September 30, 2014 was ₹ 470.40 million; consisting of commission, exchange and brokerage income of ₹ 94.70 million; net profit on the sale of investments of ₹ 82.13 million; net profit on exchange transactions of ₹ 71.96 million; and miscellaneous income of ₹ 223.23 million, which primarily included income from processing fees of ₹ 101.46 million, income from incidental charges (such as penalties for non-maintenance of minimum balances in bank accounts) of ₹ 75.10 million and income from folio and service charges of ₹ 29.19 million; and was partly offset by losses on the sale of land, buildings and other assets of ₹ 1.62 million.

Operating expenses

Our operating expenses for the six months ended September 30, 2014 were ₹ 2,042.53 million. This was primarily impacted by the payment and provisions made to the employees pursuant to revision in dearness allowances. Other key contributing factors to the operating expenses were payment for rent, tax and lighting expenses of ₹ 202.81 million, premium of ₹ 68.59 paid on insurance policies and other expenditure ₹ 187.08 million which primarily included travelling and inspection expenses of ₹ 57.38 million, expenses towards security arrangements of our branches and ATMs of ₹ 26.48 million, wages paid to temporary labour of ₹ 15.12 million and facility management charges of ₹ 12.50 million.

Provisions and contingencies (other than provision for tax)

Our provisions and contingencies (other than provision for tax) for the six months ended September 30, 2014 were ₹ 542.33 million. Provisions and contingencies for the six months ended September 30, 2014 include provision for NPAs including write off of ₹ 571.36 million which have been partially offset primarily by depreciation on investments/(written back) of ₹ (22.71) million and provisions for standards assets of ₹ (1.95) million.

Provisions for tax

Our provisions for tax for the six months ended September 30, 2014 were ₹ (94.65) million.

Losses after tax

Our net losses after tax for the six months ended September 30, 2014 were ₹ 181.47 million. This was primarily on account of provisioning for NPAs including write-offs to the tune of ₹ 571.36 million and due to adjustments of ₹ 172.63 million carried out by our Auditors to give effect to the qualification made in the audit report on our financial statements for the six months ended September 30, 2014 on account of non-classification of two advance accounts as NPAs based on the RBI's AFI Report for Fiscal 2014 requiring provisions and interest reversal.

Results for Fiscal 2014 compared with Fiscal 2013

Summary of Performance

(in ₹ million, except percentages)

Particulars	Fiscal 2013	Fiscal 2014	% Change
Net interest income	3,392.16	3,792.04	11.79
Other income	945.66	1,173.18	24.06
Operating expenses	3,409.52	3,950.24	15.86
Provisions and contingencies (other than provisions for tax)	600.84	546.00	(9.12)
Provision for tax	61.29	159.52	160.27
Net profit/(loss) after tax	**266.17**	**309.46**	**16.26**

Net Interest Income

Our net interest income increased by 11.79% from ₹ 3,392.16 million in Fiscal 2013 to ₹ 3,792.04 million in Fiscal 2014. The following table sets forth the main components of our Bank's net interest income for the periods indicated.

(in ₹ million, except percentages)

Particulars	Fiscal 2013	Fiscal 2014	% Change
Interest/ discount on advances/ bills	10,743.45	11,386.97	5.99
Income on investments	2,262.59	3,304.09	46.03
Interest on balance with RBI and other inter-bank funds	201.21	319.84	58.96
Interest on others	1.39	28.88	1,977.70
Interest earned	**13,208.64**	**15,039.78**	13.86
Interest on deposits	9,502.27	10,942.40	15.16
Interest on RBI/ inter-bank borrowings	73.43	115.32	57.04
Others	240.78	190.02	(21.08)
Interest expended	**9,816.48**	**11,247.74**	**14.58**
Net interest income	**3,392.16**	**3,792.04**	**11.79**

Interest earned

Our interest earned increased by 13.86% from ₹ 13,208.64 million in Fiscal 2013 to ₹ 15,039.78million in Fiscal 2014. The increase in interest earned was primarily due to the following:

- Our interest earned from advances and discounts on bills increased by 5.99% from ₹ 10,743.45 million in Fiscal 2013 to ₹ 11,386.97 million in Fiscal 2014, primarily due to an increase in average advances from ₹ 82,879.90 million in Fiscal 2013 to ₹ 86,915.40 million in Fiscal 2014. The increase in average advances was primarily due to the increase in our average gold loans from ₹ 28,799.47 million in Fiscal 2013 to ₹ 30,183.99 million in Fiscal 2014.

- Our income on investments increased by 46.03% from ₹ 2,262.59 million in Fiscal 2013 to ₹ 3,304.09 million in Fiscal 2014 primarily due to increase in our investments in bank certificate of deposits and other short term investments carrying higher yield as compared to other components of our investment portfolio. As a result of the foregoing, our yield on investments increased from 6.88% in Fiscal 2013 to 7.26% in Fiscal 2014.

- Our interest on balances with RBI and other inter-bank funds increased by 58.96% from ₹ 201.21 million in Fiscal 2013 to ₹ 319.84 million in Fiscal 2014 primarily due to increase in average inter-bank deposits from ₹ 2,072.92 million in Fiscal 2013 to ₹ 3,128.33 million in Fiscal 2014, and increase in the interest rate for inter-bank deposits.

- Our other interest earned increased by 1,977.70% from ₹ 1.39 million in Fiscal 2013 to ₹ 28.88 million in Fiscal 2014, primarily due to receipt of ₹ 27.87 million of interest on our income tax refunds and ₹ 0.91 million of interest on reverse repo lending.

Interest Expended

Our interest expended increased by 14.58% from ₹ 9,816.48 million in Fiscal 2013 to ₹ 11,247.74 million in Fiscal 2014. The increase in interest expended was primarily due to the following:

- Our interest expense on deposits increased by 15.16% from ₹ 9,502.27 million in Fiscal 2013 to ₹ 10,942.40 million in Fiscal 2014 primarily due to increase in average term deposits from ₹ 92,013.34 million in Fiscal 2013 to ₹ 107,059.80 million in Fiscal 2014.

- Interest expense on RBI and inter-bank borrowings increased by 57.04% from ₹ 73.43 million in Fiscal 2013 to ₹ 115.32 million in Fiscal 2014 primarily due to increase in average borrowings from RBI from ₹ 1,041.67 million in Fiscal 2013 to ₹ 1,693.33 million in Fiscal 2014.

- Such increase was partially offset by a decrease in the interest expenditure on our other borrowings by 21.08% from ₹ 240.78 million in Fiscal 2013 to ₹ 190.02 million in Fiscal 2014 primarily due to decrease in average borrowings from NABARD and NHB from ₹ 1,202.87 million in Fiscal 2013 to ₹ 617.66 million in Fiscal 2014, and decrease in the average amounts outstanding on tier II bonds (on account of redemption of tier II bonds) from ₹ 1,188.33 million in Fiscal 2013 to ₹ 1,150.77 million in Fiscal 2014.

Other Income

Our other income increased by 24.06% from ₹ 945.66 million in Fiscal 2013 to ₹ 1,173.18 million in Fiscal 2014.The increase in other income was primarily due to the following:

- Our profit on sales of investments increased by 92.66% from ₹ 228.88 million in Fiscal 2013 to ₹ 440.97 million in Fiscal 2014 primarily due to profit from sale of government securities in light of increase in the price of government securities.

- Our miscellaneous income increased by 4.82% from ₹ 418.88 million in Fiscal 2013 to ₹ 439.05 million in Fiscal 2014 primarily due to an increase in processing fee earned for loans and other credit facilities from ₹ 129.12 million in Fiscal 2013 to ₹ 162.77 million in Fiscal 2014 on account of increase in the volume of loans and other credit facilities disbursed by us.

- Such increase was partially offset by a decrease on net profit on exchange transactions by 4.12% from ₹ 130.73 million in Fiscal 2013 to ₹ 125.35 million in Fiscal 2014 primarily due to volatility in the rupee exchange rate.

Operating expenses

Our operating expenses increased by 15.86%from ₹ 3,409.52 million in Fiscal 2013 to ₹ 3,950.24 million in Fiscal 2014. The increase in our operating expenses was primarily due to the following:

- Our expenses related to payments and provisions for employees increased by 15.87% from ₹ 2,430.90 million in Fiscal 2013 to ₹ 2,816.73 million in Fiscal 2014, primarily due to increase in dearness allowance for employees, provision for salary arrears towards expected wage revisions and additional provisions towards expected escalation in retirement benefits of employees.

- Rent, taxes and lighting expenses increased by 18.69% from ₹ 323.41 million in Fiscal 2013 to ₹ 383.84 million in Fiscal 2014 primarily due to renewal of lease agreements for existing branches and the setting up of 40 new branches in Fiscal 2014.

- Our insurance related expenses increased by 28.53% from ₹ 100.06 million in Fiscal 2013 to ₹ 128.61 million in Fiscal 2014 primarily due to increase in the amount of deposit insurance premium paid by our Bank to the DICGC from ₹ 95.33 million in Fiscal 2013 to ₹ 123.20 million in Fiscal 2014, necessitated by increase in our deposits required to be covered by deposit insurance.

- Our other operating expenditure increased by 21.76% from ₹ 282.55 million in Fiscal 2013 to ₹ 344.03 million in Fiscal 2014 primarily due to increase in travelling and inspection expenses from ₹ 82.35 million in Fiscal 2013 to ₹ 110.02 million in Fiscal 2014 and increase in expenses towards security arrangements of our branches and ATMs from ₹ 39.42 million in Fiscal 2013 to ₹ 51.04 million in Fiscal 2014.

- Such increase was partially offset by the decrease in advertising and publicity expenses by 40.53% from ₹ 18.11 million in Fiscal 2013 to ₹ 10.77 million in Fiscal 2014, primarily due to reduction in advertisements.

Provisions and contingencies (other than provision for tax)

Provisions and contingencies (other than provision for tax) decreased by 9.12% from ₹ 600.84 million in Fiscal 2013 to ₹ 546.00 million in Fiscal 2014 primarily due to decrease in provisioning in standard assets and reversal of provision for diminution in advances to customers which have been restructured. Our provision coverage ratio was maintained at 49.28% as on March 31, 2014. Our gross NPA ratio increased from 2.35% as at March 31, 2013 to 3.77% as at March 31, 2014, and our net NPA ratio increased from 1.12% as at March 31, 2013 to 2.22% as at March 31, 2014.

Provision for tax (including deferred tax)

Provision for tax increased by 160.27% from ₹ 61.29 million in Fiscal 2013 to ₹ 159.52 million in Fiscal 2014 primarily due to increase in profit before tax.

Net profit after tax

As a result of the factors mentioned above, our net profits after tax increased by 16.26% from ₹ 266.17 million in Fiscal 2013 to ₹ 309.46 million in Fiscal 2014.

Results for Fiscal 2013 compared with Fiscal 2012

Summary of Performance

(in ₹ million, except percentages)

Particulars	Fiscal 2012	Fiscal 2013	% Change
Net Interest income	3,070.25	3,392.16	10.48
Other income	851.61	945.66	11.04
Operating expenses	2,984.73	3,409.52	14.23
Provisions and Contingencies (other than provisions for tax)	640.09	600.84	(6.13)
Provision for Tax	36.60	61.29	67.46
Net profit/(loss) after tax	**260.44**	**266.17**	**2.20**

Net Interest Income

Our net interest income increased by increased by 10.48% from ₹ 3,070.25 million in Fiscal 2012 to ₹ 3,392.16 million in Fiscal 2013. The following table sets forth the main components of our Bank's net interest income for the periods indicated.

(in ₹ million, except percentages)

Particulars	Fiscal 2012	Fiscal 2013	% Change
Interest/ discount on advances/ bills	8,615.04	10,743.45	24.71
Income on investments	2,008.63	2,262.59	12.64
Interest on balance with RBI and other inter-bank funds	74.27	201.21	170.92
Interest on others	58.40	1.39	(97.62)
Interest earned	**10,756.34**	**13,208.64**	**22.80**
Interest on deposits	7,380.10	9,502.27	28.76
Interest on RBI/ inter-bank borrowings	65.93	73.43	11.38
Others	240.06	240.78	0.30
Interest Expended	**7,686.09**	**9,816.48**	**27.72**
Net interest income	**3,070.25**	**3,392.16**	**10.48**

Interest earned

Our interest earned increased by 22.80% from ₹ 10,756.34 million in Fiscal 2012 to ₹ 13,208.64 million in Fiscal 2013. The increase in interest earned was primarily due to the following:

- Our interest earned from advances and discounts on bills increased by 24.71% from ₹ 8,615.04 million in Fiscal 2012 to ₹ 10,743.45 million in Fiscal 2013 primarily due to increase in average advances from ₹

67,248.17 million in Fiscal 2012 to ₹ 82,879.90 million in Fiscal 2013 and increase in yield on advances. The increase in average advances was primarily due to the increase in our average gold loan advances from ₹ 17,738.77 million in Fiscal 2012 to ₹ 28,799.47 million in Fiscal 2013. Furthermore, our yield on advances increased from 12.81% in Fiscal 2012 to 12.96% in Fiscal 2013.

- Our income on investments increased by 12.64% from ₹ 2,008.63 million in Fiscal 2012 to ₹ 2,262.59 million in Fiscal 2013 primarily due to increase in average investments by ₹ 2,612.55 million. Such increase was primarily on account of increase in average investments in government securities from ₹ 25,343.62 million in Fiscal 2012 to ₹ 28,877.27 million in Fiscal 2013 and increase in our yield on investments from 6.64% in Fiscal 2012 to 6.88% in Fiscal 2013.

- Our interest on balances with the RBI and other inter-bank funds increased by 170.92% from ₹ 74.27 million in Fiscal 2012 to ₹ 201.21 million in Fiscal 2013. This increase was primarily due to increase in inter-bank term deposits from ₹ 610.42 million in Fiscal 2012 to ₹ 2,072.92 million.

- Such increase was partially offset by decrease in other interest earned by 97.62% from ₹ 58.40 million in Fiscal 2012 to ₹ 1.39 million in Fiscal 2013 primarily due to decrease in interest on income tax refunds.

Interest Expended

Our interest expended increased by 27.72% from ₹ 7,686.09 million in Fiscal 2012 to ₹ 9,816.48 million in Fiscal 2013. The increase in interest expended was primarily due to the following:

- Our interest on deposits increased by 28.76% from ₹ 7,380.10 million in Fiscal 2012 to ₹ 9,502.27 million in Fiscal 2013 primarily due to increase in average term deposits and increase in the cost of deposits. Average term deposits by customers and banks increased from ₹ 74,886.73 million in Fiscal 2012 to ₹ 92013.34 million in Fiscal 2013. Further the cost of term deposits increased from 8.97% in Fiscal 2012 to 9.55% in Fiscal 2013 primarily due to increase in interest rates on domestic and NRE term deposits (following deregulation of NRE interest rates by the RBI in December 2011, the full impact of which was felt in Fiscal 2013).

- Interest expense on RBI and inter-bank borrowings increased by 11.38% from ₹ 65.93million in Fiscal 2012 to ₹ 73.43 million in Fiscal 2013 primarily due to increase in average RBI borrowings from ₹ 577.51 million in Fiscal 2012 to ₹ 1,041.67 million in Fiscal 2013.

Other Income

Our other income increased by 11.04% from ₹ 851.61 million in Fiscal 2012 to ₹ 945.66 million in Fiscal 2013. The increase in other income was primarily due to the following:

- Our profit on sale of investments increased by 333.65% from ₹ 52.78 million in Fiscal 2012 to ₹ 228.88 million in Fiscal 2013 primarily due to profit from sale of government securities in light of increase in the price of government securities.

- Our net profit on exchange transactions increased by 14.87% from ₹ 113.81 million in Fiscal 2012 to ₹ 130.73 million in Fiscal 2013 primarily due to the increase in foreign exchange transactions by our customers and increase in remittance business.

- Such increase was partially offset by the decrease in our miscellaneous income by 16.18% from ₹ 499.72 million in Fiscal 2012 to ₹ 418.88 million in Fiscal 2013 primarily due to a decrease in the recovery of bad debts written off by ₹ 113.35 million in Fiscal 2013.

Operating expenses

Our operating expenses increased by 14.23% from ₹ 2,984.73 million in Fiscal 2012 to ₹ 3,409.52 million in Fiscal 2013. The increase in our operating expenses was primarily due to the following:

- Our expenses related to payments and provisions for employees increased by 14.62% from ₹ 2,120.87 million in Fiscal 2012 to ₹ 2,430.90 million in Fiscal 2013. This was primarily due to increase in dearness allowance for employees and provision of ₹ 60.90 million towards salary arrears towards expected wage revisions.

- Rent, taxes and lighting expenses increased by 26.80% from ₹ 255.06 million in Fiscal 2012 to ₹ 323.41 million in Fiscal 2013 primarily due to renewal of lease agreements for existing branches and the setting up of 18 new branches.

- Our insurance related expenses increased by 7.30% from ₹ 93.25 million in Fiscal 2012 to ₹ 100.06 million in Fiscal 2013 primarily due to increase in the amount of deposit insurance premium paid by our Bank to the DICGC from ₹ 88.47 million in Fiscal 2012 to ₹ 95.33 million in Fiscal 2013, necessitated by increase in our deposits required to be covered by deposit insurance.

- Our other operating expenditure increased by 14.97% from ₹ 245.75 million in Fiscal 2012 to ₹ 282.55 million in Fiscal 2013 primarily due to increase in expenses towards expenses towards security arrangements of our branches and ATMs from ₹ 29.71 million in Fiscal 2012 to ₹ 39.42 million in Fiscal 2013.

Provisions and contingencies (other than provision for tax):

Provisions and contingencies (other than provision for tax) decreased by 6.13% from ₹ 640.09 million in Fiscal 2012 to ₹ 600.84 million in Fiscal 2013 primarily due to decrease in NPA provisioning from ₹ 459.80 million in Fiscal 2012 to ₹ 391.82 million in Fiscal 2013. Our provision coverage ratio was maintained at 63.28% as on March 31, 2013. Our gross NPA ratio remained at 2.35% as at March 31, 2012 and as at March 31, 2013 and our net NPA ratio increased from 1.10% as at March 31, 2012 to 1.12% as at March 31, 2013.

Provision for tax (including deferred tax):

Provision for tax increased by 67.46% from ₹ 36.60 million in Fiscal 2012 to ₹ 61.29 million in Fiscal 2013 primarily due to increase in profit before tax.

Net profit after tax

As a result of the factors mentioned above, our net profit after tax increased by 2.20% from ₹ 260.44 million in Fiscal 2012 to ₹ 266.17 million in Fiscal 2013.

Financial Condition

Assets

The following table sets forth the principal components of the assets as of March 31, 2012, 2013, 2014 and September 30, 2014.

(in ₹ million)

Particulars	As at March 31, 2012		As at March 31, 2013		As at March 31, 2014		As at September 30, 2014	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
Cash in hand	661.02	0.55	846.80	0.63	720.21	0.47	904.26	0.58
Balance with the RBI	6,203.74	5.18	5,445.78	4.05	5,518.82	3.64	5,394.86	3.47
Balances with banks in	2,436.23	2.03	3,972.86	2.95	3,637.86	2.40	327.81	0.21

Particulars	As at March 31, 2012		As at March 31, 2013		As at March 31, 2014		As at September 30, 2014	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
India								
Balances with banks outside India	409.12	0.34	384.75	0.29	866.13	0.57	998.84	0.64
Net Investments in India	31,451.46	26.26	33,010.52	24.55	51,316.53	33.84	51,329.91	33.01
Advances	76,635.43	63.99	88,515.18	65.82	87,073.62	57.42	94,303.03	60.65
Net fixed assets (less: revaluation reserve)	371.12	0.31	427.46	0.32	483.34	0.32	474.50	0.31
Net other assets (less: deferred tax and intangible assets)	1,585.95	1.32	1,882.99	1.40	2,037.31	1.34	1,761.07	1.13
Total	**119,754.07**	**100.00**	**134,486.34**	**100.00**	**151,653.82**	**100.00**	**155,494.28**	**100.00**

Total assets increased by 12.30% from ₹ 119,754.07 million as of March 31, 2012 to ₹ 134,486.34 million as of March 31, 2013, by 12.77% from ₹ 134,486.34 million as of March 31, 2013 to ₹ 151,653.82 million as of March 31, 2014 and further to ₹ 155,494.28 million as of September 30, 2014. The increase was primarily due to increase in investments and advances.

Our cash in hand increased by 28.11% from ₹ 661.02 million as of March 31, 2012 to ₹ 846.80 million as of March 31, 2013 and decreased by 14.95% from ₹ 846.80 million as of March 31, 2013 to ₹ 720.21 million as of March 31, 2014. Our cash in hand as of September 30, 2014was ₹ 904.26 million.

Our balances with RBI decreased by 12.22% from ₹ 6,203.74 million as of March 31, 2012 to ₹ 5,445.78 million as of March 31, 2013. However it increased by 1.34% from ₹ 5,445.78million as of March 31, 2013 to ₹ 5,518.82 million as of March 31, 2014. Such decrease and increase was on account of treasury management activities by our Bank in the ordinary course of business, taking into account prevailing CRR requirements.

Our balances with banks in India increased by 63.07% from ₹ 2,436.23 million as of March 31, 2012 to ₹ 3,972.86 million as of March 31, 2013. However they decreased by 8.43% from ₹ 3,972.86million as of March 31, 2013 to ₹ 3,637.86 million as of March 31, 2014. Such increase and decrease was on account of treasury management activities by our Bank in the ordinary course of business. Our balances with banks in India, as of September 30, 2014 were ₹ 327.81million.

Our balances with banks outside India decreased by 5.96% from ₹ 409.12 million as of March 31, 2012 to ₹ 384.75 million as of March 31, 2013. However, they increased by 125.12% from ₹ 384.75 million as of March 31, 2013 to ₹ 866.13 million as of March 31, 2014 primarily on account of FCNR (B) deposits and decrease in deployments of foreign currency loans. Our balance with banks outside India as of September 30, 2014 was ₹ 998.84 million.

Our investments increased by 4.96% from ₹ 31,451.46 million as of March 31, 2012 to ₹ 33,010.52 million as of March 31, 2013, by 55.46% from ₹ 33,010.52 million as at March 31, 2013 to ₹ 51,316.53 million as of March 31, 2014 and further to ₹ 51,329.91 million as of September 30, 2014. The increase in investments in Fiscal 2014 was primarily on account of reduction in advances from ₹ 88,515.18 million in Fiscal 2013 to ₹ 87,073.62 million in Fiscal 2014 combined with increase in deposits from ₹ 123,416.26 million in Fiscal 2013 to ₹ 136,738.61 million in Fiscal 2014, leading to higher investments in government securities and high yielding short term instruments such as bank certificate of deposit.

Our advances increased by 15.50% from ₹ 76,635.43 million as of March 31, 2012 to ₹ 88,515.18 million as of March 31, 2013 primarily due to increase in our gold loan portfolio from ₹ 23,296.13 million in Fiscal 2012 to ₹ 34,387.48 million in Fiscal 2013. However, our advances decreased by 1.63% from ₹ 88,515.18 million as at March 31, 2013 to ₹ 87,073.62 million as of March 31, 2014 due to a decrease in our gold loan portfolio from ₹ 34,387.48 million in Fiscal 2013 to ₹ 28,365.32 million in Fiscal 2014. Our advances were ₹ 94,303.03 million as of September 30, 2014.

Our net fixed assets increased by 15.18% from ₹ 371.12 million as of March 31, 2012 to ₹ 427.46 million as of March 31, 2013, by 13.07% from ₹ 427.46 million as of March 31, 2013 to ₹ 483.34 million as of March 31, 2014. The increase was primarily due to increase in furniture and fixtures and purchase of fixed assets for our offices, branches and ATMs. As of September 30, 2014, out net fixed assets were ₹474.50 million.

Our net other assets increased by 18.73% from ₹ 1,585.95 million as of March 31, 2012 to ₹ 1,882.99 million as of March 31, 2013 primarily on account of application monies for investment in PSU bonds pending allotment. Our net other asset increased by 8.20% from ₹ 1,882.99 million as of March 31, 2013 to ₹ 2,037.31 million as of March 31, 2014 primarily on account of increase in other assets from ₹ 713.68 million in Fiscal 2013 to ₹ 1,176.79 million in Fiscal 2014. As of September 30, 2014, our net other assets were ₹ 1,761.07 million.

Liabilities and shareholder's equity

The following table sets forth the principal components of capital and liability as of March 31, 2012, 2013 and 2014:

(*in ₹million*)

Particulars	As at March 31, 2012	As at March 31, 2013	As at March 31, 2014	As of September 30, 2014
Share Capital (A)	314.16	418.99	418.99	418.99
Reserves and surplus (B)	4,635.58	5,380.75	5,779.61	5,140.36
Shareholders' funds (A+B)	**4,949.74**	**5,799.74**	**6,198.60**	**5,559.35**
Deposits	106,048.70	123,416.26	136,738.61	141,655.02
Borrowings	5,754.65	1,994.06	5,555.43	5,327.95
Other liabilities and provisions	3,000.98	3,276.28	3,161.18	2,951.96
Total liabilities and shareholder funds	**119,754.07**	**134,486.34**	**151,653.82**	**155,494.28**

As of September 30, 2014, our total shareholders' funds were ₹ 5,559.35 million, consisting of share capital of ₹ 418.99 million and reserves and surplus (consisting of statutory reserve, capital reserve, share premium and revenue and other reserves) of ₹ 5,140.36 million. Further, our total deposits (consisting of demand deposits from banks and others, savings deposits, term deposits from banks and term deposits from others) constituted ₹ 141,665.02 million, our total borrowings (consisting of borrowings in India and subordinated tier II bonds) constituted ₹ 5,327.95 million and we had other liabilities and provisions amounting to ₹ 2,951.96 million.

Total shareholders' funds increased by 6.88% from ₹ 5,799.74 million as of March 31, 2013 to ₹ 6,198.60 million as of March 31, 2014 primarily due to appropriation of profits to capital reserves and statutory reserves. Total shareholders' funds increased by 17.17% from ₹ 4,949.74 million as of March 31, 2012 to ₹ 5,799.74 million as of March 31, 2013 primarily due to a rights issue of Equity Shares amounting to ₹ 784.63 million and appropriation of profits to various reserves.

Our deposits (comprising of demand deposits from banks and others, savings deposits and term deposits from banks and other institutions) increased by 10.79% from ₹ 123,416.26 million as of March 31, 2013 to ₹ 136,738.61 million as of March 31, 2014, and by 16.38% to ₹ 123,416.26 million as of March 31, 2013 from ₹ 106,048.70 million as of March 31, 2012, primarily due to increase in term deposits from ₹ 101,782.31 million in Fiscal 2013 to ₹ 113,128.78 million in Fiscal 2014 and by an increase in term deposits from ₹ 85,565.15 million in Fiscal 2012 to ₹ 101,782.31 million in Fiscal 2013.

Our borrowings (comprising of borrowings within India and subordinated tier II bonds) increased by 178.60% from ₹ 1,994.06 million as of March 31, 2013 to ₹ 5,555.43 million as of March 31, 2014, primarily due to increase in borrowings from the RBI. While our Bank did not have any borrowings from the RBI in Fiscal 2013, it had borrowings from the RBI of ₹ 4,190.00 million in Fiscal 2014. Borrowings decreased by 65.35% from ₹ 5,754.65 million as of March 31, 2012 to ₹ 1,994.06 million as of March 31, 2013, primarily due to decrease in borrowings from the RBI from ₹ 577.51 million in Fiscal 2012 to ₹ 1,041.67 million in Fiscal 2013 on account of higher repo borrowings from the RBI. Our borrowings are actively managed by the treasury department of our Bank keeping in mind the business needs of our Bank, the comparative cost dynamics and tenor of the funding. Further, the level of money market borrowings and inter-bank borrowings do fluctuate dynamically based on needs of the business.

Our other liabilities and provisions decreased by 3.51% from ₹ 3,276.28 million as of March 31, 2013 to ₹ 3,161.18 million as of March 31, 2014 and increased by 9.17% from ₹ 3,000.98 million as of March 31, 2012 to ₹ 3,276.28 million as of March 31, 2013.

Liquidity, capital resources and capital adequacy

We regularly monitor our funding levels to ensure we are able to satisfy the requirements of our loan disbursements and those that would arise upon maturity of our liabilities. Further, since we are regulated by RBI, we need to comply with various liquidity guidelines and ratios as prescribed by RBI from time to time. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by deposits and borrowings from banks and financial institutions, deposits from customers and retained earnings. Surplus funds, if any, are invested in accordance with our Investment Policy.

In addition, we monitor and manage our asset-liability gap with respect to our maturing assets and liabilities. As of September 30, 2014, our liabilities in the nature of deposits, borrowing and foreign currency liabilities maturing within 28 days exceeded our assets in the nature of advances, investments and foreign currency assets maturing within the same period by ₹ 9,816.49 million. Our assets maturing in 29 days to 1 year, one to three years and three years to five years exceeded our liabilities maturing within the same period by ₹ 16,856.15 million, ₹ 5,883.69 million and ₹ 3,367.60 million respectively. Our liabilities maturing over five years exceeded our assets maturing within the same period by ₹ 35,548.83 million.

We are also subject to the capital adequacy requirements of the RBI. As per capital adequacy guidelines under Basel III framework, by March 31, 2019, we are required to maintain a minimum capital adequacy ratio of 11.5% (including 2.5% of Capital Conservation Buffer (CB)), with minimum Common Equity Tier III (CET I) CAR of 5.5% (8% including CB). These guidelines on Basel III framework are to be implemented in a phased manner. The minimum CAR required to be maintained by our Bank for Fiscal 2014 is 9% with minimum CET I of 5%.

Our capital adequacy ratios are as follows.

Particulars	**As at March 31**			**As of September 30, 2014**
	2012	**2013**	**2014**	
(Basel II)				
Risk weighted assets *(₹ million)*	54,874.87	59,940.58	66,886.48	69,094.25
Total Capital *(₹ million)*	6,113.04	7,306.96	7,525.81	6,822.98
Tier-I Capital *(₹ million)*	4,877.56	5,706.87	6,198.61	5,500.71
Tier-II Capital *(₹ million)*	1,235.47	1,600.09	1,327.21	1,322.27
Total CRAR	**11.14%**	**12.19%**	**11.25%**	**9.87%**
Tier I CRAR	8.89%	9.52%	9.27%	7.96%
Tier II CRAR	2.25%	2.67%	1.98%	1.91%
(Basel III)				
Risk weighted assets *(₹ million)*	N.A.	N.A.	66,955.53	69,168.99
Total Capital *(₹ million)*	N.A.	N.A.	7,364.81	6,722.48
Tier-I Capital *(₹ million)*	N.A.	N.A.	6,077.61	5,440.21
Tier-II Capital *(₹ million)*	N.A.	N.A.	1,287.21	1,282.27
Total CRAR	**N.A.**	**N.A.**	**11.00%**	**9.72%**
Tier I CRAR	N.A.	N.A.	9.08%	7.87%
Tier II CRAR	N.A.	N.A.	1.92%	1.85%

Basel III capital regulations has been implemented by the RBI from April 1, 2013 in India in phases, with the full implementation of Basel III capital regulations by March 31, 2019. See the section titled "*Regulations and Policies*" on page 149 for details on the required minimum capital ratios for scheduled commercial banks as stipulated by the Basel III Capital Regulations. The data for Fiscal 2014 in the above table is in accordance with Base III framework, while the data for Fiscal 2013 and Fiscal 2012 is in accordance with Base II framework.

Cash flows

Cash Flow Data

The following table sets forth certain information about our cash flows, as restated for the periods indicated.

(*in ₹million*)

Particulars	Six months ended September 30, 2014	For the year ended March 31		
		2014	2013	2012
Net cash from / (used in) operating activities	(2,478.01)	534.53	604.09	2,469.91
Net cash from / (used in) investing activities	(55.16)	(157.58)	(125.56)	(74.70)
Net cash from / (used in) financing activities	(584.08)	(284.12)	461.55	313.99
Cash and cash equivalents at end of period	7,625.76	10,743.01	10.650.18	9,710.10

For the six months ended September 30, 2014

As of September 30, 2014, we had cash and cash equivalents of ₹ 7,625.76 million.

Our restated losses before taxation was ₹ 276.12 million for six months ended September 30, 2014. This amount was adjusted for non-cash items and non-operating expenses including ₹ 45.26 million for depreciation on fixed assets, ₹ 7.87 million for amortisation of intangible assets, ₹ 542.33 million for provisions and contingencies, ₹ 35.12 million for interest on tier II bonds and ₹2.72 million for other adjustments. Our operating profit before working capital changes was ₹ 357.18 million. We also generated cash from working capital changes including ₹ 4,916.41 million from deposits, ₹ 272.52 million from borrowings, ₹ 9.32 million from investments and ₹ 208.36 million from other assets, which was offset by advances of ₹ 8,217.02 million and working capital changes for other liabilities of ₹ 199.14 million. Further we have generated ₹ 174.36 million from refund of taxes. As a result of the foregoing, net cash used in operating activities was ₹ 2,478.01million for six months ended September 30, 2014.

For the six months ended September 30, 2014, net cash used in investing activities was ₹ 55.16 million. This was primarily due to ₹ 56.21 million used for purchase of fixed assets and intangible assets, partially offset by the generation of ₹ 1.05 million from the sale of fixed assets.

Net cash used in financing activities was ₹ 584.08 million for the six months ended September 30, 2014. This was primarily due to ₹ 500 million being used for redemption of tier II bonds by our Bank, ₹ 35.12 million used to pay interest on tier II bonds and ₹ 48.96 million used for payment of dividends (including taxes on dividends).

Fiscal year ended March 31, 2014

As at March 31, 2014, we had cash and cash equivalents of ₹ 10,743.01 million.

Our restated profit before taxation was ₹ 468.98 million for Fiscal 2014. This amount was adjusted for non-cash items and non-operating expenses including ₹ 59.13 million for depreciation on fixed assets, ₹ 14.34 million for amortisation of intangible assets, ₹ 546.00 million for provisions and contingencies, ₹ 110.67 for interest on tier II bonds and partially offset by the use of ₹ 32.03 million for other adjustments. Our operating profit before working capital changes was ₹ 1,167.09 million. We also generated cash from working capital changes including ₹ 13,322.31 million from deposits, ₹ 3,661.37 million from borrowings and ₹ 911.48 million from advances, which was offset by working capital changes for other liabilities of ₹ 29.54 million and investments of ₹ 18,351.64 million and other assets of ₹ 50.62 million. Further we have paid taxes worth ₹ 95.97million. As a result of the foregoing, net cash generated from operating activities was ₹ 534.53million for Fiscal 2014.

For Fiscal 2014, net cash used in investing activities was ₹ 157.58 million. This was primarily due to ₹ 159.96 million used for purchase of fixed assets and intangible assets, partially offset by the generation of ₹ 2.38 million from the sale of fixed assets.

Net cash used in financing activities was ₹ 284.12 million for Fiscal 2014. This was primarily due to ₹ 100.01 million being used for redemption of tier II bonds by our Bank, ₹ 110.67 million used to pay interest on tier II bonds and ₹ 73.44 million used for payment of dividends (including taxes on dividends).

Fiscal year ended March 31, 2013

As at March 31, 2013, we had cash and cash equivalents of ₹ 10,650.18 million.

Our restated profit before taxation was ₹ 327.46 million for Fiscal 2013. This amount was adjusted for non-cash items and non-operating expenses including ₹ 53.12million for depreciation on fixed assets, ₹ 21.28 million for amortisation of intangible assets, ₹ 600.84 million for provisions and contingencies, ₹ 111.03 million for interest on tier II Bonds and ₹ 71.29 million for other adjustments. Our operating profit before working capital changes was ₹ 1,185.02 million. We also generated cash from working capital changes including ₹ 17,367.55 million from deposits, ₹ 63.06 million from other liabilities, which was offset by working capital changes of borrowings of ₹ 3,600.59 million, investments of ₹ 1,571.74 million, advances of ₹ 12,345.00 million and other assets of ₹ 503.09 million. Further we have generated ₹ 8.88 million from refund of taxes. As a result of the foregoing, net cash generated from operating activities was ₹ 604.09 million for Fiscal 2013.

For Fiscal 2013, net cash used in investing activities was ₹ 125.56million. This was primarily due to ₹ 127.85 million used for purchase of fixed assets and intangible assets, partially offset by the generation of ₹ 2.29 million from the sale of fixed assets.

Net cash generated in financing activities was ₹ 461.55 million for Fiscal 2013. This was primarily due to issuance of Equity Share capital of ₹ 104.83 million, share premium gained from issuance of Equity Shares of ₹ 682.24 million, which was partially offset by ₹ 160.00 million used for redemption of tier II bonds by our Bank, ₹ 111.03 million used to pay interest on tier II bonds and ₹ 54.49 million used for payment of dividends (including taxes on dividends).

Fiscal year ended March 31, 2012

As at March 31, 2012, we had cash and cash equivalents of ₹ 9,710.10 million.

Our restated profit before taxation was ₹ 297.04 million for Fiscal 2012. This amount was adjusted for non-cash items and non-operating expenses including ₹ 63.20 million for depreciation on fixed assets, ₹ 22.18 million for amortisation of intangible assets, ₹ 640.09 million for provisions and contingencies, ₹ 74.60 million for interest on tier II Bonds and ₹ 23.73 million for other adjustments. Our operating profit before working capital changes was ₹ 1,120.84 million. We also generated cash from working capital changes including borrowings of ₹ 2,098.46 million, ₹ 18,792.01 million from deposits and ₹ 490.07 million from other liabilities, which was offset by working capital changes of investments of ₹ 4,543.77 million, advances of ₹ 14,958.81million and other assets of ₹ 381.95 million. Further we also paid taxes of ₹ 146.94 million. As a result of the foregoing, net cash generated from operating activities was ₹ 2,469.91 million for Fiscal 2012.

For Fiscal 2012, net cash used in investing activities was ₹ 74.70 million. This was primarily due to ₹ 91.13million used for purchase of fixed assets and intangible assets, partially offset by the generation of ₹ 16.43 million from the sale of fixed assets.

Net cash generated in financing activities was ₹ 313.99 million for Fiscal 2013. This was primarily due to issuance of Equity Share capital of ₹ 0.68 million, share premium gained from issuance of Equity Shares of ₹ 6.61 million, ₹ 418.00 million from issuance of tier II bonds by our Bank, which was partially offset by ₹ 74.60 million used to pay interest on tier II bonds and ₹ 36.70 million used for payment of dividends (including taxes on dividends).

Qualitative Disclosure about Risk and Risk Management

Interest rate risk

Since a substantial portion of our rupee liabilities are fixed rate bearing and we have a mix of floating and fixed-rate assets (with rupee advances substantially floating rate bearing and investments wholly fixed rate bearing), movements in domestic interest rates constitute the main source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of asset-liability management. Our Market Risk Management Policy and Liquidity Management Policy, which has been approved and adopted by our Board of Directors, sets forth the broad guidelines for asset liability management activities. The asset liability management function, *inter alia*, categorizes all rate sensitive assets and liabilities into various time period categories according to interest rate sensitivity. We follow RBI guidelines for managing our asset and liability position. Our cost of borrowings has been and will be negatively impacted by an increase in interest rates. Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity profile of our assets and liabilities. An interest rate sensitivity report is prepared by classifying all assets and liabilities into various categories according to interest rate sensitivity for reporting on a monthly basis to the ALCO. The difference between the amounts of assets and liabilities maturing in any maturity category provides a measure of the extent to which we are exposed to the risk of potential changes in the margins on new assets and liabilities.

Our asset and liability management committee meets on a monthly basis and reviews the interest rate and liquidity gap positions on the book, formulates a view on interest rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, in light of the then-current and expected business environment.

Liquidity risk

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying deposits and borrowings. This could be due to a decline in the expected collection, or our inability to raise adequate resources at an appropriate price. This risk is minimized through a mix of strategies, including reducing reliance on bulk deposits, maintaining adequate stock of liquid assets and following a forward-looking borrowing programme based on projected loans and maturing obligations. We monitor liquidity risk through our asset liability management function aided by liquidity gap reports. This involves the categorization of all assets and liabilities in different maturity profiles, and evaluating them for any mismatches in any particular maturities, especially in the short term. Our Liquidity Management Policy is based on RBI guidelines and the ALCO's guidelines and establishes the maximum allowed mismatches in the various maturities.

Exchange rate risk

The majority of our assets are financed in rupees and, therefore, we do not have any significant exchange rate risk on our asset portfolio. We do not directly hedge exposures individually, though we manage our foreign currency positions on a portfolio basis. As a financial intermediary, we are exposed to exchange rate risk on our merchant and proprietary transactions, which we manage through methods such as maintaining currency wise intra-day and overnight limits on uncovered positions specified by our Board of Directors. Some of these transactions also result in credit exposure on counterparties, which is managed by setting suitable counterparty limits. Notwithstanding the above, changes in exchange rates, including between the Rupee and the U.S. Dollar or any other foreign currency, can affect the general economy, which could have an adverse impact on our business.

Indebtedness, contractual obligations, commitments, contingent liabilities and off-balance sheet arrangements

The following table summarizes our indebtedness, contractual obligations and commitments to make future payments as of September 30, 2014, and the effect that such obligation and commitments are expected to have on liquidity and cash flow in future periods.

(in ₹ million)

Particulars	Fiscal 2015	Fiscal 2016	Fiscal2017	Post Fiscal 2017
Refinance from NABARD/NHB	126.48	36.48	Nil	Nil
Repo borrowing	4,590	Nil	Nil	Nil
Tier II bonds	157	Nil	Nil	418

Particulars	Fiscal 2015	Fiscal 2016	Fiscal2017	Post Fiscal 2017
Total Contractual Obligations	4,873.48	36.48	Nil	418

Contingent liabilities

As of September 30, 2014, we had the following contingent liabilities which have not been provided for in our financial information.

(in ₹ million)

Particulars	For the six months ended September 30, 2014
Claims against our Bank not acknowledged as debt	72.57
Liability on account of outstanding forward exchange contracts	5,406.24
Guarantees given on behalf of constituents	
In India	2,096.30
Outside India	-
Acceptance, Endorsement & other obligations	1,037.70
Other Items for which our Bank is contingently liable	187.36
Total	**8,800.17**
Bills for collection	763.54

Off-balance sheet arrangements

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with other entities that have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

For details on related party transactions, please see the section titled "*Related Party Transactions*" on page F-178.

Information required as per Item IX(E) of Part A of Schedule VIII of the SEBI ICDR Regulations

Significant developments after September 30, 2014 that may affect our future results of operations

Except as stated below, there are no developments subsequent to September 30, 2014 that we believe is expected to have a material impact on the reserves, profits/(losses), earnings/(losses) per share and book value of our Bank.

(i) We have received an amount of ₹ 34.06 million as share capital on preferential allotment of Equity Shares and ₹ 579.04 towards share premium in respect of the Equity Shares allotted. See the section titled "*Capital Structure*" on page 81.

(ii) We have undertaken a rights issue of Equity Shares and received an amount of ₹ 150.84 million as share capital and ₹ 980.49 million towards share premium in respect of the Equity Shares allotted. See the section titled "*Capital Structure*" on page 81.

(iii) One of our corporate advances amounting to ₹ 530.43 million turned into an NPA with a total adverse impact of ₹ 290.57 million (₹ 191.81 after tax) in our profit and loss account, being ₹ 78.40 million on account of interest reversal and ₹ 212.17 million on account of NPA provisioning.

(iv) Upon the finalisation and implementation of the 10th Bipartite Settlement employees of our Bank may get a 15% annual wage increase in salary and allowances (on salary slip components) effective from November 1, 2012. See the sub-section titled " – *Factors Affecting our Financial Results - Our ability to manage costs and expenses*" on page 193. We have, till September 30, 2014, provided for such expected wage revision estimating the wage increase at 10%.

(v) Mr. Rakesh Bhatia resigned as our MD and CEO on March 20, 2015. See the section titled "*Our Management*" on page 172.

Unusual or infrequent events or transactions

There have been no unusual or infrequent transactions that have taken place during the last three Fiscals years and the six months ended September 30, 2014.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as disclosed in this section, there are no significant economic changes that materially affected or are likely to affect our income from continuing operations.

Known trends or uncertainties

Other than as described in the section titled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 13 and 191 respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income from continuing operations.

Future changes in relationship between costs and revenues

Other than as described in the section titled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 13 and 191respectively, to our knowledge there are no future relationship between costs and revenues that have or had or are expected to have a material adverse impact on our operations and finances.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Changes in income from operations during the last three Fiscal years are as explained in this section titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on page 191.

Total turnover of each major industry segment in which the issuer operates

For details of the total turnover, please refer to the section titled "*Financial Statements*" on page 190.

New products or business segment

Except as stated in the section titled "*Our Business*" on page 127, we have not entered into any agreements for new products or business segments or publicly announced introduction of any new products or services.

Seasonality of business

Our business is not seasonal in nature.

Significant dependence on single supplier /customer

See the section titled "*Risk Factors – We have regional concentration in southern India, especially Kerala. Any adverse change in the economic condition of Kerala and other states in southern India can impact our results of operations. Additionally, we may not be successful in expanding our operations to other parts of India*" and "*Risk Factors – We have a concentration of deposits from certain depositors, which exposes us to liquidity risk, the crystallization of which could materially and adversely affect our business, financial conditions, result of operations and prospects*" on pages 14 and 23, respectively.

Competitive conditions

For details of our competitors, please refer to the discussions of our competition in the sections titled "*Risk Factors*" and "*Our Business*" on pages 13 and 127.

SELECTED STATISTICAL INFORMATION

The following information should be read together with our financial statements included in this Draft Red Herring Prospectus as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation." The amounts presented in this section are based on our financial statements prepared in accordance with Indian GAAP and internally generated statistical data. These amounts do not give effect to the adjustment to our net profits as a result of their statement of our unconsolidated financial statements in connection with this Issue.

Average Balance Sheet and Net Interest Margin

(₹in million)

	Year ending March 31, 2010			Year ending March 31, 2011			Year ending March 31, 2012		
Assets (Interest Earning)	Average Balance	Interest Income/ Interest expense	Average yield/cost (%)	Average Balance	Interest Income/Interest expense	Average yield/cost(%)	Average Balance	Interest Income/Interest expense	Average yield/ cost (%)
Advances	36190.76	4171.31	11.53	52837.28	6007.41	11.37	67248.17	8615.04	12.81
Investments	27164.29	1413.12	5.20	26037.40	1553.24	5.97	30254.73	2008.63	6.64
Others	2807.50	195.13	6.95	774.42	60.67	7.83	835.83	132.67	15.87
Total Interest Earning Assets (Other than Interest Bearing)	66162.55	5779.56	8.74	79649.10	7621.32	9.57	98338.73	10756.34	10.94
Fixed assets (Including Revaluation reserve)	942.34			844.35			794.75		
Other assets	6601.04			7347.18			8712.98		
Total Assets	73705.93	5779.56	7.84	87840.63	7621.32	8.68	107846.46	10756.34	9.97
Less: Revaluation Reserves	404.85			398.32			391.39		
Net Total Assets	73301.08	5779.56	7.88	87442.31	7621.32	8.72	107455.07	10756.34	10.01
Liabilities (Interest Bearing)									
Deposits	64634.82	4460.44	6.90	77219.73	4963.09	6.43	94654.49	7380.10	7.80
of which:-									
Demand	2881.78	0.00	0.00	2986.23	0.00	0.00	3060.67	0.00	0.00
Saving	13879.14	419.76	3.02	15667.93	546.50	3.49	16707.09	659.38	3.95
Term	47873.90	4040.68	8.44	58565.57	4416.59	7.54	74886.73	6720.72	8.97
Borrowings	1349.96	91.11	6.75	2050.29	176.70	8.62	3110.56	305.99	9.84
Borrowings (Other than Tier-II Bonds)	431.13	11.02	2.56	1131.46	85.93	7.59	2193.56	230.39	10.50
Tier- II Bonds	918.83	80.09	8.72	917.00	90.77	9.88	917.00	75.60	8.24
Total Interest bearing Liabilities	65984.78	4551.55	6.90	79268.19	5139.79	6.48	97765.05	7686.09	7.86

Capital & Reserves	3867.88			4869.86			5511.06		
Other Liabilities	3853.27			3702.58			4570.35		
Total Liabilities	73705.93			87840.63			107846.46		
Net Interest Income	1228.01			2481.53			3070.25		
Net Interest Income/Average Net Total assets	1.68			2.84			2.86		
Net profit before tax	-197.85			292.60			297.04		
Net profit After tax	-61.88			199.73			260.44		

Average Balance Sheet and Net Interest Margin

(₹in million

	Year ending March 31, 2013			Year ending March 31, 2014			Half Year ending September 30, 2014*		
Assets (Interest Earning)	Average Balance	Interest Income/ Interest expense	Average yield/cost	Average Balance	Interest Income/ Interest expense	Average yield/cost	Average Balance	Interest Income/ Interest expense	Average yield/cost
Advances	82879.90	10743.45	12.96	86915.40	11386.97	13.10	90629.63	5762.99	12.72
Investments	32867.28	2262.59	6.88	45498.11	3304.09	7.26	50903.68	1862.06	7.32
Others	2192.73	202.60	9.24	3295.00	348.72	10.58	808.33	67.29	16.65
Total Interest Earning Assets (Other than Interest Bearing)	117939.91	13208.64	11.20	135708.51	15039.78	11.08	142341.64	7692.34	10.81
Fixed assets (Including Revaluation reserve)	1255.43			1749.10			1792.25		
Other assets	9451.71			9342.00			9630.90		
Total Assets	128647.05	13208.64	10.27	146799.61	15039.78	10.25	153764.79	7692.34	10.00
Less: Revaluation Reserves	827.39			1260.12			1249.78		
Net Total Assets	127819.66	13208.64	10.33	145539.49	15039.78	10.33	152515.01	7692.34	10.09
Liabilities (Interest Bearing)									
Deposits	113050.54	9502.27	8.41	129439.90	10942.40	8.45	135488.80	5661.42	8.36
of which:-									
Demand	3111.87	0.00	0.00	3098.29	0.00	0.00	3468.64	0.00	0.00
Saving	17925.33	713.91	3.98	19281.81	768.33	3.98	20915.90	419.06	4.01
Term	92013.34	8788.36	9.55	107059.80	10174.07	9.50	111104.26	5242.36	9.44
Borrowings	3465.97	314.21	9.07	3639.88	305.34	8.39	4837.67	192.58	7.96
Borrowings (Other than Tier-II Bonds)	2277.64	200.95	8.82	2489.88	194.66	7.82	4212.67	157.45	7.48
Tier- II Bonds	1188.33	113.26	9.53	1150.00	110.67	9.62	625.00	35.12	11.24
Total Interest bearing Liabilities	116516.51	9816.48	8.42	133079.78	11247.73	8.45	140326.47	5853.99	8.34
Capital & Reserves	6276.21			7792.06			7814.19		
Other Liabilities	5854.33			5927.77			5624.13		
Total Liabilities	128647.05			146799.61			153764.79		
Net Interest Income	3392.16			3792.02			1838.34		
Net Interest Income/Average Net Total	2.65			2.61			2.41		

assets									
Net profit before tax	327.46			468.98			-276.12		
Net profit After tax	266.17			309.46			-181.47		

* ***Annualized***

Analysis of Changes In Interest Income & Interest Expense Volume And Rate Analysis

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between average volume and changes in average rates. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

(₹ in million)

	Fiscal 2011 Vs Fiscal 2010			Fiscal 2012 Vs Fiscal 2011			Fiscal 2013 Vs Fiscal 2012			Fiscal 2014 Vs Fiscal 2013		
	Net Changes in Interest income or expense	Change due to change in average rate	Changes due to change in average volume	Net Changes in Interest income or expense	Change due to change in average rate	Changes due to change in average volume	Net Changes in Interest income or expense	Change due to change in average rate	Changes due to change in average volume	Net Changes in Interest income or expense	Change due to change in average rate	Changes due to change in average volume
Interest Income :	1841.76	123.03	1718.73	3135.02	1240.16	1894.86	2452.30	60.91	2391.39	1831.14	336.67	1494.47
Advances	1836.10	-82.56	1918.66	2607.63	969.16	1638.47	2128.41	125.86	2002.55	643.52	120.41	523.11
Investments	140.12	198.74	-58.62	455.39	203.81	251.58	253.96	80.51	173.45	1041.50	171.99	869.51
Others	-134.46	6.85	-141.31	72.00	67.19	4.81	69.93	-145.46	215.38	146.12	44.27	101.85
Interest Expense :	588.24	-386.01	974.25	2546.30	1198.56	1347.73	2130.39	514.08	1616.31	1431.25	-74.95	1506.20
Deposits	502.65	-453.85	956.50	2417.01	1149.94	1267.07	2122.17	537.07	1585.10	1440.13	-51.01	1491.14
Demand Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saving Deposits	126.74	72.64	54.10	112.88	76.63	36.25	54.53	6.45	48.08	54.42	0.40	54.02
Term Deposits	375.91	-526.49	902.40	2304.13	1073.30	1230.83	2067.64	530.61	1537.03	1385.71	-51.40	1437.11
Borrowings	74.91	57.00	17.90	144.46	63.80	80.66	-29.44	-38.27	8.83	-6.29	-25.00	18.71
Tier-II Bonds	10.68	10.84	-0.16	-15.17	-15.17	0.00	37.66	15.29	22.37	-2.59	1.07	-3.65
Net Interest Income	1253.51	507.58	745.94	588.72	43.97	544.76	321.90	-453.18	775.07	399.89	411.61	-11.75

Yields, Spreads And Margins

(₹ in million)

For the Period ended	2010	2011	2012	2013	2014	30.09.2014
1).Interest Income	5779.56	7621.32	10756.34	13208.64	15039.78	7692.34
2)Average Interest earning Assets	66162.55	79649.10	98338.73	117939.91	135708.51	142341.64
3)Interest Expense	4551.55	5139.79	7686.09	9816.48	11247.73	5853.99
4)Average interest bearing Liabilities	65984.78	79268.19	97765.05	116516.51	133079.78	140326.47
5)Net Interest Income (1-3)	1228.01	2481.53	3070.25	3392.16	3792.04	1838.34
6)Net Profit After Tax	-61.88	199.73	260.44	266.17	309.46	-181.47
7)Average Net Total assets (Net of Revaluation Reserve)	73301.08	87442.31	107455.07	127819.66	145539.49	152515.01

8)Average Share Capital & Reserves (Net of Revaluation Reserve)	3463.03	4471.54	5119.67	5448.82	6531.94	6564.41
9)Average interest earning assets as % of average net total assets (2 / 7)	90.26%	91.09%	91.52%	92.27%	93.25%	93.33%
10)Average interest bearing liabilities as % of average net total assets (4 / 7)	90.02%	90.65%	90.98%	91.16%	91.44%	92.01%
11)Average interest earning assets as % of average interest bearing liabilities [2 / 4]	100.27%	100.48%	100.59%	101.22%	101.98%	101.44%
12)Yield (1 / 2)	8.73%	9.57%	10.94%	11.20%	11.08%	10.81%*
13)Average Cost of Loan Funds (3 / 4)	6.90%	6.48%	7.86%	8.42%	8.45%	8.34%*
14)Spread [13-14]	1.83%	3.09%	3.08%	2.78%	2.63%	2.47%
15)Net Interest Income/Average earning assets (5/2) / 2)	1.86%	3.12%	3.12%	2.88%	2.79%	2.58%*
16)Return on average net total assets [6 / 7]	-0.08%	0.23%	0.24%	0.21%	0.21%	-0.24%*
17)Average Share Capital & Reserves to Average Total Net Assets [8 / 7]	4.72%	5.11%	4.76%	4.26%	4.49%	4.30%
18)Profit Available for Equity shareholders to Average Equity Share Holders fund	-1.79%	4.47%	5.09%	4.88%	4.74%	-5.53%*

* ***Annualized***

<u>Total Deposits</u>

(₹in million)

	As on 31.03.2010		As on 31.03.2011		As on 31.03.2012		As on 31.03.2013		As on 31.03.2014		As on 30.09.2014	
	Balance O/S	% of Total	Balance O/S	% of Total	Balance O/S	% of Total	Balance O/S	% of Total	Balance O/S	% of Total	Balance O/S	% of Total
Demand Deposit (A)	2920.88	4.19%	3268.99	3.75%	3478.59	3.28%	3293.55	2.67%	3314.45	2.42%	3895.03	2.75%
From Banks	6.05	0.01%	12.19	0.01%	14.49	0.01%	3.88	0.00%	5.32	0.00%	2.51	0.00%
From Others	2914.83	4.18%	3256.80	3.73%	3464.10	3.27%	3289.67	2.67%	3309.13	2.42%	3892.52	2.75%
Savings Deposits (B)	14605.94	20.93%	16242.46	18.61%	17004.97	16.04%	18340.40	14.86%	20295.38	14.84%	21553.38	15.22%
CASA(A+B)	17526.82	25.12%	19511.45	22.36%	20483.56	19.32%	21633.95	17.53%	23609.83	17.27%	25448.41	17.97%
Term Deposits	52256.68	74.88%	67745.24	77.64%	85565.14	80.68%	101782.31	82.47%	113128.78	82.73%	116206.61	82.03%
From Banks	1671.39	2.40%	2804.42	3.21%	4213.90	3.97%	4594.61	3.72%	4989.09	3.65%	3681.08	2.60%
From Others	50585.29	72.49%	64940.82	74.43%	81351.24	76.71%	97187.70	78.75%	108139.69	79.08%	112525.53	79.44%
Total Deposits	**69783.50**	**100.00%**	**87256.69**	**100.00%**	**106048.70**	**100.00%**	**123416.26**	**100.00%**	**136738.61**	**100%**	**141655.02**	**100.00%**

Break-up of Deposits

Break-up of Deposits of the Bank for the last 5 years is as under.

(₹in million)

Particulars	**31-Mar-10**	**31-Mar-11**	**31-Mar-12**	**31-Mar-13**	**31-Mar-14**	**30-Sep-14**
Demand Deposits (Including	2920.88	3268.99	3478.59	3293.55	3314.45	3895.03

Demand Deposit From Banks)						
Saving Bank Deposits	14605.94	16242.46	17004.97	18340.40	20295.38	21553.38
Term Deposits	52256.68	67745.24	85565.14	101782.31	113128.78	116206.61
Bulk (accepted under DRI – Other than Card Rate)	8698.2	16464.1	20495	27240.7	28966.40	29090.60
Retail	43558.48	51281.14	65070.14	74541.61	84162.38	87116.01
Total	**69783.50**	**87256.69**	**106048.70**	**123416.26**	**136738.61**	**141655.02**

Maturity Profile of Deposits (Behavioural maturity of Deposits)

Maturity profile of deposits at the end of last 5 Fiscal years and as of Half year ended 30 September 2014 is as under:

(₹in million)

Year ended	31-Mar-10		31-Mar-11		31-Mar-12		31-Mar-13		31-Mar-14		30-Sep-14	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Upto 1 year	13709.2	19.65%	19151.3	21.95%	25471.2	24.02%	29500.1	23.90%	31853.4	23.30%	31824.54	22.47%
1 year to 3 years	19247.9	27.58%	23768.2	27.24%	26852.4	25.32%	31789.4	25.76%	31039	22.70%	32887.96	23.22%
3 years to 5 years	1543.1	2.21%	954.9	1.09%	1175.7	1.11%	1914.9	1.55%	3584	2.62%	3430.66	2.42%
Over 5 years	35283.3	50.56%	43382.3	49.72%	52549.4	49.55%	60211.9	48.79%	70262.2	51.38%	73511.86	51.89%
Total	69783.5	100.00%	87256.7	100.00%	106048.7	100.00%	123416.3	100.00%	136738.6	100.00%	141655.02	100.00%

Break up of Gross Advances

(₹in million)

	As on 31.03.2010		As on 31.03.2011		As on 31.03.2012		As on 31.03.2013		As on 31.03.2014		As on 30.09.2014	
Asset Classification	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Standard Assets	43952.20	96.71%	61101.00	96.95%	75847.60	97.64%	87651.1	97.65%	85204.70	96.23%	90741.9	94.44%
N P A	1492.90	3.29%	1924.50	3.05%	1829.30	2.36%	2108.60	2.35%	3335.50	3.77%	5345.8	5.56%
Of which												
Sub Standard	368.20	0.81%	811.40	1.29%	612.70	0.80%	894.00	1.00%	938.70	1.06%	2895.8	3.01%
Doubtful	1038.90	2.29%	1025.80	1.63%	1135.50	1.46%	1156.80	1.29%	2339.00	2.64%	2389.7	2.49%
Loss	85.80	0.19%	87.30	0.13%	81.10	0.10%	57.80	0.06%	57.80	0.07%	60.3	0.06%
Total	45445.10	100.00%	63025.50	100.00%	77676.90	100.00%	89759.70	100.00%	88540.20	100.00%	96087.7	100.00%

Non Performing Assets after restating provisions

(₹in million)

Item	As on					
	2010	2011	2012	2013	2014	30.09.2014
Net NPAs to Net Advances (%)	1.58%	1.74%	1.10%	1.12%	2.22%	3.76%
ii)Movement of NPAs (Gross)						
a) Opening Balance	1717.80	1492.90	1924.50	1829.30	2108.60	3335.50

b) Additions during the year	534.80	1078.70	1002.00	1713.10	3903.60	2710.70
c) Reductions during the year	759.70	647.10	1097.20	1433.80	2676.70	700.50
d) Closing Balance	1492.90	1924.50	1829.30	2108.60	3335.50	5345.70
iii)Movement of Net NPAs	0.00	0.00	0.00	0.00	0.00	0
a) Opening Balance	879.40	705.20	1084.00	842.10	992.50	1932.40
b) Additions during the year	521.00	938.10	449.90	1426.90	3200.90	2299.80
c) Reductions during the year	695.20	559.30	691.80	1276.50	2261.00	689.10
d) Closing Balance	705.20	1084.00	842.10	992.50	1932.40	3543.10
iv)Movement of provisions for NPA	0.00	0.00	0.00	0.00	0.00	0.00
(Excluding provisions on standard Assets)	0.00	0.00	0.00	0.00	0.00	0.00
a) Opening Balance	798.80	752.30	806.6	780.60	910.20	1351.40
b) Additions during the year	43.20	85.50	140.4	391.80	655.00	560.60
c) Reductions during the year	89.70	31.20	166.4	262.20	213.80	135.70
d) Closing Balance	752.30	806.60	780.6	910.20	1351.40	1776.30

Restructured Assets

(₹in million)

	For the period ending					
CDR Restructured Assets	**31.03.2010**	**31.03.2011**	**31.03.2012**	**31.03.2013**	**31.03.2014**	**30.09.2014**
Standard Assets	121.90	106.40	1236.90	2715.40	1699.90	649.70
Sub-standard Assets	0.00	0.00	0.00	0.00	0.00	0.00
Doubtful Assets	0.00	0.00	0.00	0.00	459.90	460.00
Loss Assets	0.00	0.00	0.00	0.00	0.00	0.00
Total CDR Restructured Assets	**121.90**	**106.40**	**1236.90**	**2715.40**	**2159.80**	**1109.70**
Others Restructured Assets						
Standard Assets	1247.20	781.30	2167.80	2786.70	1892.20	1858.80
Sub Standard Assets	8.40	61.50	14.30	29.30	56.40	0.33
Doubtful Assets	0.00	8.00	42.30	22.20	16.20	16.10
Loss Assets	0.00	0.00	0.00	0.00	0.00	0.00
Total Others Restructured Assets	**1255.60**	**850.80**	**2224.40**	**2838.20**	**1964.80**	**1875.23**
Total Restructured Assets	**1377.50**	**957.20**	**3461.30**	**5553.60**	**4124.60**	**2984.93**

Statement of 10 largest Gross Non Performing Assets

The followingtables sets forth our 10 largest gross non-performing assets. Together these borrowers constitute 59.01% of our gross NPAs as on September 30,2014

(₹in million)

	31.03.2010		**31.03.2011**		**31.03.2012**		**31.03.2013**		**31.03.2014**		**30.09.2014**	
Borrower	GNPA	Provision held	GNPA	Provision held	GNPA	Provision held	GNPA	Provision held	GNPA	Provision held	GNPA	Provision held
Borrower-1	79.90	16.00	175.90	17.60	170.00	0.00	202.70	30.40	577.86	144.50	600.00	90.00
Borrower-2	75.20	0.00	82.30	35.80	104.20	104.20	170.00	170.00	480.00	192.00	577.86	231.14

Borrower-3	63.50	63.50	79.90	24.00	89.80	0.00	100.00	25.00	202.70	50.70	500.00	75.00
Borrower-4	58.40	58.40	71.70	7.20	51.60	0.00	59.90	9.00	170.00	170.00	480.44	72.07
Borrower-5	52.80	52.80	52.80	52.80	38.10	0.00	53.40	8.00	166.40	25.00	480.10	192.04
Borrower-6	50.00	10.00	45.10	0.00	33.20	0.00	46.00	9.20	114.70	17.20	170.01	170.01
Borrower-7	43.80	21.30	43.80	21.30	27.80	0.00	38.20	4.50	91.60	13.70	134.66	20.20
Borrower-8	17.60	5.30	33.30	0.00	22.40	0.00	33.20	0.00	57.50	8.60	114.91	28.73
Borrower-9	16.80	3.40	28.10	2.80	20.30	0.00	31.50	4.70	45.80	6.90	48.68	7.30
Borrower-10	13.50	13.50	24.40	2.40	19.30	9.80	27.80	5.60	44.20	10.60	48.06	7.21

Statement of 10 Largest Single Exposure

(₹in million)

As on 31.03.2010						As on 31.03.2011					As on 31.03.2012				
Borrower	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**
Borrower-I	601.51	0.70%	14.95 %	0.79 %	Standard	1009.94	0.91%	18.02 %	1.03 %	Standard	1113.54	0.81%	18.22 %	0.93 %	Standard
Borrower -II	600.00	0.70%	14.91 %	0.79 %	Standard	1000.00	0.91%	17.84 %	1.02 %	Standard	866.87	0.63%	14.18 %	0.72 %	Standard
Borrower -III	536.60	0.62%	13.34 %	0.70 %	Standard	707.45	0.64%	12.62 %	0.72 %	Standard	756.15	0.55%	12.37 %	0.63 %	Standard
Borrower -IV	504.88	0.59%	12.55 %	0.66 %	Standard	698.85	0.63%	12.47 %	0.72 %	Standard	708.07	0.52%	11.58 %	0.59 %	Standard
Borrower -V	500.00	0.58%	12.43 %	0.66 %	Standard	631.30	0.57%	11.26 %	0.65 %	Standard	601.61	0.44%	9.84 %	0.50 %	Standard
Borrower -VI	500.00	0.58%	12.43 %	0.66 %	Standard	606.63	0.55%	10.82 %	0.62 %	Standard	557.11	0.41%	9.11 %	0.47 %	Standard
Borrower -VII	500.00	0.58%	12.43 %	0.66 %	Standard	603.75	0.55%	10.77 %	0.62 %	Standard	619.65	0.45%	10.14 %	0.52 %	Standard
Borrower -VIII	500.00	0.58%	12.43 %	0.66 %	Standard	600.16	0.54%	10.71 %	0.61 %	Standard	615.27	0.45%	10.06 %	0.51 %	Standard
Borrower -IX	500.00	0.58%	12.43 %	0.66 %	Standard	443.45	0.40%	7.91 %	0.45 %	Standard	605.69	0.44%	9.91 %	0.51 %	Standard

Borrower -X	400.01	0.46%	9.94%	0.53%	Standard	600.00	0.54%	10.70%	0.61%	Standard	556.12	0.41%	9.10%	0.46%	Standard

(₹in million)

	As on 31.03.2013					As on 31.03.2014					As on 30.09.2014				
Borrower	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Fund**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**
Borrower - I	1356.02	0.88%	18.56%	1.01%	Standard	1499.52	0.93%	20.36%	0.99%	Standard	1522.47	0.93%	22.65%	0.98%	Standard
Borrower -II	794.81	0.52%	10.88%	0.59%	Standard	1214.87	0.76%	16.50%	0.80%	Standard	1154.79	0.71%	17.18%	0.74%	Standard
Borrower -III	727.21	0.47%	9.95%	0.54%	Standard	798.86	0.50%	10.85%	0.53%	Standard	959.47	0.59%	14.27%	0.62%	Standard
Borrower -IV	651.44	0.42%	8.92%	0.48%	Standard	800.00	0.50%	10.86%	0.53%	Standard	804.91	0.49%	11.97%	0.52%	Standard
Borrower -V	685.46	0.45%	9.38%	0.51%	Standard	713.79	0.45%	9.69%	0.47%	Standard	700.00	0.43%	10.41%	0.45%	Standard
Borrower -VI	650.35	0.42%	8.90%	0.48%	Standard	620.58	0.39%	8.43%	0.41%	Standard	600.00	0.37%	8.93%	0.39%	NPA
Borrower -VII	611.17	0.40%	8.36%	0.45%	Standard	652.36	0.41%	8.86%	0.43%	Standard	635.71	0.39%	9.46%	0.41%	Standard
Borrower -VIII	571.33	0.37%	7.82%	0.42%	Standard	577.86	0.36%	7.85%	0.38%	NPA	577.86	0.35%	8.60%	0.37%	NPA
Borrower -IX	531.55	0.35%	7.27%	0.40%	Standard	519.98	0.32%	7.06%	0.34%	NPA	520.10	0.32%	7.74%	0.33%	NPA
Borrower -X	530.00	0.35%	7.25%	0.39%	Standard	550.24	0.34%	7.47%	0.36%	Standard	500.00	0.31%	7.44%	0.32%	NPA

Statement of 10 largest Group Exposure

(₹in million)

	As on 31.03.2010					As on 31.03.2011					As on 31.03.2012				
Borrower	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**
Group I	842.05	0.98%	20.93%	1.11%	Standard	903.30	0.82%	16.12%	0.93%	Standard	999.40	0.73%	16.35%	0.83%	Standard
Group II	765.81	0.89%	19.03%	1.01%	Standard	796.90	0.72%	14.22%	0.82%	Standard	759.40	0.55%	12.42%	0.63%	Standard
Group	587.33	0.68%	14.60	0.77	Standard	704.30	0.64%	12.57	0.72	Standard	729.60	0.53%	11.94	0.61	Standard

III			%	%				%	%				%	%	
Group IV	468.15	0.54%	11.64 %	0.61 %	Standard	495.30	0.45%	8.84%	0.51 %	Standard	618.20	0.45%	10.11 %	0.52 %	Standard
Group V	324.29	0.38%	8.06%	0.43 %	Standard	487.50	0.44%	8.70%	0.50 %	Standard	562.20	0.41%	9.20%	0.47 %	Standard
Group VI	299.04	0.35%	7.43%	0.39 %	Standard	437.60	0.40%	7.81%	0.45 %	Standard	543.50	0.40%	8.89%	0.45 %	Standard
Group VII	273.35	0.32%	6.79%	0.36 %	Standard	436.70	0.40%	7.79%	0.45 %	Standard	528.00	0.38%	8.64%	0.44 %	Standard
Group VIII	270.00	0.31%	6.71%	0.35 %	Standard	328.80	0.30%	5.87%	0.34 %	Standard	510.40	0.37%	8.35%	0.43 %	Standard
Group IX	267.30	0.31%	6.64%	0.35 %	Standard	295.60	0.27%	5.27%	0.30 %	Standard	488.70	0.36%	7.99%	0.41 %	Standard
Group X	266.50	0.31%	6.62%	0.35 %	Standard	288.30	0.26%	5.14%	0.30 %	Standard	459.90	0.34%	7.52%	0.38 %	Standard

(₹in million)

	As on 31.03.2013					As on 31.03.2014					As on 30.09.2014				
Borrower	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**	**Exposure**	**%of total outstanding exposure**	**%of Capital Funds**	**%of Total Assets**	**Asset Classification**
Group I	862.80	0.56%	11.81 %	0.64 %	Standard	2358.00	1.47%	32.02 %	1.55 %	Standard	2327.4	1.43%	34.62 %	1.50 %	Standard
Group II	778.00	0.51%	10.65 %	0.58 %	Standard	907.30	0.57%	12.32 %	0.60 %	Standard	907.8	0.56%	13.50 %	0.58 %	Standard
Group III	656.60	0.43%	8.99 %	0.49 %	Standard	814.80	0.51%	11.06 %	0.54 %	Standard	595.3	0.37%	8.86 %	0.38 %	Standard
Group IV	507.50	0.33%	6.95 %	0.38 %	Standard	758.90	0.47%	10.30 %	0.50 %	Standard	529.2	0.32%	7.87 %	0.34 %	Standard
Group V	499.80	0.33%	6.84 %	0.37 %	Standard	558.20	0.35%	7.58 %	0.37 %	Standard	455	0.28%	6.77 %	0.29 %	Standard
Group VI	451.50	0.29%	6.18 %	0.34 %	Standard	446.20	0.28%	6.06 %	0.29 %	Standard	380.1	0.23%	5.65 %	0.24 %	Standard
Group VII	420.50	0.27%	5.75 %	0.31 %	Standard	379.30	0.24%	5.15 %	0.25 %	Standard	379	0.23%	5.64 %	0.24 %	Standard
Group VIII	404.00	0.26%	5.53 %	0.30 %	Standard	378.30	0.24%	5.14 %	0.25 %	Standard	370.3	0.23%	5.51 %	0.24 %	Standard
Group IX	385.00	0.25%	5.27 %	0.29 %	Standard	374.30	0.23%	5.08 %	0.25 %	Standard	346.7	0.21%	5.16 %	0.22 %	Standard
Group X	365.00	0.24%	5.00 %	0.27 %	Standard	317.70	0.20%	4.31 %	0.21 %	Standard	322.7	0.20%	4.80 %	0.21 %	Standard

Loan Portfolio (Facility-wise)-Gross Advance

(₹in million)

Category	As of March 31, 2010		As of March 31,2011		As of March 31, 2012		As of March 31,2013		As of March 31, 2014		As on September 30,2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Bills	784.94	1.73%	1095.25	1.74%	1949.47	2.51%	2547.67	2.84%	4742.52	5.36%	8014.61	8.34%
Demand Loans	28171.73	61.99%	38423.14	60.96%	50905.13	65.53%	63826.72	71.11%	57328.17	64.75%	61775.60	64.29%
Term loans	16488.41	36.28%	23507.09	37.30%	24822.30	31.96%	23385.32	26.05%	26469.51	29.90%	26297.44	27.37%
Total	**45445.08**	**100.00%**	**63025.48**	**100.00%**	**77676.90**	**100.00%**	**89759.71**	**100.00%**	**88540.20**	**100.00%**	**96087.65**	**100.00%**

Loan Portfolio (Sector-wise)-Gross Advance

(₹in million)

Category	As of March 31, 2010		As of March 31, 2011		As of March 31, 2012		As of March 31, 2013		As of March 31, 2014		As of Sept. 30, 2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Housing & Retail	5355.10	11.78%	6294.00	9.99%	6573.50	8.46%	5075.60	5.65%	5024.80	5.68%	5880.90	6.12%
Corporate *	17851.75	39.28%	27358.17	43.41%	29591.10	38.10%	28184.65	31.40%	28202.47	31.85%	31253.43	32.75%
Others	22238.23	48.93%	29373.31	46.61%	41512.30	53.44%	56499.46	62.95%	55312.93	62.47%	58953.32	61.13%
Total	**45445.08**	**100.00%**	**63025.48**	**100.00%**	**77676.90**	**100.00%**	**89759.71**	**100.00%**	**88540.20**	**100.00%**	**96087.65**	**100.00%**

*** Definition of corporate as per Basel II guidelines**

Priority Sector Lending

Details of sector-wise distribution of Gross Priority Sector advances for the last 5 years are given below:

(₹in million)

Reporting date	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	30-Sep-14
Total Priority Sector Advances	14,810.40	2,1750.5	2,5320.60	1,9134.5	25,666.90	32,140.20
Total Agricultural Advances	5,512.00	9,285.20	11,464.60	4,9787.0	4,283.20	6,481.10
Weaker Section Advances	143.10	8,090.00	10,324.00	4,102.80	2,644.10	5,485.20

Loan Portfolio (Security-wise)-Gross Advance

(₹in million)

Category	As of March 31, 2010		As of March 31,2011		As of March 31, 2012		As of March 31,2013		As of March 31, 2014		As on September 30,2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Secured by tangible assets(includes advances against book debts	39810.41	87.60%	55566.62	88.17%	72260.26	93.03%	83623.76	93.16%	80149.83	90.52%	84822.02	88.28%
Covered by Bank/ Government Guarantees	607.64	1.34%	1359.32	2.16%	1845.01	2.38%	2567.36	2.86%	4919.63	5.56%	6601.57	6.87%
Unsecured	5027.03	11.06%	6099.54	9.68%	3571.63	4.60%	3568.59	3.98%	3470.74	3.92%	4664.06	4.85%
Total	45445.08	100.00%	63025.48	100.00%	77676.90	100.00%	89759.71	100.00%	88540.20	100.00%	96087.65	100.00%

Industry wise Total Outstanding and Outstanding of Top 10 Companies in respective Industry

(₹ in million)

Industry	As on 31.03.2010			As on 31.03.2011			As on 31.03.2012		
	Funded Outstanding	Funded Outstanding to top ten companies in the industry	Funded Outstanding to top ten companies as a % of outstanding to the industry	Funded Outstanding	Funded Outstanding to top ten companies in the industry	Funded Outstanding to top ten companies as a % of outstanding to the industry	Funded Outstanding	Funded Outstanding to top ten companies in the industry	Funded Outstanding to top ten companies as a % of outstanding to the industry
All engineering	912.04	678.27	74.37	1449.27	1082.75	74.71	2157.86	1603.06	74.29
Automobiles	891.69	850.64	95.40	1747.96	1589.95	90.96	1794.58	1662.30	92.63
Cement	24.20	14.61	60.37	227.56	215.35	94.63	37.35	22.54	60.35
Chemicals	2283.79	1898.97	83.15	3151.16	2704.38	85.82	2656.11	2212.80	83.31
Coal	4.89	4.89	100.00	5.76	5.75	99.84	4.40	4.40	100.00
Construction	1143.96	625.87	54.71	2805.38	1676.91	59.77	2907.12	1622.93	55.83
Food	657.63	307.63	46.78	1241.25	621.70	50.09	1318.53	537.06	40.73
Infrastructure	2573.32	2196.03	85.34	4192.68	3513.57	83.80	4352.52	3647.24	83.80
Iron and steel	44.83	43.40	96.81	57.45	52.67	91.68	53.33	45.85	85.97
Jewelleries	50.60	39.73	78.51	101.80	70.99	69.73	161.29	107.20	66.46
Leather	95.69	54.24	56.68	86.74	47.72	55.01	64.34	42.78	66.49
Mining	143.55	137.01	95.44	297.53	230.43	77.45	368.46	257.92	70.00
NBFC	571.69	485.91	85.00	593.46	520.46	87.70	1350.86	1323.06	97.94
Oil	71.98	68.27	94.84	133.42	127.14	95.29	54.56	51.00	93.47
Other Industries	1063.13	593.15	55.79	1129.73	452.25	40.03	1398.14	478.80	34.25
Other metals and metal products	450.59	377.76	83.84	410.83	306.72	74.66	494.54	362.82	73.37
Paper	187.30	139.19	74.31	285.14	202.57	71.04	293.08	193.47	66.01
Petroleum	9.15	9.15	100.00	20.59	20.59	100.00	21.83	21.83	100.00
Rubber	89.12	67.78	76.06	178.23	125.04	70.15	211.33	137.25	64.95
Software	17.21	15.21	88.38	133.90	129.64	96.82	152.06	145.97	95.99
Sugar	2.35	2.35	100.00	2.06	2.06	100.00	0.15	0.15	100.00
Tea	1.18	1.18	100.00	40.70	40.70	100.00	49.22	49.22	100.00
Textiles	4728.63	967.84	20.47	6307.13	1770.56	28.07	5215.61	1551.98	29.76
Tobacco and Beverages	288.96	287.52	99.50	282.38	280.49	99.33	134.80	133.53	99.06
Total	**16307.48**	**9866.60**	**1905.75**	**24882.11**	**15790.39**	**1896.58**	**25252.07**	**16215.16**	**1834.66**

(₹ in million)

Industry	As on 31.03.2013			As on 31.03.2014			As on 30.09.2014		
	Funded Outstanding	Funded Outstanding to top ten companies in the industry	Funded Outstanding to top ten companies as a % of outstanding to the industry	Funded Outstanding	Funded Outstanding to top ten companies in the industry	Funded Outstanding to top ten companies as a % of outstanding to the industry	Funded Outstanding	Funded Outstanding to top ten companies in the industry	Funded Outstanding to top ten companies as a % of outstanding to the industry
All engineering	1340.22	871.17	65.00	973.11	580.69	59.67	1104.57	677.62	61.35
Automobiles	1349.81	1133.60	83.98	1102.34	1003.24	91.01	1022.35	908.45	88.86
Cement	49.28	29.99	60.86	65.01	37.78	58.11	64.18	35.42	55.19
Chemicals	2533.56	2107.35	83.18	2437.78	2158.18	88.53	1588.98	1454.51	91.54
Coal	2.08	2.08	100.00	1.99	1.99	100.00	2.99	2.99	100.00
Construction	3166.40	1789.82	56.53	3541.41	1819.85	51.39	4207.58	2278.11	54.14
Food	1805.65	772.61	42.79	1707.54	797.86	46.73	2561.60	1290.96	50.40
Infrastructure	4209.92	3125.27	74.24	3505.51	2580.13	73.60	4055.03	2661.87	65.64
Iron and steel	137.88	120.85	87.65	160.77	142.11	88.39	161.67	146.02	90.32
Jewelleries	155.70	106.08	68.13	772.29	666.36	86.28	732.47	598.83	81.75
Leather	78.09	54.80	70.18	154.44	124.23	80.44	134.58	104.35	77.54
Mining	356.89	239.39	67.08	418.07	263.37	63.00	406.16	260.35	64.10
NBFC	1499.60	1451.01	96.76	744.93	723.79	97.16	742.28	691.94	93.22
Oil	59.18	54.46	92.02	58.07	54.96	94.64	64.35	62.30	96.81
Other Industries	2129.73	1130.39	53.08	2296.81	1168.98	50.90	2033.82	907.86	44.64
Other metals and metal products	502.59	382.21	76.05	484.93	331.13	68.28	518.53	338.05	65.19
Paper	310.06	192.54	62.10	291.86	180.11	61.71	308.77	182.55	59.12
Petroleum	19.70	19.70	100.00	21.01	21.01	100.00	22.45	22.45	100.00
Rubber	201.84	135.40	67.08	253.85	179.14	70.57	284.79	200.93	70.56
Software	146.71	143.76	97.99	47.43	44.94	94.75	50.43	47.27	93.73
Sugar	0.14	0.14	100.00	0.05	0.05	100.00	0.05	0.05	100.00
Tea	45.25	45.25	100.00	46.36	46.36	100.00	49.14	49.14	100.00
Textiles	5422.40	1726.42	31.84	5239.70	1718.94	32.81	5081.56	1569.55	30.89
Tobacco and Beverages	21.07	20.83	98.86	26.59	26.10	98.16	22.95	22.70	98.91
Total	**25543.75**	**15655.12**	**1835.40**	**24351.85**	**14671.30**	**1856.13**	**25221.28**	**14514.27**	**1833.90**

ASSETS - LIABILITIES GAP

The following table sets forth our asset - liability as on March 31, 2010

(₹in million)

OUTFLOWS	Next Day	2-7 days	8-14 days	15-28 days	29d- <3M	3M- <6M	6M-<1Y	1-<3Y	3-<5 Y	> 5 Yr	Total
1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	189.26	189.26
2. Reserves& Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2832.73	2832.73
3[i] Current Deposit	147.90	190.44	269.54	0.00	0.00	0.00	0.00	2271.21	0.00	41.79	2920.88
3[ii] Savings Deposit	42.36	111.01	157.74	0.00	0.00	0.00	0.00	14294.83	0.00	0.00	14605.94
3[iii] Term Deposit.	43.72	187.08	341.62	414.18	1920.37	1980.81	7902.46	2681.82	1543.07	35241.55	52256.68
3[iv] Certificate of Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[I] Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[ii]Inter-Bank Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[iii]Refinances	0.00	0.00	0.00	0.00	0.09	0.09	0.19	0.36	0.00	0.00	0.73
4[iv] Others	0.00	0.00	0.00	0.00	11.00	0.00	0.00	160.00	757.00	0.00	928.00
5 [I] Bills Payable	50.98	134.88	2.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	187.93
5[ii] Inter-office Adjustment	305.02	0.00	0.00	0.00	128.58	14.12	0.00	0.00	0.00	0.00	447.72
5[iii] Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	685.02	685.02
5[iv] Others	0.00	0.00	0.00	0.00	334.10	0.00	0.00	44.95	0.00	275.19	654.24
6 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Unavailed Cash Credit/over drafts	94.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	94.27
8 Letter of Credit& Guarantees	34.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34.32
9 Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Bills Rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Swaps	166.90	417.40	3.10	3.90	565.40	987.90	2.30	0.00	0.00	0.00	2146.90
12. Interest Payable	1.27	5.59	7.28	13.71	54.85	70.00	164.14	87.05	10.44	2.41	416.74
13. Event cash outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-Total outflows	886.74	1046.40	781.35	431.79	3014.39	3052.92	8069.09	19540.22	2310.51	39267.95	78401.36
INFLOWS	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d- <3M**	**3M- <6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1.Cash	548.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	548.37
2.Balance with RBI	1316.60	0.00	0.00	118.00	127.07	127.80	427.72	1090.70	145.56	1954.55	5308.00
3[I]. Balance with Banks- Current Deposits	549.25	0.00	0.00	0.00	0.00	0.00	0.00	0.73	0.00	0.00	549.98
3[ii] Balance with Banks-Call & Term	0.00	499.67	0.00	0.00	150.00	0.00	0.00	0.00	0.00	0.00	649.67
4. Investments	0.00	248.00	0.00	709.60	655.20	498.80	512.30	1873.40	4606.30	13790.51	22894.11
5[I] Advances- Bills Purchased& Discounted	112.48	62.89	222.95	280.19	45.96	0.00	0.00	0.00	0.00	0.00	724.47
5[ii] Advances- Cash CreditOver	369.41	240.07	1318.01	752.23	2027.84	3032.55	3954.31	12193.34	37.65	23.76	23949.17

Drafts											
5[iii] Advances- Term Loans	3.43	30.31	41.21	165.77	593.34	879.86	1890.25	5736.92	5115.62	4926.97	19383.68
6 NPA Advances& Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	740.65	740.65
7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	392.45	392.45
8[I] Inter Office adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[ii] Leased assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[iii] Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	670.08	670.08
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps	165.90	612.40	0.00	2.50	1071.70	1093.60	0.00	0.00	0.00	0.00	2946.10
11 Bills rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	24.69	2.00	14.50	106.60	125.40	151.50	1.95	0.00	0.00	17.19	443.83
13 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 ExportRefinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Event cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-Total inflows	3090.13	1695.34	1596.67	2134.89	4796.51	5784.11	6786.53	20895.09	9905.13	22516.16	79200.56
C-Mismatch [B-A]	2203.39	648.94	815.32	1703.10	1782.12	2731.19	-1282.56	1354.87	7594.62	-16751.79	799.20
D. CumulativeMis- match	2203.39	2852.33	3667.65	5370.75	7152.87	9884.06	8601.50	9956.37	17550.99	799.20	799.20
E. C as % to A	248.48%	62.02%	104.35%	394.43 %	59.12%	89.46%	-15.89%	6.93%	328.70%	-42.66%	1.02%

The following table sets forth our asset - liability as on March 31, 2011

(₹ in million)

OUTFLOWS	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d-<3M**	**3M-<6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	313.48	313.48
2. Reserves& Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4451.58	4451.58
3[i] Current Deposit	135.05	250.84	354.46	0.00	0.00	0.00	0.00	2487.09	0.00	41.55	3268.99
3[ii] Savings Deposit	45.48	120.19	168.92	0.00	0.00	0.00	0.00	15907.87	0.00	0.00	16242.46
3[iii] Term Deposit.	78.94	550.98	1603.28	1167.33	3940.03	5813.96	4921.75	5373.27	954.89	43340.81	67745.24
3[iv] Certificate of Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[I] Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[ii]Inter-Bank Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[iii]Refinances	0.00	250.00	0.00	0.00	0.09	128.25	628.34	420.95	109.42	0.00	1537.05
4[iv] Others	0.00	784.14	0.00	0.00	0.00	0.00	0.00	260.00	657.00	0.00	1701.14
5 [I] Bills Payable	30.40	77.80	110.03	0.00	0.00	0.00	0.00	49.12	0.00	0.00	267.35
5[ii] Inter-office Adjustment	292.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	292.80
5[iii] Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	708.24	708.24
5[iv] Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	656.00	656.00
6 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Unavailed Cash Credit/over drafts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

8 Letter of Credit & Guarantees	2.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.89
9 Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Bills Rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Swaps	84.00	345.40	0.20	23.70	1463.80	644.80	226.00	0.00	0.00	0.00	2787.90
12. Interest Payable	0.99	6.50	12.88	13.59	60.57	63.95	87.42	145.71	12.35	8.35	412.31
13. Event cash outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-Total outflows	670.55	2385.85	2249.77	1204.62	5464.49	6650.96	5863.51	24644.01	1733.66	49520.01	100387.43
INFLOWS	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d- <3M**	**3M- <6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1.Cash	597.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	597.37
2.Balance with RBI	195.04	0.00	0.00	215.00	243.00	339.00	315.00	1375.00	81.00	2511.00	5274.04
3[I]. Balance with Banks- Current Deposits	584.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	584.48
3[ii] Balance with Banks-Call & Term	0.00	0.00	0.00	515.00	30.00	0.00	0.00	0.00	0.00	0.00	545.00
4. Investments	0.00	1250.20	248.70	1492.50	491.50	2.00	15.10	3130.00	5520.40	14752.18	26902.58
5[I] Advances- Bills Purchased & Discounted	83.00	35.00	147.00	601.00	104.00	0.00	0.00	0.00	0.00	0.00	970.00
5[ii] Advances - Cash CreditOver Drafts	791.00	511.00	649.00	378.00	2195.00	5053.00	6298.00	18974.00	65.00	21.00	34935.00
5[iii] Advances - Term Loans	4.00	39.00	48.00	93.00	660.00	1147.00	2493.14	8562.00	6665.00	5470.00	25181.14
6 NPA Advances& Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	734.00	383.00	1117.00
7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	357.91	357.91
8[I] Inter Office adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[ii] Leased assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[iii] Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	654.02	654.02
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps	81.00	580.00	1.00	50.00	1461.00	749.00	231.00	0.00	0.00	0.00	3153.00
11 Bills rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	0.00	3.00	16.00	109.00	170.00	112.99	7.00	17.00	0.00	46.00	480.99
13 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 ExportRefinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Event cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-Total inflows	2335.89	2418.20	1109.70	3453.50	5354.50	7402.99	9359.24	32058.00	13065.40	24195.11	100752.53
C-Mismatch [B-A]	1665.34	32.35	-1140.07	2248.88	-109.99	752.03	3495.73	7413.99	11331.74	-25324.90	365.10
D. CumulativeMis- match	1665.34	1697.69	557.62	2806.50	2696.51	3448.54	6944.27	14358.26	25690.00	365.10	365.10
E. C as % to A	248.35%	1.36%	-50.67%	186.69 %	-2.01%	11.31%	59.62%	30.08%	653.63%	-51.14%	0.36%

The following table sets forth our asset - liability as on March 31, 2012

(₹in million)

OUTFLOWS	Next Day	2-7 days	8-14 days	15-28 days	29d-<3M	3M-<6M	6M-<1Y	1-<3Y	3-<5 Y	> 5 Yr	Total
1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	314.16	314.16
2. Reserves& Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4635.58	4635.58
3[i] Current Deposit	122.30	188.40	266.30	0.00	0.00	0.00	0.00	2859.40	0.00	42.19	3478.59
3[ii] Savings Deposit	49.30	130.90	185.40	0.00	0.00	0.00	0.00	16639.37	0.00	0.00	17004.97
3[iii] Term Deposit.	101.30	349.40	426.10	2155.30	4578.80	8557.40	8360.30	7353.60	1175.80	52507.14	85565.14
3[iv] Certificate of Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[I] Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[ii]Inter-Bank Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[iii]Refinances	0.00	230.00	0.00	0.00	0.00	128.08	128.20	1146.60	36.50	0.00	1669.38
4[iv] Others	0.00	0.27	0.00	0.00	0.00	0.00	0.00	260.00	657.00	418.00	1335.27
5 [I] Bills Payable	16.40	43.40	61.40	0.00	0.00	0.00	0.00	25.52	0.00	0.00	146.72
5[ii] Inter-office Adjustment	286.40	0.00	0.00	0.00	10.00	3.40	0.00	0.00	0.00	0.00	299.80
5[iii] Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	869.34	869.34
5[iv] Others	0.00	0.00	0.00	0.00	780.50	0.00	0.00	323.09	0.00	0.00	1103.59
6 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Unavailed Cash Credit/over drafts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Letter of Credit & Guarantees	5.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.50
9 Repos	0.00	2750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2750.00
10. Bills Rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Swaps	21.10	302.20	27.50	141.30	1512.50	652.50	117.50	0.00	0.00	0.00	2774.60
12. Interest Payable	1.30	5.60	6.20	20.10	142.10	135.60	134.30	110.00	14.60	11.73	581.53
13. Event cash outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-Total outflows	603.60	4000.17	972.90	2316.70	7023.90	9476.98	8740.30	28717.58	1883.90	58798.14	122534.17

INFLOWS	Next Day	2-7 days	8-14 days	15-28 days	29d-<3M	3M-<6M	6M-<1Y	1-<3Y	3-<5 Y	> 5 Yr	Total
1.Cash	661.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	661.02
2.Balance with RBI	1306.54	0.00	0.00	121.80	286.00	386.50	410.40	1245.60	76.00	2370.90	6203.74
3[I]. Balance with Banks- Current Deposits	520.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	520.35
3[ii] Balance with Banks-Call & Term	0.00	750.00	0.00	515.00	1030.00	30.00	0.00	0.00	0.00	0.00	2325.00
4. Investments	0.00	889.70	681.80	490.00	588.50	659.00	218.70	4085.40	3500.80	20337.56	31451.46
5[I] Advances- Bills Purchased & Discounted	123.80	75.70	287.80	1026.10	103.20	0.00	0.00	0.00	0.00	0.00	1616.60
5[ii] Advances - Cash CreditOver Drafts	1549.60	1126.40	1364.10	1457.00	3845.40	6432.30	10397.80	24153.50	54.33	39.00	50419.43
5[iii] Advances - Term Loans	5.30	38.10	54.20	94.90	647.30	1048.10	3217.10	8965.90	5717.60	3946.90	23735.40
6 NPA Advances& Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	444.00	425.50	869.50

7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	371.12	371.12
8[I] Inter Office adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[ii] Leased assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[iii] Other Assets	15.40	0.00	0.00	0.00	5.20	0.00	0.00	389.10	0.00	470.07	879.77
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps	0.00	470.30	0.00	0.00	2361.90	755.40	174.60	0.00	0.00	0.00	3762.20
11 Bills rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	2.30	21.10	115.60	124.50	202.50	125.30	6.80	18.30	0.00	89.78	706.18
13 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 ExportRefinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Event cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-Total inflows	4184.31	3371.30	2503.50	3829.30	9070.00	9436.60	14425.40	38857.80	9792.73	28050.83	123521.77
C-Mismatch [B-A]	3580.71	-628.87	1530.60	1512.60	2046.10	-40.38	5685.10	10140.22	7908.83	-30747.31	987.60
D. CumulativeMis- match	3580.71	2951.84	4482.44	5995.04	8041.14	8000.76	13685.86	23826.08	31734.91	987.60	987.60
E. C as % to A	593.23%	-15.72%	157.32%	65.29%	29.13%	-0.43%	65.04%	35.31%	419.81%	-52.29%	0.81%

The following table sets forth our asset - liability as on March 31, 2013

(₹in million)

OUTFLOWS	Next Day	2-7 days	8-14 days	15-28 days	29d-<3M	3M-<6M	6M-<1Y	1-<3Y	3-<5 Y	> 5 Yr	Total
1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	418.99	418.99
2. Reserves& Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5380.75	5380.75
3[i] Current Deposit	149.70	208.40	294.80	0.00	0.00	0.00	0.00	2593.36	0.00	47.29	3293.55
3[ii] Savings Deposit	49.50	130.20	183.40	0.00	0.00	0.00	0.00	17977.30	0.00	0.00	18340.40
3[iii] Term Deposit.	270.10	678.40	582.00	2006.00	4236.80	8219.60	12491.20	11218.60	1914.90	60164.71	101782.31
3[iv] Certificate of Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[I] Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[ii]Inter-Bank Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[iii]Refinances	0.00	0.00	0.00	0.00	0.00	128.16	36.50	654.40	0.00	0.00	819.06
4[iv] Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	757.00	0.00	418.00	1175.00
5 [I] Bills Payable	23.00	60.90	86.20	0.00	0.00	0.00	0.00	13.54	0.00	0.00	183.64
5[ii] Inter-office Adjustment	141.90	0.00	0.00	0.00	3.14	0.00	0.00	0.00	0.00	0.00	145.04
5[iii] Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1099.97	1099.97
5[iv] Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1298.61	1298.61
6 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Unavailed Cash Credit/over drafts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Letter of Credit & Guarantees	4.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50
9 Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Bills Rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Swaps	0.00	635.90	0.90	53.60	951.80	584.40	66.60	0.00	0.00	0.00	2293.20

12. Interest Payable	2.40	8.30	8.20	19.20	54.60	92.10	152.80	190.50	11.82	9.10	549.02
13. Event cash outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-Total outflows	641.10	1722.10	1155.50	2078.80	5246.34	9024.26	12747.10	33404.70	1926.72	68837.42	136784.04
INFLOWS	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d-<3M**	**3M-<6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1.Cash	846.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	846.80
2.Balance with RBI	681.30	0.00	0.00	122.30	236.90	356.70	483.50	1220.08	93.20	2251.80	5445.78
3[I]. Balance with Banks- Current Deposits	532.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	532.61
3[ii] Balance with Banks-Call & Term	0.00	0.00	250.00	765.00	2780.00	30.00	0.00	0.00	0.00	0.00	3825.00
4. Investments	0.00	0.00	497.10	0.00	1425.00	100.30	224.70	5135.30	2610.00	23018.12	33010.52
5[I] Advances- Bills Purchased & Discounted	671.70	158.50	513.20	1113.30	0.00	0.00	0.00	0.00	0.00	0.00	2456.70
5[ii] Advances - Cash CreditOver Drafts	234.60	1099.60	1538.90	1097.20	6134.00	12600.80	13655.80	27323.60	16.50	55.38	63756.38
5[iii] Advances - Term Loans	4.20	30.40	43.80	73.10	465.30	773.50	2105.10	9035.40	4610.70	4145.80	21287.30
6 NPA Advances& Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	564.50	454.80	1019.30
7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	427.46	427.46
8[I] Inter Office adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[ii] Leased assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[iii] Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1169.31	1169.31
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps	0.00	708.00	0.00	1.10	1415.40	760.10	116.30	0.00	0.00	0.00	3000.90
11 Bills rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	0.00	3.60	16.40	115.90	406.50	171.28	0.00	0.00	0.00	0.00	713.68
13 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 ExportRefinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Event cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-Total inflows	2971.21	2000.10	2859.40	3287.90	12863.10	14792.68	16585.40	42714.38	7894.90	31522.67	137491.74
C-Mismatch [B-A]	2330.11	278.00	1703.90	1209.10	7616.76	5768.42	3838.30	9309.68	5968.18	-37314.75	707.70
D. CumulativeMis- match	2330.11	2608.11	4312.01	5521.11	13137.87	18906.29	22744.59	32054.27	38022.45	707.70	707.70
E. C as % to A	363.45%	16.14%	147.46%	58.16%	145.18%	63.92%	30.11%	27.87%	309.76%	-54.21%	0.52%

The following table sets forth our asset - liability as on March 31, 2014

(₹in million)

Outflows	Next Day	2-7 days	8-14 days	15-28 days	29d-<3M	3M-<6M	6M-<1Y	1-<3Y	3-<5 Y	> 5 Yr	Total

1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	418.99	418.99
2. Reserves& Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5779.61	5779.61
3[i] Current Deposit	196.27	265.29	375.07	0.00	0.00	0.00	0.00	2428.05	0.00	49.77	3314.45
3[ii] Savings Deposit	62.92	168.45	237.46	0.00	0.00	0.00	0.00	19826.55	0.00	0.00	20295.38
3[iii] Term Deposit.	187.40	481.23	1013.44	1827.60	6444.53	9553.98	11039.68	8784.36	3583.96	70212.60	113128.78
3[iv] Certificate of Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[I] Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[ii]Inter-Bank Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[iii]Refinances	0.00	0.00	0.00	0.00	0.00	977.48	126.48	36.47	0.00	0.00	1140.43
4[iv] Others	0.00	200.00	0.00	400.00	100.00	0.00	157.00	0.00	418.00	0.00	1275.00
5 [I] Bills Payable	19.29	51.06	77.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147.83
5[ii] Inter-office Adjustment	212.95	0.00	0.00	0.00	4.66	0.00	0.00	0.00	0.00	0.00	217.61
5[iii] Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	974.47	974.47
5[iv] Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1180.20	1180.20
6 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Unavailed Cash Credit/over drafts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Letter of Credit & Guarantees	12.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.08
9 Repos	0.00	3140.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3140.00
10. Bills Rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Swaps	0.00	2496.40	0.00	119.00	1141.80	81.50	19.40	69.20	74.20	0.00	4001.50
12. Interest Payable	2.57	8.84	12.74	25.22	82.17	139.57	183.96	159.48	16.17	10.35	641.07
13. Event cash outflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-Total outflows	693.48	6811.27	1716.19	2371.82	7773.16	10752.53	11526.52	31304.11	4092.33	78625.99	155667.40

INFLOWS	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d-<3M**	**3M-<6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1.Cash	720.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	720.21
2.Balance with RBI	202.72	0.00	0.00	147.33	271.28	384.29	467.17	1266.80	164.99	2614.24	5518.82
3[I]. Balance with Banks- Current Deposits	106.55	890.00	0.00	0.00	0.00	0.00	0.00	0.70	0.00	6.24	1003.49
3[ii] Balance with Banks-Call & Term	0.00	0.50	500.00	500.00	2500.00	0.00	0.00	0.00	0.00	0.00	3500.50
4. Investments	0.00	486.10	0.00	2472.40	2086.90	5401.90	4733.30	3415.40	10611.90	22108.63	51316.53
5[I] Advances- Bills Purchased & Discounted	13.21	184.04	347.70	719.65	2937.54	512.00	0.00	0.00	0.00	0.00	4714.14
5[ii] Advances - Cash CreditOver Drafts	213.53	850.10	1107.35	823.08	4138.31	5616.44	17108.49	30327.82	39.15	54.18	60278.45
5[iii] Advances - Term Loans	3.03	24.38	32.85	59.31	391.11	674.08	1715.22	6396.93	4451.45	6386.71	20135.07
6 NPA Advances& Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	919.44	1038.60	1958.04
7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	483.34	483.34
8[I] Inter Office adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

8[ii] Leased assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[iii] Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	860.52	860.52
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps	0.00	2530.20	0.00	172.40	1506.70	125.20	0.00	0.00	0.00	0.00	4334.50
11 Bills rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	0.00	52.10	84.40	196.60	416.17	260.60	64.21	18.17	0.00	84.54	1176.79
13 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 ExportRefinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Event cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-Total inflows	1259.25	5017.42	2072.30	5090.77	14248.01	12974.51	24088.39	41425.82	16186.93	33637.00	156000.40
C-Mismatch [B-A]	565.77	-1793.85	356.11	2718.95	6474.85	2221.98	12561.87	10121.71	12094.60	-44988.99	333.00
D. CumulativeMis- match	565.77	-1228.08	-871.97	1846.98	8321.83	10543.81	23105.68	33227.39	45321.99	333.00	333.00
E. C as % to A	81.58%	-26.34%	20.75%	114.64%	83.30%	20.66%	108.98%	32.33%	295.54%	-57.22%	0.21%

The following table sets forth our asset - liability as on September 30, 2014

(₹in million)

Outflow	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d-<3M**	**3M-<6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	418.99	418.99
2. Reserves& Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5140.36	5140.36
3[i] Current Deposit	195.20	266.80	377.30	0.00	0.00	0.00	0.00	3055.73	0.00	0.00	3895.03
3[ii] Savings Deposit	60.30	161.70	228.50	0.00	0.00	0.00	0.00	21102.88	0.00	0.00	21553.38
3[iii] Term Deposit.	163.00	383.30	829.30	2026.20	7230.60	8854.90	11047.50	8729.40	3430.70	73511.71	116206.61
3[iv] Certificate of Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[I] Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[ii]Inter-Bank Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4[iii]Refinances	90.00	0.00	0.00	0.00	0.00	36.50	36.45	0.00	0.00	0.00	162.95
4[iv] Others	0.00	0.00	0.00	0.00	157.00	0.00	0.00	0.00	418.00	0.00	575.00
5 [I] Bills Payable	23.50	62.10	64.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.39
5[ii] Inter-office Adjustment	214.55	0.00	0.00	0.00	11.20	0.00	0.00	0.00	0.00	0.00	225.75
5[iii] Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	966.30	966.30
5[iv] Others	921.00	2.10	0.00	0.00	0.00	0.00	0.00	1.90	33.20	0.53	958.73
6 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Unavailed Cash Credit/over drafts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Letter of Credit & Guarantees	70.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.70

9 Repos	1090.00	1250.00	2250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4590.00
10. Bills Rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Swaps	433.70	59.80	0.00	46.80	1263.70	247.50	320.70	69.20	74.20	0.00	2515.60
12. Interest Payable	2.50	8.40	10.80	23.90	98.90	115.60	218.40	144.50	15.60	12.19	650.79
13. Event cash outflows	75.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.90
A-Total outflows	3340.35	2194.20	3760.69	2096.90	8761.40	9254.50	11623.05	33103.61	3971.70	80050.08	158156.48
INFLOWS	**Next Day**	**2-7 days**	**8-14 days**	**15-28 days**	**29d-<3M**	**3M-<6M**	**6M-<1Y**	**1-<3Y**	**3-<5 Y**	**> 5 Yr**	**Total**
1.Cash	904.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	904.26
2.Balance with RBI	0.00	0.00	0.00	127.00	286.90	348.00	438.00	1254.40	151.40	2789.16	5394.86
3[I]. Balance with Banks- Current Deposits	119.30	504.85	0.00	0.00	0.00	0.00	0.00	0.70	0.00	7.38	632.23
3[ii] Balance with Banks-Call & Term	0.00	359.00	200.42	0.00	135.00	0.00	0.00	0.00	0.00	0.00	694.42
4. Investments	500.00	2557.30	4262.00	3243.50	135.90	514.00	3620.20	624.30	180.90	33291.81	48929.91
5[I] Advances- Bills Purchased & Discounted	0.00	303.00	530.20	1136.10	4695.80	908.90	0.00	0.00	0.00	0.00	7574.00
5[ii] Advances - Cash CreditOver Drafts	299.90	978.80	1325.30	620.20	3020.60	6251.60	20157.60	30056.40	44.90	58.90	62814.20
5[iii] Advances - Term Loans	3.20	29.60	38.20	103.20	480.40	756.00	1624.80	6733.80	4574.00	6073.63	20416.83
6 NPA Advances& Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2388.10	1180.60	3568.70
7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	474.50	474.50
8[I] Inter Office adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[ii] Leased assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8[iii] Other Assets	0.00	4.70	0.00	0.00	49.20	0.00	0.00	299.60	0.00	517.91	871.41
9. Reverse Repos	2400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2400.00
10. Swaps	243.20	169.20	0.00	26.70	1757.60	371.40	322.60	0.00	0.00	0.00	2890.70
11 Bills rediscounted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	1.00	35.00	100.40	83.10	403.60	189.30	27.70	18.10	0.00	31.46	889.66
13 Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 ExportRefinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Event cash inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.90	75.90
B-Total inflows	4470.86	4941.45	6456.52	5339.80	10965.00	9339.20	26190.90	38987.30	7339.30	44501.25	158531.58
C-Mismatch [B-A]	1130.51	2747.25	2695.83	3242.90	2203.60	84.70	14567.85	5883.69	3367.60	-35548.83	375.10
D. CumulativeMis- match	1130.51	3877.76	6573.59	9816.49	12020.09	12104.79	26672.64	32556.33	35923.93	375.10	375.10
E. C as % to A	33.84%	125.21%	71.68%	154.65%	25.15%	0.92%	125.34%	17.77%	84.79%	-44.41%	0.24%

Note to ALM – Slotting Criteria for Daily Structural Liquidity Statement

Heads of Account	Criteria for Slotting

A. OUTFLOWS	
1. Capital	Over 5 year time bucket
2. Reserves& Surplus	Over 5 year time bucket
3. Deposits	
3[i] Current Deposits	Volatile portion of current deposits (other than overdue term deposits) in first 3 time buckets and core portion in 1-3 year bucket. Volatility to be estimated based on empirical study covering daily data of 1 year.1 day volatility to be equated to the standard deviation of the daily percentage changes observed over the 1 year period. Assuming normal distribution, 7 day and 14 day volatility is to be arrived at by multiplying the 1 day standard deviation % with square root of 7 and square root of 14 respectively. Overdue term deposits should be separately analysed to find out the core and volatile portions. The composition of the overdue term deposit portfolio as on two dates should be analysed to gauge the percentage that is getting renewed (i.e. volatile) and the percentage that remains as overdue (i.e. core). Slotting should be based on the results of the study.
3[ii] Savings Deposits	Volatile portion in first 3 time buckets and core portion in 1-3 year bucket. Volatility to be estimated based on empirical study covering daily data of 1 year.1 day volatility to be equated to the standard deviation of the daily percentage changes observed over the 1 year period. Assuming normal distribution, 7 day and 14 day volatility is to be arrived at by multiplying the 1 day standard deviation % with square root of 7 and square root of 14 respectively.
3[iii] Term Deposits	Wholesale Deposits Deposits of ₹ 1 crore and above are to be treated as wholesale and slotted in respective time buckets based on residual maturity, adjusted for premature withdrawal. **Retail Deposits**-Deposits less than ₹ 1 croreare to be treated as retail. Behavioural maturity should be arrived at based on renewal pattern and premature withdrawal pattern estimated empirically. Retail Deposits Deposits less than ₹ 1 crore are to be treated as retail. Behavioural maturity should be arrived at based on renewal pattern and premature withdrawal pattern estimated empirically.
4 Borrowings	Respective maturity buckets.
5 Other Liabilities	
5 [I] Bills Payable	Volatile portion in first 3 time buckets and core portion in 1-3 year bucket. Volatility to be estimated based on empirical study covering daily data of 1 year.1 day volatility to be equated to the standard deviation of the daily percentage changes observed over the 1 year period. Assuming normal distribution, 7 day and 14 day volatility is to be arrived at by multiplying the 1 day standard deviation % with square root of 7 and square root of 14 respectively.
5[ii] Inter-office Adjustments	Based on empirical study
5[iii] Provisions	Above 5 years
5[iv] Others	Respective time buckets.
6 Unavailed Cash Credits/Overdrafts	Estimated Amount of unavailedcashcredits/overdrafts (arrived at based on empirical studies) to be placed in first time bucket.
7 Letter of Credit & Guarantees	Incidence of devolvement to be estimated based on empirical studies and the likely devolvement to be placed in first time bucket.
8 Export Credit Refinance Availed	Respective maturity bucket of underlying assets
9 Others	Respective time buckets.

B.INFLOWS	
1.Cash	Day 1 bucket
2.Balance with RBI	Excess balance over the required CRR in Day 1 bucket, Statutory balances distributed among various time buckets corresponding to maturity profile of Demand & Time Liabilities with a time lag of 14 days.
3. Balance with Banks	
3[I]. Bal Banks – CD	Non withdrawable portion on account of minimum balance stipulation shown in Over 1-3 years bucket and remaining balance in Day 1 bucket.
3[ii] Do- Call & Term	Respective maturity buckets
4 Investments*	Contractual residual maturity buckets.
5 Loans & Advances	
5[I] Bills Purchased & Discounted	Respective Maturity Buckets
5[ii] Cash Credits, Overdrafts, Packing Credit & Other WC limits	Volatile portion in first 3 time buckets and core portion in 1-3 year bucket. Volatility to be estimated based on empirical study covering daily data of 1 year.1 day volatility to be equated to the standard deviation of the daily percentage changes observed over the 1 year period. Assuming normal distribution, 7 day and 14 day volatility is to be arrived at by multiplying the 1 day standard deviation % with square root of 7 and square root of 14 respectively.
5[iii] Term Loans	Respective maturity buckets
6 NPA Advances & Investments	Substandard: 3-5 year bucket, Doubtful & Loss: Above 5 year bucket
7 Fixed Assets	Over 5 years
8 Other Assets	Respective maturity buckets. Intangible assets and assets not representing cash receivables in Over 5 year time bucket.

* For internal MIS purpose investments are classified as i) SLR Securities HTM-In over 5 year bucket. ii) Treasury Bills- Treasury Bills needed to meet SLR to be put in 'Over 5 year bucket'. Rest of the Treasury Bills are assumed to be available to meet the liquidity requirements in periods upto 3 months, with the bulk of these placed in Day 1 time bucket.iii) Shares-50% in 2-7 days time bucket and 50% deducted from Reserves & Surplus (Haircut portion as per RBI guidelines) iv) Mutual Funds/Certificate of Deposits-Assumed to be available to meet the liquidity requirements in periods upto 3 months. v) Long Dated securities in Trading Book (AFS & HFT category)- Assumed to be available to meet the liquidity requirements in periods upto 3 months subject to a haircut of 1% vi) All Others- Respective Maturity Buckets

Following table sets forth, as of September 30 2014, an analysis of the residual maturity profile of our investments in coupon-bearing securities.
The amounts indicate the book value (*i.e*. the acquisition cost) of the securities and are gross of depreciation.

RESIDUAL MATURITY OF COUPON BEARING SECURITIES AS ON 30TH SEPTEMBER 2014**

₹ In million

	Next Day	2-7 days	8 - 14 days	15-28 days	29 d - 3 M	3 M-6M	6 M- 1 Y	1-3 Yr	3-5 Yr	5 - 7 Yr	7 - 10 yrs	10 - 15 yrs	>15 yrs*	Total
i. Approved Securities:	0	0	0	0	313.90	0	949.77	3196.4	7398.17	3212.5	7771.64	6706.3	3790.91	33339.59
Government Securities (Central & State) Treasury Bills & Other Approved Securities(including NonSLR SGS ₹ 171.20 mio 10-15 bucket)	0	0	0	0	313.90	0	949.77	3196.4	7398.17	3212.5	7771.64	6706.3	3790.91	33339.59

ii. Other Debt Securities:	0	0	10.00	0	0	0	110.00	60.91	1276.23	400	69.87	0	40.00	1967.01
Corporate debts & bonds PSU bonds, Call Deposits, Commercial Papers &Certificate of Deposits	0	0	10	0	0	0	110.00	60.91	1276.23	400	69.87	0	40.00	1967.01
Security Receipts														
Preference Shares,Equity Shares								7.82						
TOTAL COUPON BEARING SECURITIES	**0**	**0**	**10**	**0**	**313.9**	**0**	**1059.77**	**3265.13**	**8674.4**	**3612.5**	**7841.51**	**6706.3**	**3830.91**	**35314.42**
TOTAL MARKET VALUE OF COUPON BEARING SECURITIES	**0**	**0**	**9.99**		**313.23**	**0**	**1042.18**	**3154.07**	**8240.6**	**3459.53**	**7531.18**	**6324.95**	**3375.1**	**33450.83**

* Including NPA investments of Bharathi Shipyard ` 40.00 million in the more than 15 year bucket

** Reverse Repo ₹ 2400 million not included in the above investments

Key Financial Information

The performance of the Bank over last five years and for half year ended September 30, 2014 is summarized in the following table:

(₹ in million)

Year	Networth	Deposits	Net Advances	Total Income	Net Profit/(Net Loss)	Dividend Paid (%)	No. of Branches*	No. of Employees #
2009-10	3021.99	69,783.50	44,669.38	6,519.03	(61.88)	Nil	364	2696
2010-11	4765.06	87,256.69	62,200.25	8,365.74	199.73	10.00%	364	2820
2011-12	4949.74	106,048.70	76,635.43	11,607.95	260.44	15.00%	372	2729
2012-13	5799.74	123,416.26	88,515.18	14,154.29	266.17	15.00%	390	2882
2013-14	6198.60	136,738.61	87,073.62	16,212.96	309.46	10.00%	430	2896
HYE Sep 2014	5559.35	141,655.02	94,303.03	8,162.74	(181.47)	Nil	431	3108

* Including Service branches

Including Permanent part-time employees

Demographic Network of Branches

Demographic network of branches as on March 31, 2014, September, 2014, is stated as under:

Type	No. of Branches 31-Mar-14	30-Sep-14
Metro	55	55
Rural	48	49
Semi Urban	225	225
Urban	102	102
Total	430	431

State Wise Distribution of Branches

Geographical distribution of the branches of the Bank as on March 31, 2014 and September 30, 2014 is given as under:

	March 31,2014		September 30,2014		
State/Union Territory	**No of Branches***	**No of ATMs**	**No of Branches***		**No of ATMs**
Andhara Pradesh	9	3	9		3
Chandigarh	1	1	1		1
Dadra Nagar Haveli	2	2	2		2
Delhi	5	4	5		4
Goa	2	2	2		2
Gujarat	6	4	6		5
Haryana	2	2	2		2
Himachal Pradesh	1	1	1		1
Karnataka	16	9	16		10
Kerala	281	108	282		112
Madhya Pradesh	1	1	1		1
Maharashtra	30	26	30		26
Orissa	1	1	1		1
Pondicherry	1	1	1		1
Punjab	3	3	3		3
Rajasthan	4	4	4		4
Tamil Nadu	58	46	58		46
Uttar Pradesh	4	4	4		4
West Bengal	3	2	3		2
TOTAL	**430**	**230**	**431**		**232**

* Including Service branches

State Wise Distribution of Business (Deposit & Advances)

State-wise break-up of the spread of branches and business in terms of deposits and advances as of March 31, 2010, 2011, 2012, 2013, 2014 and September 30, 2014, is stated as under:

(Amount in Millions except for branch numbers)

	March 31,2010			March 31,2011			March 31,2012		
State	**No. ofBranches**	**Deposit**	**Advance**	**No. of Branches**	**Deposit**	**Advance**	**No. ofBranches**	**Deposit**	**Advance**
Andhra Pradesh	9	1086.19	1368.36	9	1534.10	1420.69	9	1477.70	1694.01
Chandigarh	1	156.64	1288.35	1	205.40	1682.06	1	327.81	1790.80
Dadra and Nagar Haveli	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Delhi	4	1996.98	1125.48	4	2598.10	1412.34	4	3496.32	1491.38
Goa	2	559.78	145.07	2	682.74	198.11	2	1177.71	276.54
Gujarat	4	441.95	245.23	4	545.95	336.75	4	627.77	379.48
Haryana	2	244.65	244.12	2	281.15	327.88	2	525.79	535.17
Himachal Pradesh	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Karnataka	15	2675.80	1733.64	15	4275.43	2438.60	15	6435.79	3462.40
Kerala	240	43871.61	18776.28	240	52824.88	25096.88	242	64317.63	32455.02
Madhya Pradesh	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Maharashtra	23	6840.96	5619.75	23	9954.49	8576.83	23	11159.90	8486.25
Orissa	1	96.41	125.41	1	110.12	168.28	1	156.77	179.54
Pondicherry	1	220.36	179.59	1	273.27	275.13	1	281.46	748.51
Punjab	3	291.26	198.08	3	424.26	646.02	3	532.56	671.62
Rajasthan	1	106.72	546.63	1	178.43	1184.18	2	232.76	1718.05
Tamilnadu	49	10702.44	13486.31	49	12648.64	18843.40	53	14330.02	23254.01
Uttar Pradesh	1	83.17	164.75	1	119.55	171.58	2	175.85	214.34
West Bengal	3	408.58	198.03	3	600.18	246.75	3	792.86	319.78
Total	**359**	**69783.50**	**45445.08**	**359**	**87256.69**	**63025.48**	**367**	**106048.70**	**77676.90**

(Amount in Millions except for branch numbers)

State	March 31,2013			March 31,2014			September 30,2014		
	No. of Branches	Deposit	Advance	No. of Branches	Deposit	Advance	No. of Branches	Deposit	Advance
Andhra Pradesh	9	1649.43	2181.05	9	1800.87	2192.38	9	1870.23	2155.18
Chandigarh	1	986.10	1623.18	1	946.63	1710.06	1	1063.00	1169.05
Dadra and Nagar Haveli	2	10.21	31.37	2	40.10	53.90	2	51.11	88.43
Delhi	4	4222.63	1759.34	4	4859.72	957.36	4	4686.03	1425.84
Goa	2	1341.02	401.83	2	1255.03	380.06	2	1061.92	365.84
Gujarat	6	733.11	485.77	6	813.59	695.46	6	798.96	1356.07
Haryana	2	579.93	581.97	2	551.49	484.20	2	495.24	530.35
Himachal Pradesh	1	34.21	3.62	1	47.18	4.76	1	54.82	14.57
Karnataka	15	7357.33	4764.13	16	7332.45	4851.30	16	7790.36	4990.14
Kerala	245	73229.96	35605.09	279	83825.79	34647.70	280	87306.33	37748.29
Madhya Pradesh	1	20.54	1.23	1	120.12	11.50	1	168.06	24.56
Maharashtra	27	12761.10	8868.86	29	12539.47	9416.75	29	13173.95	8875.25
Orissa	1	259.69	210.69	1	274.03	268.44	1	225.99	241.70
Pondicherry	1	294.39	1347.05	1	341.12	1108.14	1	363.82	962.13
Punjab	3	665.64	635.22	3	1174.12	445.99	3	1459.94	538.62
Rajasthan	3	285.35	2044.00	4	506.93	1620.26	4	466.54	1660.25
Tamilnadu	55	17825.72	28625.28	57	18376.85	29080.57	57	19306.98	32997.88
Uttar Pradesh	4	298.35	221.09	4	922.00	244.20	4	443.70	499.25
West Bengal	3	861.55	368.94	3	1011.12	367.17	3	868.04	444.25
Total	**385**	**123416.26**	**89759.71**	**425**	**136738.61**	**88540.20**	**426**	**141655.02**	**96087.65**

FINANCIAL INDEBTEDNESS

As on December 31, 2014, our Bank had secured and unsecured borrowings, including borrowings from the RBI, refinance assistance from NABARD and non-convertible debentures amounting to ₹ 4,102.86 million. Set forth below is a brief summary of our outstanding financial arrangements as on December 31, 2014.

A. Secured borrowings of our Bank

As on December 31, 2014, our Bank had secured borrowings, consisting of short term repo borrowings from the RBI, liquidity adjusted facility repo from the RBI and collateralized borrowing and lending obligation ("**CBLO**") borrowings amounting to ₹ 3,410.46 million. Such borrowings are secured by various government securities held by us in our investment portfolio. For the regulatory framework governing term repo, liquidity adjusted facility repo borrowings and CBLO borrowings by banks in India, see the section titled "*Regulations and Policies*" on page 149.

Set forth is a brief description of our secured borrowings as on December 31, 2014.

(All amounts in ₹ million, except percentages)

Sl. No.	Nature of Borrowing	Amount sanctioned	Amount outstanding as on December 31, 2014	Date of Maturity	Coupon/ Yield (%)	Security provided
Term repo borrowings from the RBI						
1.	Term Repo (Issue reference 2014/12361)	500.00	500.00	January 9, 2015	8.16%	(i) 11.43% Government Security 2015 (ISIN: IN0020000090) (ii) 6.90% Government Stock 2019 (ISIN: IN0020090042)
		350.00	350.00	January 9, 2015	8.14%	(i) 5.64% Government Stock 2019 (ISIN: IN002003097) (ii) 7.49% Government Stock 2017 (ISIN: IN0020020031)
		250.00	250.00	January 9, 2015	8.11%	(i) 6.83% Government Stock 2039 (ISIN: IN0020080050) (ii) 6.90% Government Stock 2019 (ISIN: IN0020090042)
2.	Term Repo (Issue reference 2014/12362)	300.00	300.00	January 13, 2015	8.13%	6.05% Government Stock 2019 (ISIN: IN0020080068)
		500.00	500.00	January 13, 2015	8.16%	7.80% Government Stock 2020 (ISIN: IN0020100015)
3.	Term Repo (Issue reference 2014/12294)	250.00	250.00	January 6, 2015	8.15%	7.38% Government Security 2015 (ISIN: IN0020020130)
		500.00	500.00	January 6, 2015	8.16%	(i) 5.64% Government

Sl. No.	Nature of Borrowing	Amount sanctioned	Amount outstanding as on December 31, 2014	Date of Maturity	Coupon/ Yield (%)	Security provided
						Stock 2019 (ISIN: IN0020030097) (ii) 7.80% Government Stock 2020 (ISIN: IN0020100015)
4.	Term Repo (Issue reference 2014/12293)	250.00	250.00	January 2, 2015	8.16%	7.80% Government Stock 2020 (ISIN: IN0020100015)
Liquidity adjusted facility repo from the RBI						
1.	Liquidity adjusted facility Repo (Issue reference 2014/12375)	340.00	340.00	January 1, 2015	8.00%	6.05% Government Stock 2019 (ISIN: IN0020080068)
CBLO borrowings						
1.	CBLO issued on December 31, 2014	49.99	49.99	January 1, 2015	8.31%	6.05% Government Stock 2019 (ISIN NO. IN0020030048)
		29.99	29.99	January 1, 2015	8.40%	
		39.99	39.99	January 1, 2015	8.28%	
		20.00	19.99	January 1, 2015	8.36%	
		30.49	30.49	January 1, 2015	8.50%	

B. *Unsecured borrowings of our Bank*

As on December 31, 2014, our Bank has unsecured borrowings, consisting of subordinated non-convertible debentures, export credit refinance assistance from the RBI and refinance assistance from NABARD amounting to ₹ 692.40 million. For the regulatory framework governing export credit refinance borrowings by banks in India, see the section titled "*Regulations and Policies*" on page 149.

Set forth is a brief description of our unsecured borrowings as on December 31, 2014.

(i) Non-convertible debentures

Set forth is a brief description of unsecured non-convertible debentures issued by us as on December 31, 2014.

(All amounts in ₹ million except percentages)

Sl. No.	Nature of Borrowing	Date of allotment	Deemed date of allotment	Amount issued	Amount outstanding as on December 31, 2014	Date of Maturity/ Redemption	Coupon (%)
Non-convertible debentures							
1.	CSBL Bonds 2012 (Series – 1)[(1)]	March 31, 2012	March 31, 2012	418.00	418.00	March 30, 2019	11.70%
Deep discount bonds[(2)]							
2.	Deep discount bonds due December 2028	January 12, 2000	December 1, 1999	0.37	0.37	January 12, 2029	12.93%[(3)]
3.	Deep discount bonds due January 2029	January 31, 2000	January 3, 2000	0.48	0.48	January 30, 2029	12.93%[(3)]
4.	Deep discount bonds due April 2029	April 3, 2000	April 3, 2000	0.60	0.60	April 2, 2029	12.93%[(3)]

[(1)] *In the nature of unsecured redeemable lower Tier II subordinated non-convertible debentures of face value of ₹ 1 million each, with coupons payable semi-annually and were allotted on private placement basis on March 31, 2012. These debentures are listed on the wholesale debt market platform of the NSE.*
[(2)] *In the nature of unsecured, redeemable, non-convertible subordinated debentures of face value of ₹ 150 each free of restrictive clauses, issued on a private placement basis, with tenor of 29 years from the deemed date of allotment of the debentures, bearing*

a coupon rate of 12.93% compounded quarterly, payable along with the redemption proceeds.
(3) *The effective annual rate of return on these instruments is 13.57%.*

Some of the significant conditions of the CSBL Bonds 2012 (Series – 1) are as follows:

(i) The CSBL Bonds 2012 (Series – 1) can be redeemed prior to their maturity upon the occurrence of an event of default, if required by the debenture trustee, with prior approval of the RBI.

(ii) In terms of the debenture trust deed executed by our Bank in favour of Indian Overseas Bank, the trustee for the holders of the CSBL Bonds 2012, our Bank cannot, without prior consent of trustee, declare dividends in any financial year unless it has paid all dues to the holders of the CSBL Bonds 2012, or made satisfactory provisions thereof.

(ii) Export credit re-finance

Set forth is a brief description of export credit re-finance assistance from the RBI availed by our Bank as on December 31, 2014. For the regulatory framework governing export credit re-finance assistance taken by banks in India, see the section titled "*Regulations and Policies*" on page 149.

(All amounts in ₹ million, except percentages)

Nature of Borrowing	Amount sanctioned	Date of availment	Amount outstanding as on December 31, 2014	Date of Maturity	Interest (%)
Export credit refinance assistance from RBI	250.00	October 13, 2014*	200.00	On demand, subject to a maximum tenor extending till 180 days from the date of availment*	8.00%**

* *In terms of the RBI's master circular on Export Credit Refinance Facility dated July 1, 2014 ("**Master Circular on Export Credit Refinance**").*
** *In terms of the Master Circular on Export Credit Refinance, the export credit refinance facility is available at the Repo rate applicable to LAF, which was 8% as on December 31, 2014.*

(iii) Re-finance assistance from NABARD

Set forth is a brief description of re-finance assistance taken from NABARD availed by our Bank as on December 31, 2014.

(All amounts in ₹ million, except percentages)

Nature of Borrowing	Amount sanctioned	Year of availment	Amount outstanding as on December 31, 2014	Repayment schedule	Coupon (%)
Refinance assistance from NABARD	914.85	2010	72.95	Repayable in 10 bi-annual installments commencing on January 31, 2011 and ending on July 31, 2015	8.25%

In terms of the loan agreement dated January 22, 1979 and the Agricultural Refinance Corporation (subsequently NABARD), NABARD may, in respect of refinance facilities obtained by our Bank from time to time, *inter alia*:

(i) Levy a pre-payment penalty of 1% on all sums pre-paid by our Bank to NABARD during the period from the date of pre-payment till the actual date of repayment, or six months, whichever is longer, except where such pre-payment is effected out of genuine recoveries by our Bank or if our Bank provides one month's prior notice of its intention to make such pre-payment prior to the due date for repayment of such sums; and

(ii) Charge commitment charges of 0.33% per annum over any part of the sanctioned refinance amount not drawn by our Bank during any periods during which such drawal was to be made.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein below, as at March 24, 2015, (i) there are no winding up petitions, outstanding litigations, suits, criminal proceedings, civil proceedings, statutory or legal proceedings, including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Bank, Directors, or against any other company whose outcome could have a materially adverse effect on the business, operations or financial position of our Bank, and (ii) there are no defaults including non-payment or overdue of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions or rollover or rescheduling of loans or any other liability, defaults in dues payable to holders of any debentures, bonds and fixed deposits or arrears on cumulative preference shares issued by our Bank, defaults in creation of full security as per the terms of issue or other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Bank except as stated below, and (iii) no disciplinary action has been taken by SEBI or any stock exchange against our Bank or our Directors.

Further, (i) neither our Bank nor our Directors, have been declared as wilful defaulters by the RBI or any other governmental authority and, (ii) there are no violations of securities laws committed by them or penalties imposed on them there under in the past or pending against them, and no adverse findings regarding compliance with securities laws. For details of entitities declared as wilful defaulters, with which our Directors are or have been associated, see the section titled "*Litigation involving the Directors of our Bank - Directors on the list of wilful defaulters of the RBI*" on page 329.

We have summarized information in relation to outstanding civil proceedings, including civil recovery proceedings and consumer complaints, legal proceedings under the Negotiable Instruments Act, 1881 and notices which have been received by our Bank. Details of civil proceedings or notices thereof, where the aggregate claim against us is, or the potential financial implication is estimated to be ₹ 10 million or higher have been disclosed on an individual basis.

Unless stated to the contrary, the information provided below is as of March 24, 2015.

I. Litigations involving our Bank

A. Outstanding litigations involving our Bank

Cases against our Bank

Criminal proceedings

As on March 24, 2015, there are five criminal proceedings pending against us. These complaints, being criminal complaints, have been filed against individuals who were or are associated with our Bank in capacities as mentioned hereinafter, at the time of the alleged acts or omissions. Any liability in these matters will accrue to the individuals against whom the cases have been filed. Some of these also may be filed against the Directors or name the Directors as a party to such complaints. For details, see the section titled "- *Litigations involving the Directors of our Bank – Outstanding litigation against our Directors*" on page 328. Details of the other complaints are as follows:

1. Mr. K.M. Johny, proprietor of M/s. Rini Engineers, a customer of our Bank, filed a criminal complaint (R.C.C. 143/2003) dated November 29, 2002, before the Court of Judicial Magistrate First Class, Pimpri, Pune, against our Bank and others, in relation to a loan of ₹ 2 million, on account of certain loan applications which had allegedly been fabricated by accused. In the complaint it was alleged that that our Bank, along with the other accused persons, created a loan in the name of the complainant and transferred the proceeds to the account of M/s. Shalaka Enterprise, an accused in the said complaint. Pursuant to an order dated April 4, 2003, the court issued process against our Bank. Our Bank has also filed a complaint before the Magistrate Court, Pune against

Mr. K.M. Johny and certain delinquent members of the staff of our Bank for alleged acts of cheating and misappropriation of money against our Bank. The matters are currently pending.

2. Ms. P. Rajamani, treasurer of the Tamilnadu Technical Education Foundation, filed a criminal complaint (C.C. No. 1074/2013) before the Court of Judicial Magistrate – II, Coimbatore, against Dr. P.V. Ravi and others, including the branch manager of our Karumathampatty branch, in relation to certain alleged acts of cheating, forgery, misappropriation of funds and assets of the trust, false fabrication of documents and criminal breach of trust with regard to improper accounts being opened and operated in a manner contrary to the provisions of the trust deed. Ms. P. Rajamani had earlier filed a complaint on May 11, 2011 before the Deputy Inspector General of police, Coimbatore; however, the complaint was not registered by the police. Ms. P. Rajamani filed a petition (Crl. O.P. 5356/2012) before the High Court of Judicature seeking a direction to register the complaint, which was allowed by an order of the High Court dated March, 12, 2012. Ms. P. Rajamani furnished the order copy before the police on March 23, 2012, however no action was initiated. Ms. P. Rajamani then furnished a notice dated April 23, 2012 to register the complaint, failing which she would initiate contempt proceedings. Thereafter, an FIR (No. 10/2012) was registered, however on account on lack of material averments in the FIR the complainant filed a criminal contempt petition (C.C.P No. 1131/2012) before the High Court of Judicature. Summons was issued against the concerned branch manager in the criminal complaint (C.C. No. 1074/2013). The matter is currently pending.

3. Mr. Thomas Panjikkaran, a former shareholder of our Bank, filed a criminal complaint (C.M.P. 6428/2005) before the Chief Judicial Magistrate, Thrissur in June 2006, against Mr. R.P. Joshua, the former chairman of our Bank, the erstwhile principal secretary of our Bank and others in relation to certain alleged irregularities in the conduct of the banking business during the period 1994-95, including inadequate action against defaulters and failure to fix staff responsibilities. Pursuant to the directions of the Chief Judicial Magistrate, Thrissur, a police investigation was conducted, wherein it was observed that allegations in the complaint were of a purely civil nature and there was no case for initiation of criminal proceedings in the matter. Mr. Thomas Panjikkaran filed a criminal miscellaneous petition (Crl. M.P. No. 3585/2006) before the Chief Judicial Magistrate, Thrissur against the police investigation report, and pursuant to an ex-parte order of the court an enquiry was directed into the matter. Subsequently, our Bank filed a criminal miscellaneous case (Crl. M.C. No.541 of 2007) before the High Court of Kerala challenging the order of the Chief Judicial Magistrate, Thrissur, which was dismissed by the High Court pursuant to an order dated March 1, 2007. Seeking a direction for quashing the complaint, our Bank filed a special leave petition (Crl. No. 1853/2007) ("**SLP**") before the Supreme Court, which was admitted and a stay was granted in the matter pursuant to an order dated August 24, 2008.

   Mr. Thomas Panjikkaran filed a writ petition (W.P. No. 2168/2008) before the High Court of Kerala, without including our Bank as a party, wherein the Court passed an order for the completion of enquiry in the matter within three weeks from the date of the order. Subsequently, our Bank and one of our erstwhile directors, Mr. C.F. John, filed memoranda of writ appeals (W.A. Nos. 740/2008 and 741/2008, respectively) challenging the order passed in W.P. No. 2168 of 2008. The division bench of the High Court, in a common judgment dated April 3, 2008, dismissed the appeals. Our Bank then filed a criminal miscellaneous petition (Crl. M.P. No. 6813/2008) in the ongoing SLP, seeking further stay on the order passed by the High Court, which was granted on April 24, 2008. Our Bank also filed a special leave petition (Crl. No. 4120/2008) before the Supreme Court against the judgment and order dated April 3, 2008, passed by the High Court in W.A. Nos. 740/2008 and 741/2008. The matters are currently pending.

4. Mr. K. Ashraf, a businessman engaged in the business of wholesale grocery and carrying operations in the name of M/s. Canara Traders, filed a criminal miscellaneous petition (C.M.P. No. 1358/2012) dated August 23, 2012 against Mr. T.K. Sashidharan, the erstwhile senior manager of the Kannur branch of our Bank and others, in relation to certain property which had been mortgaged to secure a loan availed by the complaint, and had allegedly been extended to loans taken by M/s Kerala Traders, an unassociated third party, without due authorisation. Upon being informed of such mortgage by a newspaper advertisement regarding outstanding dues of M/s. Kerala Traders and intended action of our Bank to take possession of the secured assets, Mr. Ashraf filed the complaint stating that he had not guaranteed, nor executed a loan agreement, nor availed a loan, nor created mortgage by deposit of title deeds in relation to the loan availed by M/s. Kerala Traders. Mr. K. Ashraf had earlier filed a complaint (Cr. No. 804/2011) before the Kannur Police Station and on being dissatisfied with

police investigation, he filed the present complaint to summon the officials from our Bank. However, no summons has been served upon the relevant officials yet. The matter is currently pending.

Civil proceedings

As on March 24, 2015, there are 61 civil suits pending against us before various courts in India, and the aggregate amount claimed against us, to the extent quantifiable, is approximately ₹ 44.13 million. Details of the civil suits filed against us, where the potential financial implication is over ₹ 10 million or where the potential financial implication is not quantifiable, are as follows:

1. Apparel Export Promotion Council, a non–profit company sponsored by the Ministry of Textiles, Government of India, filed a civil suit (CS (OS) 2361/2011) before the High Court of Delhi against its concerned employees and others, in relation to the alleged fraudulent encashment of cheques and drafts in the name of Apparel Export Promotion Council, by using fictitious names similar to its name. Several banks, including our Bank, where the relevant bank accounts of the plaintiff were affected or the fictitious accounts were opened, have been named as co-defendants in the suit. Apparel Export Promotion Council filed the suit for recovery of ₹ 12.15 million, along with applicable interest. Our Bank submitted a written statement dated February 22, 2011, stating that the loss was caused to the Apparel Export Promotion Council on account of its own negligence and laxity in accepting the impugned cheques and drafts in abbreviated names, and hence our Bank should not be held liable. The matter is presently pending.

2. Mr. N. Bhageerathan filed a writ petition (W.P. (C) No. 10053/2014) dated April 2, 2014 before High Court of Kerala, Ernakulam, against the RBI and others, including our Bank, in relation to certain financial accommodation obtained by the petitioner at the Kollam branch of our Bank. The petitioner in his writ petition contended that in relation to his outstanding dues, which as on November 25, 2013 amounted to ₹ 38.80 million, he had offered to settle his outstanding account for ₹ 12.50 million. However, our Bank had sold his outstanding account to the Asset Reconstruction Company (India) Limited ("**ARCIL**") for a sum of ₹ 7.9 million and taken proportionately, the account was sold for ₹ 1.4 million, thereby ignoring the plea to settle for ₹ 12.50 million. It was further stated in his petition that the assignment to ARCIL was in contravention of the provisions of the SARFAESI Act and by his representation letter dated February 21, 2014, the petitioner had sought the RBI's intervention to enquire into the matter. Since allegedly no action had been taken by the RBI, Mr. N. Bhageerathan filed the present writ petition, including our Bank as a respondent. The petition is currently pending.

3. Mr. Satheesh Kumar, legal heir of a deceased account holder of the Pattikkad branch of our Bank, filed an original suit (O.S. No. 181 0f 2014) dated July 5, 2014 before the Sub-Court, Thrissur against Mr. Santhosh Kumar and others, including our Bank. Mr. Satheesh Kumar sought the partition of the assets of the deceased account holder, including fixed deposits aggregating to ₹ 1 million held with our Bank. The suit is currently pending.

4. Ms. Lalitha Dharman, guarantor to a priority sector loan availed by Mr. Bhavish K. from the Pattikkad branch of our Bank, filed an original suit (O.S. No. 3969 of 2014) dated June 18, 2014 before the Munsif Court, Thrissur, against Deputy Tehsildar, (RR) Thaluk Office, Chavakkad and others, including our Bank. The plaintiff stated that the revenue recovery authorities were not entitled to proceed against her and her assets for recovery of the said loan, and sought a permanent injunction restraining the recovery authorities from proceeding against the plaintiff and the relevant assets. Our Bank has been included as a defendant in the suit as it is a necessary party, however no relief has been sought against us. The case is currently pending.

5. Mr. Vattakandiyil Prabhakaran Nair, Mr. Vattakandiyil Sadanandan and Mr. Vattakandiyil Sivasankaran, life interest holders in certain property mortgaged to avail a credit facility from the Kovoor branch of our Bank, filed an original suit (O.S. No. 609 of 2013) dated December 16, 2013 before the Munsif Court, Calicut, against our Bank and others. Our Bank had initiated proceedings under the SARFAESI Act with respect to the said property, and issued a sale notice dated November 17, 2013 fixing the sale for December 20, 2013. The plaintiff sought a permanent injunction to restrain our Bank from proceeding with proposed public auction of secured property. The matter is currently pending.

6. M/s Silver Tower, a registered partnership firm and a former lessor of the Mysore branch of our Bank, filed an original suit (O.S. No. 373/2008) dated March 4, 2008 before the First Additional Civil Judge (Junior Division), Mysore, against our Bank, stating that the tenancy in favour of our Bank stood terminated and sought to evict our Bank from the said premises. Further, M/s Silver Tower claimed *mesne profits* for the period post termination of the tenancy. Pursuant to an order dated October 14, 2008, the court directed us to vacate the property and hand over possession of the property within three months and issued instructions for a separate enquiry for *mesne profits* from the date of the suit till the date of handover over of possession of the property. The said order is currently un-initiated by the M/s Silver Tower.

   Our Bank filed a regular appeal (R.A. 361/2009) dated November 17, 2008 before the Court of Civil Judge (Senior Division), Mysore, to set aside the decree dated October 14, 2008. The appeal is currently pending.

7. Ozanam Home Society filed a civil original suit ((CS) (OS) No. 564 of 2014) dated February 21, 2014 before the High Court of Delhi, against Mr. Joseph Noronha and others, including our Bank. Ozanam Home Society sought relief for restraining the defendants from disturbing the peaceful possession of the office bearers of the society and further sought a mandatory and permanent injunction against our Bank to de-freeze an account held by the society at our Bank. Pursuant to an interim order dated February 25, 2014 in I.A. 3689/2014, the High Court directed our Bank to permit withdrawal of an amount not exceeding ₹ 70,000 for certain specified purposes. The matter is currently pending.

8. Mr. Vijay Dogra and others, lessors of premises of the Gurgaon branch of our Bank, filed a suit for eviction (CS No. 4/2009) dated October 26, 2009 before the Rent Controller, Gurgaon against our Bank, stating that one of the petitioners wanted to open a restaurant/hotel on the premises and had accordingly issued a legal notice dated November 3, 2008 for termination of our lease. Pursuant to a decree dated May 29, 2014, the suit was decided in favour of plaintiffs, and our Bank was directed to vacate the premises. Our Bank filed an appeal (CA No. 104/2014) dated July 10, 2014 before District Judge, Gurgaon, to set aside the order of eviction passed by the Rent Controller, wherein a stay on the operation of impugned decree of the Rent Controller was granted. The appeal filed by our Bank is currently pending.

9. Mr. M. Matthew, the chairman and managing director of Muthoot Mercantile Limited, an NBFC, filed a writ petition (W.P. (C) No. 31023/2014) dated November 18, 2014 before the High Court of Kerala, Ernakulam against the Union of India, RBI and certain banks, including our Bank. Mr. M. Matthew sought an investigation into operations of the banks with regard to floating of agricultural gold loan products pursuant to the Scheme of Interest Subvention introduced by the RBI and prayed before the Court to declare the said scheme as *ultra vires* the Constitution of India. The matter is currently pending.

10. Muthoot Mercantile Limited filed an appeal dated March 9, 2015 before the Competition Appellate Tribunal, New Delhi against the Competition Commission of India and others, including our Bank, challenging an order dated December 30, 2014 passed by Competition Commission of India wherein the claim of Muthoot Mercantile Limited regarding conducting enquiry into cartelization by the respondent banks with respect to the launch of agricultural gold loan products at the rate of 4% was dismissed. The appellant has stated that this allegedly caused an appreciable adverse effect on competition, causing detriment to the business of the appellant and other NBFCs dealing in gold loans. The matter is currently pending.

11. Mr. A. Murthy Raju, a customer of the Vijaywada branch of our Bank, filed a writ petition (W.P. No. 3509/2010) before the High Court of Andhra Pradesh against the Union of India and others, including our Bank, seeking a direction for extension of the Agricultural Debt Waiver and Debt Relief Scheme, 2008 with respect to a loan availed by him from our Bank and urged for a declaration that the inaction by the respondents is *ultra vires* the provisions of the Constitution of India. The High Court issued a show cause notice dated February 17, 2010, wherein our Bank was directed to not take any coercive steps for recovering the loan amount. The matter is currently pending.

12. Mr. Alla Appa Rao, a customer of the Vijaywada branch of our Bank, filed a writ petition (W.P. No. 4424/2009) dated February 13, 2009 before the High Court of Andhra Pradesh, against our Bank and

others, seeking a declaration that inaction to waive interest on an agricultural loan availed by him was *ultra vires* the Constitution of India, in the light of Circular No. RBI 2006-07/156/RPCD PLFS No. BC 31-05-04-02-2006-07 dated October 18, 2006 and Circular No. 24/13.05.2000/20.06.2007 dated December 26, 2006. The High Court of Andhra Pradesh issued a show cause notice dated March 14, 2009, wherein our Bank was instructed to not take any coercive steps for recovering the loan amount and Mr. Alla Appa Rao was directed to make a representation before our Bank in light of aforesaid circulars. The matter is currently pending.

13. Ms. Snigdha Ghosh and another filed a title suit (T.S. No. 97of 2013) dated May 13, 2003 before the Civil Judge (Junior Division) – II, Baruipur, South 24 Paraganas, against Mr. Susanta Chandra and our Bank, represented by the senior manager of the Burra Bazar, Kolkata branch of our Bank. The plaintiffs contended that Mr. Susanta Chandra had agreed to sell them certain property which already stood mortgaged to our Bank in connection with a credit facility availed by Mr. Joydeb Kumar Haldar, the previous owner of the property. The plaintiffs further contended that the Mr. Susanta Chandra forced them to vacate the said property, despite placing them in possession after the receipt of part consideration. The plaintiffs sought a declaration that they are the legal occupiers of the property having paid part of the consideration. The plaintiffs also sought an injunction against the forcible eviction by Mr. Susanta Chandra and our Bank. The matter is currently pending.

14. Mr. Ramesh Babu filed an original suit (O.S. 4266 of 2014) dated July 22, 2014 before the Court of City Civil Court, Chennai, against our Bank and others, asserting absolute ownership of certain property which stood mortgaged in favour of our Bank in connection with a credit facility availed by one of the defendant from the Puducherry branch of our Bank. Mr. Ramesh Babu alleged that the concerned defendant, being the holder of his power of attorney, had without any prior intimation, assigned the said property and therefore the said sale as well as the subsequent mortgage would not be binding upon him. Mr. Ramesh Babu sought an injunction restraining the defendants, including our Bank, from causing interference with the peaceful possession of the property. The matter is currently pending.

15. Mr. C.J. Joseph Kutty, lessor of the premises of the Thottakad branch of our Bank, filed an original suit (O.S. No. 352 of 2012) dated November 8, 2012 before the Munsif Court, Changanacherry, against our Bank, seeking a decree of eviction on account of the expiration of our lease on February 1, 2010 pursuant to a lease agreement dated May 17, 2005. Mr. C.J. Joseph Kutty also claimed future *mesne profits* for the use and occupation of the property post such expiration. Our Bank submitted a written statement on April 2, 2013. The matter is currently pending.

16. M/s. St. Joseph’s Press, a customer of the Palayam branch of our Bank, filed an original suit (O.S. 720 of 2012) dated May 29, 2012 before the Thiruvanathapuram Sub-Court against M/s Rajhans Enterprises and our Bank, stating that M/s. St. Joseph’s Press had availed a term loan of ₹ 1.80 million for the purchase of a second hand printing machine from M/s Rajhans Enterprises, two bank guarantees aggregating to ₹ 6.00 million were issued in favour of M/s Rajhans Enterprises. Contending that the said machinery was defective and sold to him based on misrepresented facts, the plaintiff sought a decree for recovery of ₹ 15 million from M/s Rajhans Enterprises along with future interest of 12 % p.a. A decree of permanent prohibitory injunction was also sought to restrain our Bank from honouring a partial claim of the bank guarantee of ₹ 3.00 million made by the M/s Rajhans Enterprises. Our Bank received a legal notice dated July 24, 2012 from M/s. St. Joseph’s Press and by our reply dated July 30, 2012, our Bank informed M/s. St. Joseph’s Press that the payment of impugned bank guarantee had been made on June 4, 2012 in the absence of a stay order of the court. The matter is currently pending.

17. Ms. Nimmy John, legal heir of a customer of the Market Road, Ernakulam branch of our Bank, filed a writ petition (W.P. (C) No. 1070/2006) dated January 10, 2006 before the High Court of Kerala, Ernakulam against our Bank and others, challenging an auction sale conducted by the Debt Recovery Tribunal pursuant to recovery proceedings in a transfer application (T.A. 1295/1997) which had been instituted by our Bank for recovery of loan dues amounting to ₹ 2.73 million. The matter is currently pending.

18. Ms. Nimmy John, legal heir of a customer of the Market Road, Ernakulam branch of our Bank, filed an original suit (O.S. No. 279/2014) dated October 25, 2014, before the Subordinate Court, Ernakulam,

against our Bank and others seeking a decree for redemption of mortgage and to recover possession of the property mortgaged in favour of our Bank by her predecessor in title, stating that that the concerned debt facility had been fully satisfied. The matter is currently pending.

19. Mr. Porinju and others, legal heirs of a customer of the Poochinipadam branch of our Bank, filed an original suit (O.S. No. 199 of 2009) dated January 15, 2009 before the Munsif Court, Thrissur, against Mr. George and others, including our Bank, in relation to the alleged right claimed by the plaintiffs over certain deposit accounts which were held by their predecessor in title, on the strength of a will (No. 163/2002) registered before the Sub-Registrar, Cherpu, Kerala, apprehending that Mr. George would unlawfully withdraw the fixed deposit. The plaintiffs sought a declaration of their sole right over the said fixed deposits and a direction restraining our Bank from releasing the fixed deposit amounts in favour of Mr. George. The original suit was dismissed pursuant to an order of the court dated July 31, 2010, against which the plaintiffs filed an appeal (A.S. No. 374/2010) dated November 26, 2010, before the Principal District Court, Thrissur. Pursuant to an interim order dated November 29, 2010 in I.A. No. 3957/2010, the appellate court directed our Bank to maintain status quo with respect to impugned order in the civil suit. The matter is currently pending.

20. Ms. Beevathu, filed an original suit (O.S. No. 45/2014) before the Chavakkad Munsif Court against Mr. Shamsuddin and others, including our Bank, claiming ownership over certain property which stood mortgaged in favour of our Bank for availing credit facilities by Mr. Shamsuddin and Mr. Mohammad Iqbal, the defendants. Pursuant to an order passed in a recovery suit (O.S. 774 of 2002) filed by our Bank with respect to the said property, the property had been auctioned and post bidding, the sale had been confirmed in favour of our Bank, thereby rendering it as a non–banking asset of our Bank. Ms. Beevathu has, in the original suit, sought declaration of her ownership over the property on account of a subsequent sale deed (No. 168/2010) dated January 21, 2010, alleging that the auction sale in favour of our Bank is not binding upon her. The matter is currently pending.

21. Ms. Rosamma Joseph, a customer of our Bank, filed a writ petition (W.P. (C) No. 35093/2005) dated November 25, 2005 before the High Court of Kerala, Ernakulam, against the Mukkoottuthara branch of our Bank and the Banking Ombudsman, Thiruvananthapuram, challenging an order of the Banking Ombudsman, Thiruvananthapuram wherein her claim for refund of excess interest allegedly charged by our Bank on her loan account had not been considered. The matter is currently pending.

22. Mr. A. Antony John and another filed an original suit (O.S. No. 162/2014) dated February 27, 2014 before the Additional District Munsif Court, Alandur, against our Bank and others. The plaintiffs, along with two of the defendants to the suit, are directors of M/s Corrium Trading Limited and had availed cash credit limits from our Bank which had been secured by collateral security of certain immovable properties. Thereafter, due to difference of opinion and dispute between the directors of M/s Corrium Trading Limited in relation to the plaintiffs' apprehended misuse of the title deeds, the plaintiffs sent a letter dated April 18, 2013 addressed to our Bank, requesting our Bank to not release the title deeds without the written consent of the plaintiffs. On December 27, 2013, the other defendant banks named in the suit refused to accept the request, and on January 4, 2014, the plaintiffs issued a notice in the matter. The plaintiffs have sought a permanent injunction restraining our Bank from misusing the title deeds in any manner. The matter is currently pending.

23. Mr. Jacob Cherian, director of M/s Corrium Trading Limited, in his personal capacity, filed an original suit (O.S. No. 6036/2014) before the Court of City Civil Judge, Chennai, against our Bank, seeking a direction to restrain our Bank by way of a permanent injunction from selling gold ornaments pledged by him to avail gold loans amounting to ₹ 0.88 million from our Bank. The matter is currently pending.

24. M/s. Corrium Trading Limited, represented by its managing director, Mr. Jacob Cherian, filed an original suit (O.S. 3879/2013) dated July 15, 2013 before the Court of City Civil Judge, Chennai, against our Bank, contending that some of its directors were attempting to take possession of title deeds which were deposited to at the Guindy branch of our Bank for availing certain credit facilities. As two of directors of M/s. Corrium Trading Limited withdrew the guarantee, by a letter dated April 23, 2013 our Bank had informed them that the concerned accounts had been frozen. M/s. Corrium Trading Limited sought to declare the

abovementioned letter as null and void, and the release of title deeds in their favour. Injunctions to restrain our Bank from proceeding for recovery and for allowing their normal operations to continue have also been sought. The matter is currently pending.

25. M/s. Corrium Trading Limited, represented by its managing director Mr. Jacob Cherian, filed an original suit (O.S. 5530/2013) dated September 19, 2014, before the Court of City Civil Judge, Chennai, against our Bank, contending that our Bank had frozen certain accounts held at the Guindy branch of our Bank on account of the withdrawal of guarantees by two of its directors, as informed by a letter of our Bank dated April 23, 2013. M/s. Corrium Trading Limited alleged that despite a communication received from our Bank stating that the accounts would become operational after payment of interest dues and furnishing of additional security, and payment of such interest and an offer to provide further security, our Bank did not agree to defreeze their account. M/s. Corrium Trading Limited therefore sought, *inter alia*, a mandatory injunction against us to consider security offered by them and further sought for renewal of the existing cash credit facilities as well as a permanent injunction restraining our Bank from declaring the account of M/s. Corrium Trading Limited as a non-performing asset and urged the court to restrain our Bank from charging the interest to the frozen account. The matter is currently pending.

26. Mr. Dattatreya C. Surti, a customer of the Panaji branch of our Bank, filed a regular civil suit (No. 46/2014/C) dated April 4, 2014 before the Court of Civil Judge, Junior Division C., Panaji, against our Bank, contending that for renewal of certain gold loans availed by him from our Bank, he had offered to pay accrued annual interest and expressed non-inclination towards payment of differences on account of fluctuations in gold prices, as required to be paid in light of the gold loan norms of our Bank. Mr. Dattatreya C. Surti sought an injunction restraining our Bank from selling the pledged gold ornaments pursuant to a public auction. The court granted an interim stay in the matter by an order dated April 8, 2014, wherein our Bank was directed not to proceed with the auction. The matter is currently pending.

27. Ms. Kanta Rani Nayyar and others filed a civil suit (C.S. No. 3213/2014) before the Court of Civil Judge Junior Division, Amritsar, against Mr. Kamal Bawa and others, including our Bank, contending that Mr. Kamal Bawa had allegedly unlawfully availed a loan from our Bank by mortgaging the plaintiffs' property in favour of our Bank by a mortgage deed dated August 4, 2012. The plaintiffs sought a declaration that the mortgage deed dated August 4, 2011 allegedly executed by Mr. Kamal Bawa in favour of the Chandigarh branch of our Bank is illegal and void and liable to be rescinded. The matter is currently pending.

28. Ms. Kanta Rani Nayyar and others filed a civil suit before the Civil Judge Senior Division, Chandigarh, against our Bank and Mr. Kamal Bawa, contending to be the owners in possession of certain property which was mortgaged in favour of our Bank for availing a loan facility by Mr. Kamal Bawa and others. The plaintiffs sought a declaration of ownership and their possession, while seeking a permanent injunction restraining the defendants from taking any action on the property based upon the mortgage. The matter is currently pending.

29. Mr. V. M. James, a customer of the Keerampara branch of our Bank, filed an original suit (O.S. No. 21/2014) against the State Government of Kerala and others, including our Bank, contending that despite the alleged repayment of entire loan amount with respect to a credit grant of ₹ 15, 000 availed by him from our Bank, recovery authorities continued to pursue the claim against him for outstanding dues amounting to ₹ 19,962. Mr. V. M. James sought an injunction restraining recovery authorities and our Bank from proceeding with revenue recovery actions. The matter is currently pending.

30. M/s. ATV Projects India Limited filed a writ petition (W.P. No. (C) 4226/2013) dated June 26, 2013 before the High Court of Delhi, against Punjab National Bank and others, including our Bank, challenging a common order dated May 14, 2013 passed by the Appellate Authority of Industrial and Financial Reconstruction dismissing Appeal nos. 324/2002 and 117/2004 filed by M/s ATV Projects India Limited in relation to a rehabilitation scheme preferred by the company, on account of one of the secured creditors disapproving an offer for one-time settlement, rejecting the contention of M/s. ATV Projects India Limited that consent of all secured creditors would be required. M/s. ATV Projects India Limited, in the writ petition, has sought, *inter alia*, a declaration that the one-time settlement is binding upon the defendant banks. The matter is currently pending.

31. Mr. Anil Kumar, a customer of the Ponkunnam branch of our Bank, filed an original Suit (O.S. No. 133/2014) dated April 5, 2014 before the Munsif Court, Kanjirapally, against our Bank, challenging the alleged escalation in interest from 13.25% p.a. in 2008 to 19.25% p.a. in 2010 by our Bank without his consent, on loans amounting to ₹ 1.90 million availed by him and alleging that our Bank demanded an additional amount of ₹ 0.38 million to liquidate the loans. Mr. Anil Kumar sought a permanent injunction restraining our Bank from charging interest over 13.25% p.a. The matter is currently pending.

32. Mr. Neeraj Kishore filed an original suit (O.S. No. 213/2008) dated March 1, 2008 before the Subordinate Court, Thiruvananthapuram, against our Bank and others, contending that he is the lawful owner of certain property settled in his favour by his deceased father and that our Bank personnel tried to trespass into the said property claiming a right over the land which is situated appurtenant to the said property. Mr. Neeraj Kishore sought a perpetual injunction prohibiting our Bank from trespassing onto the said property. The matter is currently pending.

33. Mr. Joy Ambooken filed an appeal (Company Appeal No. 3/2013) dated March 4, 2013 before the High Court of Judicature of Kerala, against our Bank and Mr. Ajay Lal, our Director, challenging an order of the Company Law Board, Chennai dated December 27, 2012, dismissing the company law petition (CP No. 68/2009) which had been filed by the appellant. Mr. Joy Ambookan filed a company petition (C.P. No. 68/2009) before the Company Law Board, Chennai (**"CLB"**) against our Bank and others, seeking a direction to our Bank to set aside the allotment of 3.21 million equity shares of our Bank made on a rights basis in 2008 to members of Siam Vidhya Group (**"SVG"**), and the dismissal of concerned directors of our Bank, and an order for re-casting of balance-sheet made up to March 31, 2009, after repayment of amount paid by the members of SVG towards acquisition of the equity shares. Mr. Joy Ambookan additionally sought an order for the issuance of 3.21 million equity shares to those shareholders who subscribed for the said rights issue as per allotment list as on February 2, 2009 for a consideration of ₹ 120 per share and sought investigation into the affairs of our Bank.

34. Mr. Antony C. Sakri and others filed a writ petition (W.P. No. 102686/2015) dated March 5, 2015 before the High Court of Karnataka at Dharward, against our Bank and others, in relation to an overdraft facility of ₹ 1 million availed by the petitioners in April 2002, for starting a BSNL franchise. On account of closure of BSNL franchisee scheme, the loan account of the petitioners had been declared as a non-performing asset of our Bank. The petitioners stated that an offer for one-time settlement by payment of ₹ 1.40 million had not been accepted by our Bank and that our Bank had initiated proceedings under the SARFAESI Act against them. The petitioners sought a writ of mandamus, directing our Bank to accept the offer for one-time settlement and settle their loan account. The petitioners also sought a direction to restrain our Bank from proceeding further under the provisions of SARFAESI Act. The matter is currently pending.

35. Mr. Mattupalli Kiran and Ms. Mattupalli Kusuma Kumari filed an original suit (O.S. 253/2011) before the Court of District Judge, Guntur, against Mr. Mattupalli Siva Naga Srinivasa Rao and others, including our Bank. The plaintiffs, being legal heirs of Mr. Mattupalli Siva Naga Visweswara Rao, the deceased lessor of the premises of the Guntur branch of our Bank, filed the suit against Mr. Mattupalli Siva Naga Srinivasa Rao and others, seeking a declaration that they are absolute owners of the said property, which includes our Branch premises and an injunction restraining Mr. Mattupalli Siva Naga Srinivasa Rao from causing interference with peaceful possession of the property by the plaintiffs, along with their claim for other reliefs. Further, Mr. Mattupalli Kiran and Ms. Mattupalli Kusuma Kumari alleged that our Bank expressed difficulty, in the absence of a court direction, to pay rents in favour of plaintiffs because the first defendant, being the brother of the deceased lessor, was also claiming rent from our Bank. The matter is currently pending.

36. Mr. Mattupalli Siva Naga Srinivasa Rao filed an original suit (O.S. 89/2012) dated January 27, 2012 before the Court of Senior Principal Civil Judge, Guntur against our Bank, represented by the branch manager of the Guntur branch of our Bank. Mr. Mattupalli Siva Naga Srinivasa Rao stated that Mr. Mattupalli Siva Naga Visweswara Rao, the deceased lessor of the premises of the Guntur branch of our Bank, had executed a registered gift deed (No. 10355/2010) dated October 21, 2010, conveying the property, including the premises leased out to our Bank, in favour of the plaintiff. The plaintiff contended that our Bank had not

replied to a notice dated June 8, 2011 furnished by him, requesting for the rent to be paid directly to him. Mr. Mattupalli Siva Naga Visweswara Rao's wife also filed a suit (O.S. No. 253/2011) before the Additional Judge - III, Guntur, seeking declaration of title in respect of the property. Mr. Mattupalli Siva Naga Srinivasa Rao thereafter filed a suit (O.S. 346/2011) before the Court of Senior Civil Judge, Guntur, seeing a permanent injunction restraining the wife of Mr. Mattupalli Siva Naga Visweswara Rao from interfering with the possession and enjoyment of the properties conveyed to him. Further, Mr. Mattupalli Siva Naga Srinivasa Rao alleged that our Bank willfully avoided payment of rent due to him despite a notice furnished by him to our Bank on December 10, 2011 requesting for payment of rent dues, and for the termination of tenancy with effect from December 31, 2011 and vacation of property by January 1, 2012. The plaintiff had mentioned in the notice that upon failure to vacate the said premises by January 1, 2012, our Bank would be liable to pay damages at the rate of ₹ 5,000 per day for use and occupation of the premises. The plaintiff stated that our Bank had allegedly failed to comply with the notice, and hence sought a decree of eviction of our Bank from the premises of our Guntur branch and recovery of dues amounting to ₹ 0.27 million, along with subsequent interest of 24% p.a. till the date of realization. The matter is currently pending.

Consumer cases

As on March 24, 2015, there are 27 consumer proceedings pending against our Bank, which have been filed before the national and various state and district consumer dispute redressal forums. These proceedings primarily relate to delay in disbursement of loans, non-payment of adequate interest on deposits, excess interest charged on loans and fraudulent transfers of amounts from the bank accounts of customers, account holders etc. The aggregate amount claimed in such proceedings against our Bank, to the extent quantifiable, is approximately ₹ 29.87 million. Details of the consumer proceedings initiated against us, where the potential financial implication is over ₹ 10 million, or where the potential financial implication is not quantifiable, are as follows:

1. Mr. Sebastian Karimpil and Ms. Rosamma Sebastian, joint-account holders of a NRE Account with the Kaloor branch of our Bank, filed a consumer complaint (C.C. No. 80 of 2013) dated September 13, 2013, before the Kerala State Consumer Disputes Redressal Commission, Thiruvananthapuram, against our Bank, the managing director/ chief executive officer of our Bank and our part-time Chairman, claiming a compensation of ₹ 10 million for alleged negligence and deficiency in services by our Bank, which resulted in hacking of their registered customer email account and consequent fraudulent withdrawal of ₹ 4.30 million from their bank account. The complainants sought compensation for loss sustained by them for an amount of ₹ 4.30 million, along with bank interest from the date of loss of the amount till the date of filing the complaint and thereafter at the rate of 18% p.a. till realization of the amount, compensation from our Bank for an amount of ₹ 5 million with interest at the rate of 18% p.a. and a sum of ₹ 0.5 million towards costs of the complaint. Our Bank filed a reply dated January 21, 2014, stating that due procedure was followed pursuant to National Electronic Fund Transfer instructions received from the registered email accounts of the complainants and there was no deficiency in service as alleged in the complaint.

   With respect to the above-mentioned incident, our Bank also filed a complaint dated May 25, 2013 before the Ernakulum North Police station, subsequently registered as an FIR (FIR No. 711/2013) dated May 26, 2013, investigation therein is currently is process. Mr. Sebastian Karimpil, also filed a complaint dated June 17, 2013 before the Banking Ombudsman, which was subsequently rejected on July 16, 2013. The consumer complaint is currently pending.

2. Mr. Manu Kamal and others filed a consumer complaint (C.C. No. 87 of 2014) before the Kerala State Consumer Disputes Redressal Commission, Thiruvanathapuram, against our Bank, in relation to certain gold loans for an amount of ₹ 4.75 million availed by the complainants from the Nemom, Thiruvanathapuram branch of our Bank, against the pledge of gold ornaments. The complainants have alleged that they were forced to pay ₹ 1.06 million towards the security on account of fluctuation of gold prices, and that our Bank refused to accept an offer made by the complainants for remittance of interest amount of ₹ 0.60 million. The complainants sought a direction to our Bank to accept interest for gold loans as offered by them and to allow renewal of their gold loans. The Kerala State Consumer Dispute Redressal Commission, Thiruvanathapuram, pursuant to an interim order dated September 26, 2014 in I.A. No. 906/2014, stayed auction proceedings initiated by our Bank with respect to the pledged gold held by our Bank. The matter is currently pending.

Proceedings before the Banking Ombudsman

There are three complaints which have been filed against our Bank before the Banking Ombudsman, details of which are as follows:

1. Sudhir Enterprises, an account holder of our Bank, submitted a complaint through an email dated December 29, 2014 before the Banking Ombudsman, Thiruvananthapuram, with respect to the alleged delay in realization of a demand draft for USD 6,400, which had been presented by the complainant at our Bank. The complainant has sought for the authority to help ascertain the reason for the alleged delay and direct our Bank to credit the proceeds of the demand draft, along with interest, to the account of the complainant for the delayed period. Pursuant to a letter dated March 14, 2015 addressed to our Bank, the complainant sought an amount of ₹ 19,200 towards the rate difference on USD during the period of delay, along with interest at the rate of 10% for 30 days, amounting to ₹ 3,300, as well as legal expenses. The complaint is currently pending.

2. Ms. Mary Varghese submitted a complaint dated February 18, 2015 before the Banking Ombudsman, Trivandrum, with respect to the deduction of ₹ 2,635 toward tax from the maturity value of ₹ 62,660 for a fixed deposit held by the complainant at our Bank. The complainant has sought for the authority to help recover the amount deducted towards tax. The complaint is currently pending.

3. Mr. Babu submitted a complaint dated February 23, 2015 before the Banking Ombudsman, Thiruvananthapuram, in relation to an education loan for his daughter. The complainant alleged that he had submitted requisite documents required by our Bank for the year 2013-14, and had a meeting with the branch manager of the Puthiyakavu branch of our Bank on August 16, 2014, during which the branch manager promised to give him the loan. The complainant tried for the loan frequently, but the loan was not granted. The branch manager has now sought requisite papers for the year 2014-15. The complainant has sought for the authority to ensure steps are taken by our Bank to sanction the education loan and for the continuation of such loan.

Labour Proceedings

As on March 24, 2015, there are 34 cases filed against our Bank by various former or current employees of our Bank before various tribunals and courts. These proceedings primarily relate to claims for allegedly wrongful termination of service, reinstatement along with back wages, promotions, transfers, claims pertaining to terminal benefits and disciplinary actions taken against them. Details of the proceedings currently pending are as follows:

Industrial disputes

1. The Catholic Syrian Bank Staff Association ("**CSB Staff Association**") filed a complaint dated July 6, 2012 before the Assistant Labour Commissioner (Central), Kochi ("**ALC, Kochi**"), against our Bank in relation to the alleged non-payment of special pay benefits to cashiers handling additional duties, in violation of the terms of bipartite settlements entered into between the Indian Banks' Association and workmen. Our Bank submitted written statements on November 9, 2012 and April 24, 2013. The ALC, Kochi, initiated conciliation proceedings, and on March 4, 2013, directed our Bank to pay the difference in pay of ₹ 280 for the additional services. Subsequently, the matter was referred as an industrial dispute (I.D. 38/2013) before the Central Government Industrial Tribunal cum Labour Court, Ernakulam. Our Bank submitted a written statement on May 13, 2014. The matter is currently pending.

2. Mr. A.J. Varghese filed a petition (C.P. 3 of 2011) on April 24, 2011 before the Central Government Industrial Tribunal cum Labour Court, Ernakulam, against our Bank, in relation to special allowances which he was allegedly entitled to post his promotion, that is, from sub staff cadre to clerical cadre. The petitioner sought a direction to our Bank for the payment of such special allowances, amounting to ₹ 0.19 million, or as may be declared as payable by the court. Our Bank submitted a counter statement praying for the dismissal of the petition on October 3, 2011, and the petitioner submitted a rejoinder on January 4, 2012. Pursuant to an order dated October 15, 2012, the petition was dismissed due to non-appearance of the petitioner. The petitioner filed a

petition for restoration of C.P. 3 of 2011 on October 29, 2012, to which our Bank filed a counter on April 18, 2013. The matter is currently pending.

3. The CSB Staff Association filed a complaint dated September 13, 2010 before the ALC, Kochi, against our Bank in relation to the allegedly wrongful dismissal of Mr. Manu Jose, a member of the subordinate staff of our Bank, in June 2010, and imposition of compulsory retirement with superannuation benefits as a consequence of certain alleged acts of misconduct committed by him. Our Bank submitted a written statement on November 1, 2010. The matter was subsequently referred as an industrial dispute (I.D. 26 of 2011) before the Central Government Industrial Tribunal cum Labour Court, Ernakulam .The CSB Staff Association sought a declaration by the court that the dismissal was wrong and unjust, and a direction to our Bank to reinstate Mr. Manu Jose with full back wages, continuity of services and other benefits, along with payment of costs of the litigation, and filed a statement of claims dated August 3, 2011. Our Bank submitted a written statement on February 25, 2012. The mater is currently pending.

4. Mr. Sitangshu Bhusan Mazumdar submitted a representation before the Assistant Labour Commissioner (Central), Kolkata, challenging disciplinary action taken by our Bank against him with respect to an alleged shortage in the remittance of certain amount of money to another bank for which he was responsible in his capacity as the cashier in charge of the Lal Bazar branch, Kolkata. Pursuant to an order dated September 28, 2004 of the disciplinary authority of our Bank, compulsory retirement with superannuation benefits was imposed as a penalty on Mr. Mazumdar. Conciliation proceedings on the dispute were declared as failed and pursuant to a report of the conciliation officer dated May 25, 2006, the matter was refered as an industrial dispute (I.D. 26/2006) before the Central Government Industrial Tribunal, Kolkata. Mr. Mazumdar filed a statement of claims dated November 28, 2006, seeking a direction to set aside the order dated September 28, 2004, along with a direction to reinstate him into service with full benefits. Our Bank filed a written statement on March 6, 2007. Evidence has been submitted by Mr. Mazumdar on January 10, 2012. The matter is currently pending.

5. Mr. Tapan Kumar Das submitted a representation dated March 11, 2010 before the Assistant Labour Commissioner (Central), Kolkata, challenging disciplinary action taken by our Bank against him with respect to alleged fraudulent withdrawals from accounts for which he was responsible in his capacity as the clerk cum cashier of the Burra Bazar branch, Kolkata. Pursuant to an order dated August 5, 2008 of the disciplinary authority of our Bank, lowering of one stage of employment scale in salary for a period of two years was imposed as a penalty on Mr. Das, which was confirmed by the appellate authority on October 25, 2008. Conciliation proceedings on the dispute were declared as failed and pursuant to a report of the conciliation officer dated March 28, 2011, the matter was refered as an industrial dispute (I.D. 5/2011) before the Central Government Industrial Tribunal cum Labour Court, Kolkata. Mr. Das filed a statement of claims dated November 8, 2011, seeking a direction to set aside the penalty imposed, along with a direction to restore his increment and pay back all consequential benefits and award reasonable costs. Our Bank filed a written statement on November 30, 2011. Evidence has been submitted by Mr. Das on January 10, 2012. The matter is currently pending.

Conciliation proceedings before the Assistant Labour Commissioner

1. The CSB Staff Association filed a complaint dated October 8, 2014 before the ALC, Kochi, in relation to the transfer of Mr. Shoby Arimboor, a member of the award staff of our Bank, allegedly in violation of the transfer policy of our Bank being an individual transfer between general transfers. The CSB Staff Association sought a direction that the violation of the transfer policy be rectified, or else prosecution under section 29 of the Industrial Disputes Act be initiated. Our Bank submitted a written statement to the ALC, Kochi on February 4, 2015, stating that the complaint was frivolous and would not come within the purview of an industrial dispute as defined under the Industrial Disputes Act, as Mr. Arimboor was not a member of the CSB Staff Association, and that the conciliation proceedings were unwarranted. The matter is currently pending.

2. The CSB Staff Association filed a complaint dated May 19, 2014 before the ALC, Kochi, in relation to the denial of a transfer application of Ms. Neetha Antony, who had been employed on compassionate grounds by our Bank. The CSB Staff Association sought a direction to our Bank to transfer Ms. Neetha Antony to any branch near Palakkad. Conciliation proceedings were initiated by the ALC, Kochi pursuant to a letter dated May 27, 2014. Further to proceedings held on February 13, 2015, the parties failed to reach a settlement and the conciliation

proceedings were declared as failed and proceedings were closed for reference to the Central Government in accordance with the Industrial Disputes Act. Our Bank is yet to receive any further intimation with respect to the matter.

3. The CSB Staff Association had initially filed an industrial dispute (I.D. 7/2006 and 8/2006) before the Central Government Industrial Tribunal cum Labour Court, Ernakulam, against our Bank in relation to the alleged non-disbursement of computer allowance arrears to eligible employees, in accordance with the bipartite settlement agreement of our Bank with the employees. Pursuant to an award dated July 18, 2006 of the Labour Court and subsequent dismissal of our petition by the High Court of Kerala at Enrakulam on July 31, 2009, our Bank was directed to pay computer allowance to all the computer operators of our Bank. Subsequently, the CSB Staff Association filed a complaint dated June 18, 2014 before the ALC, Kochi alleging our Bank had not yet disbursed the allowance to all eligible employees in accordance with the directions of the ALC, Kochi. Our Bank submitted a written statement on August 8, 2014, praying for the dismissal of the complaint. The matter is currently pending.

4. The CSB Staff Association filed a complaint dated December 1, 2013 before the ALC, Kakkanad, challenging a notice issued by our Bank under section 9A of the Industrial Disputes Act to effect certain changes to the existing transfer policy of our Bank which had been instituted pursuant to a tripartite agreement between the management of our Bank and staff unions of our Bank. Our Bank submitted a written statement to the ALC, Kakkanad on March 24, 2014, to which the CSB Staff Association replied on April 25, 2014. Further to proceedings held on May 19, 2014, our Bank was directed to provide an explanation regarding the proposed changes, which was provided on October 9, 2014. The ALC, Kakkanad directed our Bank to cancel the notice issued under Section 9A and and to hold a joint discussion with the unions on the issues being faced with the existing policy. Subsequently, the conciliation proceedings were disposed of on November 14, 2014 with a direction to our Bank to comply with the minutes dated October 9, 2014, and the CSB Staff Association to file a complaint in case of failure by our Bank to comply with the directions.

Criminal disciplinary proceedings

1. The CSB Staff Association had initially filed an industrial dispute (I.D. 268/2006) before the Central Government Industrial Tribunal cum Labour Court, Ernakulam, against our Bank in relation to non-implementation of certain special allowances post promotions from sub staff cadre to clerical cadre, and the alteration of dates of increment post such promotions. The industrial dispute was disposed of pursuant to an award of the court dated July 6, 2007, directing our Bank to implement the special allowances and salary payouts for the impugned staff members. Subsequently, the Labour Enforcement Officer (Central), Kochi, filed a criminal complaint (C.C. 2485/2011) before the Judicial Magistrate – First Class, Thrissur, in relation to the alleged failure by our Bank to implement the award under the industrial dispute.

   Our Bank, through Mr. V.P. Iswardas, our erstwhile Managing Director and CEO and Mr. Sijo Varghese our Company Secretary and Compliance Officer, filed a criminal miscellaneous case (Cri. M.C. No. 1998/2012) against the Labour Enforcement Officer (Central), Kochi, and the State of Kerala through the Public Prosecutor, High Court of Kerala, seeking a direction to quash the C.C. 2485/2011. Pursuant to an order dated May 31, 2012, the High Court admitted the petition and granted an interim stay for three weeks in the matter. The Labour Enforcement Officer (Central), Kochi submitted a written statement on August 6, 2012. Pursuant to a judgment dated September 29, 2014, the High Court dismissed the criminal miscellaneous case filed by our Bank. Our Bank is yet to file an appeal against the judgment. The criminal complaint is currently pending.

Civil disciplinary proceedings

1. Ms. Geetha Ramachandran filed a civil suit (O.S. 937/2013) before the Subordinate Judge's Court - II, Thrissur against our Bank in relation to the disciplinary action and subsequent allegedly wrongful termination of her services in 2006. Ms. Geetha Ramachandran had earlier filed a complaint before the Kerala State Women's Commission in December 2007, against the disciplinary action which had been taken by our Bank, and the Commission had, pursuant to an order dated November 1, 2008, directed our Bank to reinstate Ms. Geetha Ramachandran. Against this direction, a writ petition (WP(C) No. 1498 of 2009) was filed before the High Court of Kerala, and the order of the Commission was set aside on May 24, 2010 on account of lack of jurisdiction.

Ms. Geetha Ramachandran has now filed this civil suit, and sought a direction for re-instatement and payment of damages of ₹ 3.56 million along with interest at the rate of 9% p.a. for loss of salary and allowance, loss of provident fund and gratuity benefits and mental agony, defamation as well as litigation costs. Alternatively, in case it is declared that she is entitled to pension and not provident fund benefits, then arrears of pension from April 1, 2013 should be paid. Our Bank has submitted a written statement on January 15, 2014. The matter is currently pending. Ms. Geetha Ramachandran has also filed a criminal miscellaneous petition (Cri. Misc. No. 611/2014) against the part-time Chairman of our Bank before the Chief Judicial Magistrate, Thrissur. For details see the section titled "- *Litigations involving the Directors of our Bank – Outstanding litigation against our Directors*" on page 328.

2. Mr. M.A. Jose filed an indigent original petition (I.O.P. 1/2014) before the Subordinate Court, Kannur, against our Bank and certain employees of our Bank in relation to his dismissal from service on account of acts of misconduct. The plaintiff has sought compensation of ₹ 6.68 million, along with interest at the rate of 10% p.a. for loss of salary, leave salary, provident fund contribution, loss of pension and for mental agony, as well as the litigation costs. The matter is currently pending.

3. Mr. P.V. Paul filed a petition (W.P. (C) No. 29878/2014) dated November 11, 2014 before the High Court of Kerala at Ernakulam, against our Bank and certain officials of our Bank in relation to his allegedly wrongful dismissal from service. The petitioner has sought a direction to our Bank to consider and dispose of the appeal filed before the General Manager of our Bank against the order for dismissal from service. A counter affidavit was submitted by the Additional General Manager (Operations) of our Bank on February 23, 2015. The matter is currently pending.

4. Mr. T.P. Varghese filed a petition (W.P.(C) No. 32785/2014) dated December 2, 2014 before the High Court of Kerala at Ernakulam, against the ALC, Kochi and our Bank in relation to his allegedly wrongful dismissal from service. Our Bank had ordered the dismissal from service and initiated criminal action against the plaintiff for theft of ornaments under custody at the Nellore Branch, which was subsequently dismissed by the Court of Judicial Magistrate, First Class, Nellore on December 13, 2010. The petitioner subsequently filed an application before the ALC, Kochi, under the Industrial Disputes Act on November 11, 2013. The ALC, Kochi, pursuant to an order dated October 15, 2014, directed for the matter to be transferred before the Assistant Labour Commissioner (Central), Vijayawada ("**ALC, Vijayawada**"). A notice to appear before the ALC, Vijayawada on November 24, 2014 was issued on November 6, 2014, which was allegedly received by the petitioner on November 29, 2014. The petitioner has sought a writ of certiorari vide a petition dated December 2, 2014, calling for records leading to the issuance of the order of ALC, Kochi directing the transfer to the ALC, Vijayawada, and the notice to appear, and a direction to quash the order and notice, respectively. He has also sought a writ of mandamus for a direction to our Bank to complete the conciliation proceedings before the ALC, Kochi within two months of the plaint and for award of the costs of the petition. Pursuant to an order dated December 8, 2014, the High Court stayed the notice to appear before the ALC, Vijayawada for one month. The matter is currently pending.

   Mr. T.P. Varghese had also filed a civil suit before the Principal Sub Court, Thrissur, claiming compensation of an amount of ₹ 5 million from our Bank for malicious prosecution. However, pursuant to an order dated January 25, 2012, the suit was returned on account of being barred by limitation. Against the afore-mentioned order, Mr. Varghese filed O.P 809/12 before the High Court of Kerala, wherein the High Court directed the trial court to hear and dispose of the petition, if any, filed by the petitioner. Consequently, Mr. Varghese filed C.M.P. 7/12 dated January 24, 2012 before the Principal Sub Court, Thrissur, claiming compensation of ₹ 5 million as damages with interest at the rate of 12% from the date of the suit to the date of realization along with costs of the suit. Further to an objection filed by our Bank on July 26, 2012 C.M.P. 7/12 was rejected by the trial court on account of being barred by limition. Subsequently, Mr. Varghese filed an appeal (F.A.O. 36 of 2014) before the High Court of Kerala at Ernakulam on February 2, 2014, which is currently pending.

Other civil proceedings

1. Mr. I.V. Devies filed a civil suit (O.S. 4950/2013) before the Munsiff Court, Thrissur, against our Bank for the alleged non-payment of pension post his dismissal from service on account of acts of misconduct, and stated that he was entitled to pension as he had remitted the amount required to avail the option under the CSB Employees'

(Pension) Regulations, 1993, as amended. He has sought for a direction to our Bank to pay the pension allegedly due to him, or alternatively refund the amount of ₹ 90,720 paid by him for availing the pension, along with interest at the rate of 12% p.a. from October 2010, along with costs of the litigation. Our Bank submitted a written statement on October 20, 2014. The matter is currently pending.

2. Mr. M.D. Johnson filed a civil suit (O.S. 546/2013) dated March 25, 2013 before the Subordinate Court, Thrissur, against our Bank for the non-furnishing of details, and non-payment of, pension to which the plaintiff was allegedly entitled under a pension scheme initiated by our Bank under the Indian Banks' Association regime for voluntary retirement. The plaintiff sought a direction to our Bank to furnish information regarding the amount of pension which would be remitted to him and to pay the litigation costs to the plaintiff. Our Bank submitted a written statement on July 22, 2013. The matter is currently pending.

3. Mr. Baby Joseph Alappat filed a civil suit (O.S. 547/2013) dated March 25, 2013 before the Subordinate Court, Thrissur, against our Bank for the non-furnishing of details, and non-payment of, pension to which the plaintiff was allegedly entitled under a pension scheme initiated by our Bank under the Indian Banks' Association regime for voluntary retirement. The plaintiff sought a direction to our Bank to furnish information regarding the amount of pension which would be remitted to him and to pay the litigation costs to the plaintiff. Our Bank submitted a written statement on July 22, 2013. The matter is currently pending.

4. Mr. John Davis Thottan filed a civil suit (O.S. 548/2013) dated March 25, 2013 before the Subordinate Court, Thrissur, against our Bank for the non-furnishing of details, and non-payment of, pension to which the plaintiff was allegedly entitled under a pension scheme initiated by our Bank under the Indian Banks' Association regime for voluntary retirement. The plaintiff sought a direction to our Bank to furnish information regarding the amount of pension which would be remitted to him and to pay the litigation costs to the plaintiff. Our Bank submitted a written statement on July 19, 2013. The matter is currently pending.

5. Mr. Jose Kavalakkat filed a civil suit (O.S. 549/2013) dated March 25, 2013 before the Subordinate Court, Thrissur, against our Bank for the non-furnishing of details, and non-payment of, pension to which the plaintiff was allegedly entitled under a pension scheme initiated by our Bank under the Indian Banks' Association regime for voluntary retirement. The plaintiff sought a direction to our Bank to furnish information regarding the amount of pension which would be remitted to him and to pay the litigation costs to the plaintiff. Our Bank submitted a written statement on July 22, 2013. The matter is currently pending.

6. Mr. P.K. Jose filed a writ petition dated June 26, 2007 before the High Court of Kerala at Ernakulam against the Union of India, RBI, Indian Bankers' Association, our Bank and the chairman of our Bank at that time, challenging the constitutionality of letter dated November 26, 1998 issued by the Ministry of Finance. The petitioner's contention was that the said letter granted ex-gratia payment to those persons who retired from service on or before December 31, 1985 after completing 20 years of service, whereas denied ex-gratia payment to those who resigned from service on or before December 31, 1985 after completing 20 years of continuous service. The matter is currently pending.

7. Resigned Bank Employees' Welfare Association ("**RBEW Association**") filed a petition (W.P.(C) 7413/2011) dated March 23, 2011 before the High Court of Delhi, against the Ministry of Finance, Indian Banks' Association and certain banks, including our Bank, in relation to benefits under a settlement in the form of a memorandum of understanding dated October 29, 1993 entered into between the Indian Banks' Association and unions of certain nationalised and private sector banks, the Bank Employees' Pension Regulations, 1995 and a settlement dated April 27, 2010 between United Forum of Bank Employees Unions and Indian Banks' Association, allowing certain benefits which were allegedly not made available to employees of the banks who had resigned on the same terms as employees in service of the banks or employees who had retired under the voluntary retirement scheme or the golden handshake scheme. The RBEW Association sought a direction to the respondents to give the benefit of the settlement dated April 27, 2010 to the resignees who ceased to be in service on or after September 29, 1995 in case of nationalised banks after rendering service for a minimum period of 15 years, a direction to the respondents to give option of pension to the resignees and pay the litigation costs. The matter is currently pending.

Writ petitions filed by labour unions

1. The Catholic Syrian Bank Officers Association ("**CSB Officers Association**") filed a writ petition (W.P. No. 8118/2011) before the High Court of Judicature at Madras against the Union of India, Central Board of Direct Taxes ("**CBDT**"), Chief Commissioner of Income Tax and our Bank. The CSB Officers Association prayed for a writ quashing the letter (S/1845/2011) wherein our Bank disallowed the request of the CSB Officers Association to not deduct tax at source, and to retrain our Bank from deducting tax in relation to the amount that was being appropriated towards the pension fund corpus of our Bank out of the salary and arrears of salary paid by our Bank to the members of CSB Officers Association. The High Court passed an interim order dated June 24, 2011, restraining our Bank from deducting tax at source, and if already deducted, to not disburse the same to the petitioners. The matter is currently pending.

2. The Catholic Syrian Bank Staff Federation ("**CSB Staff Federation**") filed a writ petition (W.P. (C) No 10499 of 2011) dated March 31, 2011 before the High Court of Kerala at Ernakulam, against the Union of India; Secretary to Government, Ministry of Finance and our Bank. The CSB Staff Federation prayed for a writ declaring that the amount appropriated towards the pension fund corpus of our Bank from arrears of salary due to employees is not "salary" under the Income Tax Act and is therefore, not taxable, and a direction prohibiting our Bank from deducting tax at source on the pension corpus fund that was being appropriated. The High Court passed an interim order dated April 7, 2011, restraining our Bank from deducting tax at source, and if already deducted, to not disburse the same to the petitioners. The matter is currently pending.

3. The CSB Officers Association filed a writ petition (W.P. No. 10052 of 2008) dated April 16, 2008 before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Officers Association challenged the validity of the amendment to Section 17(2) of Income Tax Act, as amended by Finance Act, 2007, and the circular issued by our Bank pursuant to the which the rent-free allowance offered to employees was made taxable. Pursuant to an interim application filed by the CSB Officers Association, the High Court through an order dated March 4, 2008 granted an interim injunction restraining our Bank from collecting levying or deducting tax from the petitioners. The matter is currently pending.

4. The Catholic Syrian Bank Officers Federation ("**CSB Officers Federation**") filed a writ petition (W.P. No. 4529/2010) before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Officers Association challenged the validity of the amendment to Section 17(2) of Income Tax Act, as amended by Finance Act, 2007, and the circular issued by our Bank pursuant to the same whereby the rent-free allowance offered to employees was made taxable. Pursuant to an interim application filed by the CSB Officers Association, the High Court through an order dated April 23, 2008 and following its order in M.P. No. 1 of 2009 in W.P. No. 4775 of 2009, gave an interim direction to the respondents to extend the benefit to the petitioner. The matter is currently pending.

5. The Catholic Syrian Bank Executives Forum ("**CSB Executives Forum**") filed a writ petition (W.P. No. 5888/2011) before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Executives Forum challenged the validity of the amendment to Section 17(2) of Income Tax Act as amended by Finance Act, 2007 and the circular issued by our Bank pursuant to which the rent-free allowance offered to employees was made taxable. The matter is currently pending.

6. The CSB Officers Federation filed a writ petition (W.P. No. 5154/2010) before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Officers Federation prayed for a writ declaring Rule 3(7)(i) of the Income Tax Rules and a part of the circular issued by our Bank pursuant to the Income Tax Rules, relating to the taxability of concessional loans, and the amendment to Rule 3(7)(i) which required interest rate on concessional loans to be charged at the rate charged by State Bank of India, are null and void. Pursuant to an interim application filed by the petitioner, the High Court passed an interim order dated March 15, 2010 restraining our Bank from levying, collecting or deducting tax at source. The matter is currently pending.

7. The CSB Staff Federation filed a writ petition (W.P. No. 5885/2011) before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Staff

Federation prayed for a writ declaring Rule 3(7)(i) of the Income Tax Rules and a part of the circular issued by our Bank pursuant to the Income Tax Rules, relating to the taxability of concessional loans, and the amendment to Rule 3(7)(i) which required interest rate on concessional loans to be charged at the rate charged by State Bank of India, are ultra vires the Income Tax Act, unconstitutional, and therefore null and void. Pursuant to an interim application filed by the petitioner, the High Court passed an interim order dated March 9, 2011 restraining our Bank from levying, collecting or deducting tax at source. The matter is currently pending.

8. The CSB Officers Federation filed a writ petition (W.P. No. 4528/2010) before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Officers Federation prayed for a writ declaring Rule 3(7)(i) of the Income Tax Rules and a part of the circular issued by our Bank pursuant to the Income Tax Rules, relating to the taxability of concessional loans, and the amendment to Rule 3(7)(i) which required interest rate on concessional loans to be charged at the rate charged by State Bank of India, are ultra vires the Income Tax Act, unconstitutional, and therefore null and void. Pursuant to an interim application filed by the CSB Officers Association, the High Court through an order dated March 4, 2008 and following its order in M.P. No. 1 of 2009 in W.P. No. 4775/2009 gave interim direction to the respondents to extend the benefit to the petitioner therein. The matter is currently pending.

9. The CSB Executives Forum filed a writ petition (W.P. No. 5889/2010) before the High Court of Judicature at Madras against the Union of India, CBDT, Chief Commissioner of Income Tax and our Bank. The CSB Executives Forum prayed for a writ declaring Rule 3(7)(i) of the Income Tax Rules and a part of the circular issued by our Bank pursuant to the Income Tax Rules, relating to the taxability of concessional loans, and the amendment to Rule 3(7)(i) which required interest rate on concessional loans to be charged at the rate charged by State Bank of India, are ultra vires the Income Tax Act, unconstitutional, and therefore null and void. The matter is currently pending.

Tax proceedings

Direct tax matters

Appeals by the Income Tax Department

1. Our Bank received an assessment order and demand notice dated January 24, 2005 from the Assistant Commissioner of Income Tax, Circle 1(1), Trichur ("**ACIT**") with respect to assessment year ("**AY**") 2002-03. Pursuant to the order, certain deductions claimed by our Bank including *inter alia* deduction of interest on tax free bonds and dividend income, bad debt claims, written off debts, were disallowed. Our Bank filed an appeal before the Commissioner of Income Tax (Appeals), Trichur ("**CIT (A)**") which was partly allowed through an order dated April 7, 2006. Subsequently, our Bank filed an appeal before the ITAT against the disallowance of ₹ 8.59 million towards interest on tax-free bonds and dividend income. The CIT filed an appeal before the ITAT against the deduction of ₹ 126.60 million allowed by the CIT (A). The ITAT through an order dated April 16, 2007 allowed our Bank's claim and dismissed that of the CIT. Against the deduction of ₹ 8.59 million allowed by the ITAT, the CIT filed an appeal before the High Court of Kerala at Ernakulam, which was allowed through an order dated November 22, 2010. Our Bank has filed a special leave petition dated February 28, 2011, challenging the order of the High Court on the disallowance.

   Pursuant to the direction issued by the Commissioner of Income Tax, Trichur ("**CIT**") to the ACIT, the ACIT passed a revised assessment order dated December 10, 2007. Against the revised assessment order, our Bank filed another appeal before the Income Tax Appellate Tribunal, Cochin ("**ITAT**") against *inter-alia* the disallowance of deduction of ₹ 14.58 million towards lease equalization charges, and ₹ 7.89 million as loss on revaluation of unquoted securities. The ITAT pursuant to an order dated August 6, 2009 allowed the aforesaid two deductions claimed by our Bank. Subsequently, a revised assessment order dated March 19, 2010 was issued by the ACIT in order to give effect to the order dated August 6, 2009 of the ITAT. Thereafter, the CIT filed an appeal on January 4, 2010 before the High Court of Kerala at Ernakulam, against the order dated August 6, 2009 with respect to the above-mentioned two deductions allowed by the ITAT. In relation to the deduction of ₹ 126.60 million for bad debts, the CIT preferred several appeals before the High Court against orders of the ITAT allowing the said deduction. The High Court through its order dated December 16, 2009 allowed the appeal of the CIT. Against the said order of the High Court, our Bank preferred an appeal before the

Supreme Court of India. The Supreme Court through its order dated February 17, 2012 allowed our Bank's claim for deduction towards provision for bad debts and directed the assessing officer to re-compute the taxable income. Pursuant to the said order, the ACIT issued a revised assessment order dated March 30, 2012 giving effect to the order of the Supreme Court.

Furthermore, our Bank received a notice dated February 28, 2003 under Section 143(1) of the Income Tax Act with respect to AY 2002-03, denying the payment of interest under Section 244A of the said Act on refund of ₹ 49.92 million. Against the same, our Bank filed an appeal before the CIT (A), which was dismissed through an order dated June 14, 2004. Thereafter, our Bank filed an appeal before the ITAT. The ITAT through an order dated July 28, 2006 allowed our appeal. Against the said order of the ITAT, the CIT has filed an appeal before the High Court.The matters are currently pending.

2. Our Bank received an assessment order and demand notice dated November 30, 1992 from the ACIT with respect to AY 1990-91. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* bad debt claims, penal interest paid to RBI, travelling expenses, were disallowed. Our Bank filed an appeal before the CIT (A), which was partly allowed through an order dated February 26, 1993. Thereafter, the CIT filed an appeal before the ITAT, against *inter-alia*: a) deduction of ₹ 0.53 million allowed towards penal interest paid to RBI, b) deduction of ₹ 12.36 million allowed towards bad debts written off, c) deduction of ₹ 8.15 million allowed as provision for bad debts while computing book profits. The ITAT through an order dated February 14, 2003 allowed the first two above-mentioned deductions and in relation to the third deduction directed the assessing officer to recomputed the book profit and a deduction towards provision made for bad debts was permissible. The CIT has filed an appeal dated June 19, 2003 against our Bank before the High Court of Kerala at Ernakulam, challenging the order passed by the ITAT in relation to the afore-mentioned three deductions. In relation to the claim of deduction for provision for bad debts, the CIT preferred several appeals before the High Court against orders of the ITAT allowing the said deduction. The High Court through its order dated December 16, 2009 allowed the appeal of the CIT. Against the said order of the High Court, our Bank preferred an appeal before the Supreme Court of India. The Supreme Court through its order dated February 17, 2012 allowed our Bank's claim for deduction towards provision for bad debts and directed the assessing officer to re-compute the taxable income. Pursuant to the said order, the ACIT issued a revised assessment order dated March 29, 2012 giving effect to the order of the Supreme Court. The matter is currently pending with respect to the other two deductions claimed by our Bank.

3. Our Bank received an assessment order dated January 31, 1994 and demand notice dated February 11, 1994 from the ACIT with respect to AY 1992-93. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* bad debts written off, business promotion expenses, depreciation of government securities, were disallowed. Our Bank filed an appeal before the CIT, which was partly allowed through an order dated March 30, 1994. The CIT filed an appeal before the ITAT, against *inter-alia*, the deduction of ₹ 3.53 million allowed towards written off bad debts, and the deduction of ₹ 35.84 million allowed as depreciation in the value of government securities. The ITAT through an order dated February 14, 2003 dismissed the claim of the CIT in relation to the said deduction of ₹ 35.84 million. With respect to the deduction of ₹ 3.53 million, the ITAT ordered the assessing officer to redo the assessment in consonance with the order dated August 9, 2002 passed by the special bench of the ITAT holding that bad debts actually written off and which do not arise out of rural advances are not limited by Section 36(1)(vii) of the Income Tax Act. The CIT has filed an appeal dated June 19, 2003 before the High Court of Kerala at Ernakulam against the order passed by the ITAT in relation to the afore-mentioned two deductions. In relation to the claim of deduction for bad debts, the CIT preferred several appeals before the High Court against orders of the ITAT allowing the said deduction. The High Court through its order dated December 16, 2009 allowed the appeal of the CIT. Against the said order of the High Court, our Bank preferred an appeal before the Supreme Court of India. The Supreme Court through its order dated February 17, 2012 allowed our Bank's claim for deduction towards provision for bad debts and directed the assessing officer to re-compute the taxable income. Pursuant to the said order, the ACIT issued a revised assessment order dated March 30, 2012 giving effect to the order of the Supreme Court. The matter is currently pending with respect to the other two deductions claimed by our Bank.

Furthermore, the ACIT through the said assessment order dated March 30, 2012 allowed interest of ₹ 3.88 million under Section 244A of the Income Tax Act on refund due to us. Thereafter, the ACIT issued a notice dated December 26, 2012 proposing to withdraw excess interest granted under Section 244 A. Our Bank has filed reply dated January 14, 2013 stating that we are eligible for payment of more interest. The matter is currently pending.

4. Our Bank received an assessment order and demand notice dated March 19, 1999 from the ACIT with respect to AY 1996-97. Pursuant to an appeal filed by our Bank before the CIT (A), the assessment was revised and our Bank received another assessment order and demand notice dated March 28, 2002. Certain deductions claimed by our Bank including *inter-alia* depreciation on investments, amortization on premium paid on permanent securities, broken period interest, excess interest tax collected by our Bank, were disallowed. Our Bank filed an appeal before the CIT (A), which was partly allowed through order dated November 10, 2003. Our Bank filed an appeal before the ITAT, against *inter-alia* the following deductions: a) ₹ 0.28 million towards amortization of premium paid on permanent category of investments, b) ₹ 1.92 million towards broken period interest, c) ₹ 3.01 million of excess interest tax collected by our Bank. The ITAT allowed the first two deductions claimed by our Bank and disallowed deduction of ₹ 3.01 million through an order dated August 8, 2007. Subsequently, the CIT filed an appeal before the High Court of Kerala at Ernakulam, against the two deductions allowed by the ITAT, which was dismissed through an order dated August 12, 2009. Against the said order, the CIT has filed a special leave petition dated January 21, 2011 before the Supreme Court of India, against the said deductions allowed by the High Court. In relation to the deduction of ₹ 3.01 million that was disallowed by the ITAT, our Bank filed an appeal before the High Court, that was dismissed through an order dated March 22, 2011. Thereafter, our Bank has filed a review petition dated July 18, 2011 before the High Court, against the order dated March 22, 2011. The review petition was dismissed by the High Court on November 17, 2014. Our Bank filed a special leave petition dated February 16, 2015 before the Supreme Court challenging the dismissal of the review petition. The said petition was dismissed by an order dated March 9, 2015. The matter is currently pending in relation to the special leave petition preferred by the CIT.

5. Pursuant to a revision of the original assessment dated January 28, 2004, our Bank received a revised assessment order and demand notice dated December 18, 2006 from the ACIT with respect to AY 1999-2000. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* lease equalization charges, pension contribution fund, amortization of premium on permanent investments, were disallowed. Our Bank filed an appeal before the CIT (A), which was partly allowed through an order dated September 11, 2007. Thereafter, our Bank filed an appeal before the ITAT, against the disallowance of: a) ₹ 7 million towards claim of pension contribution fund, b) ₹ 17.28 million towards lease equalization charges. The ITAT through an order dated June 30, 2009 allowed our claims with respect to the afore-mentioned two deductions. Thereafter, the CIT filed an appeal dated November 12, 2009 against our Bank before the High Court of Kerala at Ernakulam, against the aforesaid two deductions allowed by the ITAT. The matter is currently pending.

6. Pursuant to a revision of the original assessment dated January 28, 2004, our Bank received a revised assessment order and demand notice dated December 18, 2006 from the ACIT with respect to AY 1999-2000. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* broken period interest, lease equalization charges, bad debts claims, were disallowed. Our Bank filed an appeal before the CIT (A) which was partly allowed through an order dated June 14, 2004. Thereafter, our Bank filed an appeal before the ITAT, against the disallowance of ₹ 86.15 million towards provision for bad debts while calculating book profit. The ITAT through an order dated June 30, 2009, allowed our claim. Subsequently, the CIT has filed an appeal dated November 12, 2009 against our Bank before the High Court of Kerala at Ernakulam, challenging the order passed by the ITAT, Cochin, allowing the said deduction of ₹ 86.15 million. The matter is currently pending.

7. Our Bank received an assessment order and demand notice dated September 30, 2002 from the ACIT with respect to AY 2000-01. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* broken period interest, bad debts written off, were disallowed. Our Bank filed an appeal before the CIT(A), which was partly allowed through an order dated November 10, 2003. The CIT filed an appeal before the ITAT, against *inter-alia:* a) deduction of ₹ 7.67 million allowed towards broken period interest, b) deduction of ₹ 33.27 million allowed towards bad debts written off. The ITAT upheld the said deductions through an order dated November 29, 2006. Thereafter, the CIT has filed an appeal dated April 10, 2007 against our Bank before the High Court of Kerala at Ernakulam, challenging the order passed by the ITAT, allowing the aforesaid two deductions. The matter is currently pending. In relation to the claim of deduction for bad debts, the CIT preferred several appeals before the High Court against orders of the ITAT allowing the said deduction. The High Court through its order dated December 16, 2009 allowed the appeal of the CIT. Against the said order of

the High Court, our Bank preferred an appeal before the Supreme Court of India. The Supreme Court through its order dated February 17, 2012 allowed our Bank's claim for deduction towards provision for bad debts and directed the assessing officer to re-compute the taxable income. Pursuant to the said order, the ACIT issued a revised assessment order dated March 30, 2012 giving effect to the order of the Supreme Court. The matter is currently pending with respect to the other two deductions claimed by our Bank.

8. Our Bank received a revised assessment order and demand notice from the ACIT dated December 18, 2006 with respect to AY 2000-01. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* lease equalization charges, expenditure in earning tax-free income, depreciation on revaluation of investments, loss on amortization on permanent securities, were disallowed. Our Bank filed an appeal before the CIT (A), which was partly allowed through an order dated October 29, 2007. Thereafter, our Bank filed an appeal before the ITAT, against *inter-alia* the disallowance of lease equalization charges of ₹ 26.54 million, and the CIT filed an appeal before the ITAT against *inter-alia* the deduction of ₹ 0.05 million towards loss on amortization on securities. The ITAT through an order dated August 6, 2009 allowed our claim and disallowed the appeal filed by the CIT. Subsequently, the CIT filed two appeals dated January 5, 2010 before the High Court of Kerala at Ernakulam, challenging the ITAT order, against the allowance of deductions of ₹ 26.54 million and ₹ 0.05 million respectively. Furthermore, in relation to the said AY, our Bank filed an appeal before the ITAT against the disallowance of ₹ 13.44 million towards expenditure incurred in earning tax-free income. The ITAT through its order dated November 29, 2006 allowed the said appeal. The CIT filed an appeal against the order of the ITAT before the High Court. The High Court through its order dated October 21, 2010, in principle upheld the disallowance and restored the matter to the assessing officer to reasonably estimate the expenditure incurred on earning tax-free income. Thereafter, our Bank has filed a special leave petition dated February 28, 2011 before the Supreme Court of India, challenging the said order passed by the High Court. The matters are currently pending.

9. Our Bank received an assessment order and demand notice dated September 30, 2002 from the ACIT with respect to AY 2001-02. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* broken period interest, bad debts written off, were disallowed. Our Bank filed an appeal before the CIT (A), which was partly allowed through an order dated November 10, 2003. Subsequently, the CIT filed an appeal before the ITAT, against *inter-alia* the following deductions: a) deduction of ₹ 52.34 million allowed towards interest for the broken period paid at the time of purchase of securities, b) deduction of ₹ 106.10 million towards bad debts written off. The ITAT through an order dated February 23, 2006 dismissed the appeal of the CIT. Thereafter, the CIT has filed an appeal dated June 29, 2006 against our Bank before the High Court of Kerala at Ernakulam, challenging the order passed by the ITAT. In relation to the claim of deduction for bad debts, the CIT preferred several appeals before the High Court against orders of the ITAT allowing the said deduction. The High Court through its order dated December 16, 2009 allowed the appeal of the CIT. Against the said order of the High Court, our Bank preferred an appeal before the Supreme Court of India. The Supreme Court through its order dated February 17, 2012 allowed our Bank's claim for deduction towards provision for bad debts and directed the assessing officer to re-compute the taxable income. Pursuant to the said order, the ACIT issued a revised assessment order dated March 30, 2012 giving effect to the order of the Supreme Court. The matter is currently pending with respect to the other deduction claimed by our Bank.

10. Our Bank received an assessment order and demand notice dated December 15, 2006 from the ACIT with respect to AY 2001-02. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* claim of depreciation/ loss on revaluation of unquoted shares, lease equalization charges, writing off of investments, were disallowed. Our Bank filed an appeal before the CIT (A) which was partly allowed through an order dated October 29, 2007. Thereafter, our Bank filed an appeal before the ITAT, against *inter-alia* the disallowance of ₹ 27.40 million allowed towards lease equalization charges and disallowance of ₹ 30.50 million towards investments written off. The CIT filed an appeal before the ITAT, against *inter-alia* the deduction of ₹ 7.46 million allowed towards loss on revaluation of unquoted securities, the cancellation of the payment of interest of ₹ 0.03 million by our Bank under Section 234C, Income Tax Act. The ITAT through an order dated August 6, 2009 allowed our claims and disallowed the aforesaid two claims of the CIT. The CIT has filed two appeals dated January 5, 2010 before the High Court of Kerala at Ernakulam, challenging the order dated August 6, 2009 with respect to the afore-mentioned deductions allowed. Furthermore, our Bank had filed another appeal before the ITAT claiming deduction of ₹ 11.41 million towards expenditure incurred in earning tax-free income in relation to AY 2001-02. The ITAT through its order dated November 29, 2006 allowed the said appeal. The

CIT filed an appeal before the High Court which through its order dated October 21, 2010, upheld the disallowance of ₹ 11.41 million in principle. Thereafter, our Bank has filed a special leave petition dated February 28, 2011 before the Supreme Court of India, challenging the order passed by the High Court. The matters are currently pending.

11. Our Bank received an assessment order and demand notice dated March 28, 2006 from the ACIT with respect to AY 2003-04. Pursuant to the order, certain deductions claimed by our Bank including inter-alia bad debts claims, lease equalization charges, appreciation/ depreciation of investments, payment of pension to retired employees, and loss on amortization on permanent securities were disallowed. Our Bank filed an appeal before the Commissioner of Income Tax (Appeals), Cochin ("**CIT (A)**") against the said assessment order, which was partly allowed pursuant to an order dated March 19, 2007. Subsequently, our Bank filed an appeal before the ITAT against *inter-alia* the disallowance of lease equalization charges of ₹ 11.32 million. The CIT filed an appeal before the ITAT against *inter-alia* a) deduction of ₹ 121.93 million allowed towards bad debts written off in excess under Section 36(1)(vii) of the Income Tax Act, b) deletion of the addition of ₹ 14.11 million made by the assessing officer towards appreciation in value of securities, c) deduction of ₹ 18 million allowed towards depreciation in value of securities, d) deduction of ₹ 0.66 million allowed towards loss on amortization on permanent securities. The ITAT through an order dated August 6, 2009 allowed our Bank's appeal in relation to the deduction of ₹ 11.32 million and disallowed the claim of the CIT in relation to the aforesaid four deductions. Thereafter, the CIT filed two appeals dated January 4, 2010 against our Bank before the High Court of Kerala at Ernakulam, against the order dated August 6, 2009 passed by the ITAT, Cochin with respect to the above-mentioned five deductions. The matters are currently pending.

12. Our Bank received an assessment order and demand notice dated March 28, 2006 from the ACIT with respect to AY 2004-05. Pursuant to an order dated January 18, 2007 passed by the ACIT under Section 154 of the Income Tax Act, the assessment was rectified. Pursuant to the said assessment orders, certain deductions claimed by our Bank *inter-alia* bad debts claims, expenditure towards tax-free bonds, appreciation/ depreciation on investments, lease equalization charges, were disallowed. Our Bank filed an appeal before the CIT (A) which was partly allowed through an order dated July 11, 2007. Thereafter, the CIT filed an appeal before the ITAT, challenging *inter-alia* the deduction of ₹ 7.17 million allowed towards expenditure incurred for earning tax-free bonds. Our Bank filed an appeal before the ITAT, challenging the disallowance of ₹ 1.74 million claimed towards lease equalization charges. The ITAT through an order dated August 6, 2009 allowed the appeals of our Bank and the CIT (A) with respect to the two deductions above-mentioned. Subsequently, the CIT filed an appeal dated January 5, 2010 before the High Court of Kerala at Ernakulam, against the deduction allowed by the ITAT towards lease equalization charges. Further, the CIT filed another appeal dated January 5, 2010 before the High Court challenging the ITAT order in relation to the following items: a) deduction of ₹ 201.75 million allowed towards bad debts written off, b) deletion of the addition of ₹ 31.28 million made by the assessing officer towards appreciation in value of securities, c) deduction of ₹ 2 million allowed towards depreciation in value of securities, d) deduction of ₹ 1.09 million allowed towards loss on amortization on permanent securities, e) deduction of ₹ 1.74 million towards lease equalization charges. In relation to the aforesaid disallowance of ₹ 7.17 million, our Bank filed an appeal before the High Court which through its order dated October 21, 2010, upheld the said disallowance in principle. Thereafter, our Bank has filed a special leave petition dated February 28, 2011 before the Supreme Court of India, challenging the order passed by the High Court. The matters are currently pending.

13. Our Bank received an assessment order and dated November 17, 2009 and demand notice dated December 9, 2009 from the ACIT with respect to AY 2007-08. Pursuant to the assessment order, certain deductions claimed by our Bank including *inter-alia* bad debt claims, exempt dividend income, depreciation on held to maturity ("**HTM**") category of investments, surplus on sale of jewellery, excess cash, amortization on premium on permanent category of investments, were disallowed. Subsequently, our Bank filed an appeal before the CIT (A) which was partly allowed through an order dated June 2, 2011. Thereafter, our Bank filed an appeal before the ITAT against *inter-alia* the following disallowances: a) ₹ 24.65 million towards depreciation on HTM category of investments, b) ₹ 2.15 million towards exempted dividend income from investment in shares, c) ₹ 0.13 million of excess cash found in our branches, d) ₹ 0.39 million in relation to surplus realised on sale of jewellery, e) ₹ 119.98 million towards bad debts. In relation to the deductions of ₹ 24.65 million and ₹ 119.98 million claimed by our Bank, the ITAT through an order dated March 8, 2013 directed the assessing officer to examine the issue afresh by duly considering certain decision of the High Court and the Supreme Court. The other three deductions claimed by our Bank were disallowed by the ITAT. The CIT and our Bank have filed

appeals dated August 2, 2013 and July 29, 2013 respectively before the High Court of Kerala at Ernakulam, challenging the order passed by the ITAT. Furthermore, in relation to the deduction of ₹ 1.61 million claimed by our Bank towards bad debts, our Bank received an order dated May 26, 2014 from the ACIT giving effect to the order dated March 8, 2013 passed by the ITAT and disallowing the said deduction. Our Bank has filed an appeal before the CIT (A), against the said disallowance. The matters are currently pending.

Appeals filed by the Bank

1. Our Bank received an assessment order and demand notice dated March 28, 2013 and March 30, 2013 respectively from the Additional Commissioner of Income Tax ("**Ad.CIT**") with respect to AY 2010-11. Pursuant to the assessment order, the Ad.CIT disallowed the following deductions claimed by our Bank: a) ₹88.81 million towards bad debts written off in non-rural branches, b) ₹ 41.81 million towards provision for bad and doubtful debts in rural branches, c) deletion of demand of ₹ 3.74 million in relation to wrongly adjusted dividend distribution tax. Our Bank has filed an appeal dated April 25, 2013 before the CIT (A), challenging the said assessment order. The matter is currently pending.

2. Our Bank received an intimation dated July 31, 2013 under Section 143(1) of the Income Tax Act with respect to AY 2011-12, determining refund and interest under Section 244A of the said Act. Against the same, our Bank has filed an appeal dated May 15, 2014 before the CIT (A). Thereafter, our Bank received an assessment order and demand notice dated March 31, 2014 from the Income Tax Officer, Ward-1, Thrissur ("**ITO**") wherein interest under Section 244A was not allowed. In addition, the, the ITO also disallowed the following claims of our Bank: a) deduction of ₹ 5.83 million - disallowed under Section 14A of the Income Tax Act, b) dividend income of ₹ 1.27 million as exempted income, c) deduction of ₹85.46 million towards provision for bad debts, d) ₹ 37.40 million towards bad debts under Section 36(1)(viii) of Income Tax Act, e) ₹ 30.90 million towards bad debts written off in non- rural branches, f) ₹ 243.74 million of brought forward loss, g) ₹ 3.80 million towards TDS credit, h) refund of ₹ 1 million paid as advance tax, ₹ 31.50 million as self assessment tax along with interest under Section 244A of the Income Tax Act. Our Bank has filed an appeal dated April 24, 2014 before the CIT (A), challenging the assessment order passed by the ITO. Subsequently, our Bank received a revised assessment order and demand notice dated April 29, 2014 from the ITO allowing deduction to the extent of ₹ 1.27 million in relation to dividend income and ₹ 158.32 million with respect to brought forward losses. The matter is currently pending.

3. Our Bank received an intimation dated July 31, 2013 under Section 143(1) of the Income Tax Act with respect to AY 2012-13. Pursuant to the same, interest of ₹ 5.07 million was determined to be due on refund. Against the same, our Bank filed an appeal dated May 15, 2014 before the CIT (A), Kochi. Thereafter, our Bank received an assessment order dated March 18, 2015 from ACIT. whereby the following deductions claimed by our Bank were disallowed and no refund was determined to be due to us: a) ₹ 2.82 million towards expenditure incurred in earning dividend income, b) ₹ 158.34 million towards provision for bad and doubtful debt under Section 36(1)(vii)(a) of Income Tax Act, c) ₹ 55.22 million towards bad debts claim under Section 36(1)(viii), d) ₹ 132.27 million towards bad debts written off. We are in the process of filing an appeal against the said deductions disallowed by the ACIT.

4. Our Bank received an assessment order and demand notice dated January 29, 1998 from the Deputy Commissioner of Income Tax, Ernakulam ("**DCIT**") with respect to AY 1995-96. Thereafter, the assessment was revised on several occasions and assessment orders dated March 19, 1998, July 12, 1999, March 31, 2000, November 17, 2004, February 17, 2009, and March 3, 2009 were issued to us. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* valuation of permanent category of investments, and dividend income from units of Unit Trust of India, were disallowed. Our Bank filed an appeal before the CIT (A), which was allowed through an order dated September 22, 2010. Thereafter, the CIT filed an appeal before the ITAT, against the order of the CIT(A) holding that ₹ 2.80 million charged as interest by the assessing officer under Section 234D of the Income Tax Act was not applicable to the said AY. The ITAT through an order dated July 5, 2012 directed the assessing officer to re-compute the interest under Section 234 D of the Income Tax Act in accordance with the decision of the High Court of Kerala in 323 ITR 584. Our Bank has filed an appeal dated November 9, 2012 before the High Court of Kerala against the said order dated July 5, 2012 of the ITAT. The matter is currently pending.

5. Our Bank received an assessment order and demand notice dated December 28, 2007 from the ACIT with respect to AY 2005-06. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* bad debt written off, payment of pension, lease equalization charges, amortization on premium, expenditure incurred in earning tax-free income, excess cash received by our Bank's branches, surplus cash received by Bank on pledge of gold ornaments, were disallowed. Our Bank filed an appeal dated January 10, 2008 before the CIT (A), which was partly allowed through an order dated October 14, 2008. Thereafter, our Bank filed an appeal before the ITAT, against *inter-alia* the a) disallowance of ₹ 0.70 million as expenditure incurred in earning tax-free income, b) the disallowance of ₹ 0.95 million as excess cash our branches, c) disallowance of ₹ 2.76 million as surplus received from the pledge of gold ornaments. The said deductions claimed by us were dismissed by the ITAT through an order dated February 11, 2011. Subsequently, our Bank filed an appeal before the High Court of Kerala at Ernakulam. The High Court through two orders dated March 20, 2012 upheld the disallowance with respect to the aforesaid three deductions. Our Bank has thus, filed a special leave petition dated August 16, 2012 before the Supreme Court, challenging the order of the High Court with respect to the deductions which were disallowed. The matter is currently pending.

6. Our Bank received an assessment order and demand notice dated October 6, 2008 from the Ad.CIT, Thrissur with respect to AY 2006-07. Pursuant to the said order, certain deductions claimed by our Bank including *inter-alia* surplus cash received from pledge of gold ornaments, excess cash collected at our branches, expenditure incurred in earning tax-free income, were disallowed. Our Bank filed an appeal dated November 10, 2008 before the CIT (A), which was partly allowed through an order dated September 22, 2010. Thereafter, our Bank filed an appeal before the ITAT, against the disallowance of ₹ 0.07 million towards excess cash collected at our branches, and the disallowance of ₹ 0.32 million towards expenditure incurred in earning tax-free dividend income. The CIT filed an appeal before the ITAT, against the disallowance of ₹ 0.25 million towards surplus cash received from the pledge of gold ornaments. The ITAT through its order dated July 5, 2012 dismissed the claims of our Bank and allowed the claim of the CIT. Our Bank has thus, filed two appeals dated November 9, 2012 before the High Court of Kerala at Ernakulam, challenging the order of the ITAT against the disallowances of aforesaid three deductions of ₹ 0.07 million and ₹ 0.32 million, 0.25 million, respectively.

   Furthermore, the DCIT passed an order dated March 31, 2014 under Section 254 of Income Tax Act giving effect to the above-mentioned ITAT order and allowing interest of ₹ 31.54 million on refund due to us. Against the same, our Bank has filed an appeal dated June 9, 2014 before the CIT (A). Thereafter, our Bank received a notice dated September 30, 2014 under Section 154 of Income Tax Act proposing withdrawal of allegedly excess interest that had been granted to us through order dated March 31, 2014. Against the said notice, our Bank has filed a reply dated October 23, 2014 stating that there has been a shortage in interest granted to us. The matters are currently pending.

7. Our Bank received an assessment order and demand notice dated December 27, 2010 from the JCIT, Thrissur with respect to AY 2008-09. Pursuant to the order, certain deductions claimed by our Bank including *inter-alia* excess cash received by branches, surplus cash realised on sale of gold jewellery pledged to our Bank, expenses incurred in earning tax-free income, unclaimed balances on overdue deposits, were disallowed. Our Bank filed an appeal dated January 27, 2011 before the CIT(A), which was partly allowed, through an order dated February 19, 2014. Thereafter, our Bank filed an appeal before the ITAT, against *inter-alia* a) disallowance of ₹ 0.76 million in relation to expenditure incurred on tax-free income that was disallowed under Section 14A of the Income Tax Act, b) ₹ 0.44 million towards excess cash received by our branches, c) ₹ 1.20 million towards surplus cash received from the sale of gold jewellery. The ITAT through an order dated October 17, 2014 disallowed our claims in relation to the aforesaid three deductions. Our Bank has filed an appeal dated March 5, 2015 before the High Court of Kerala at Ernakulam, against the order of the ITAT. The matter is currently pending.

8. Our Bank received an assessment order and demand notice dated December 23, 2011 from the JCIT, Thrissur with respect to AY 2009-10. Pursuant to the order certain deductions, namely, payment of pension and expenditure incurred in earning tax-free income, were disallowed. Our Bank filed an appeal dated January 2012 before the CIT (A) that was partly allowed pursuant to order dated February 19, 2014. Our Bank filed an appeal dated June 20, 2014 before the ITAT against the disallowance of ₹ 0.60 million claimed towards expenses incurred in earning tax-free income. The ITAT through an order dated October 17, 2014, disallowed the said deduction claimed by our Bank. Our Bank has filed an appeal dated March 5, 2015 before the High Court of

Kerala at Ernakulam, against the afore-mentioned four disallowances by the ITAT. The matter is currently pending.

9. Our Bank received a revised assessment order dated March 3, 2009 from the ACIT with respect to AY 1997-98 disallowing *inter-alia* interest under Section 244A of the Income Tax Act on refund due to our Bank. Against the said disallowance, our Bank filed an appeal dated May 19, 2009 before the CIT (A), Thrissur. The matter is currently pending.

10. In relation to AY 2001-02, the ACIT issued revised assessment orders on several occasions including orders dated August 6, 2010 and November 30, 2010. Thereafter, the ACIT issued notice dated March 8, 2012 under Section 154 of the Income Tax Act, proposing withdrawal of excess interest allowed under Section 244A of the said Act. The matter is currently pending.

11. Our Bank received a notice dated December 26, 2012 under Section 154 of Income Tax Act proposing the withdrawal of excess interest under Section 244 A of Income Tax Act and credit of minimum alternate tax ("**MAT**") of ₹ 3.71 granted to us from ACIT in relation to AY 2000-01. Against the same, we filed a reply dated January 14, 2013 stating that interest and credit of MAT should be allowed as per law. Subsequently, in relation to interest under Section 244A, we received a revised assessment order dated June 11, 2014 allowing interest of ₹ 26.07 million only on refund due to us. Our Bank has filed an appeal dated September 15, 2014 against the said assessment order claiming that the calculation interest by the assessing officer is erroneous. The matter is currently pending.

12. Our Bank's branch office at Mananthavady, Kozhikode received a TRACES intimation dated June 8, 2014 under Section 200A of the Income Tax Act from DCIT, Central Processing Cell- TDS, imposing late filing fees of ₹ 0.10 million for the alleged late filing of TDS statement for the third quarter of financial year 2012-13. Our Bank has filed an appeal dated July 19, 2014 before the CIT (A), Kochi for the deletion of the said demand as the late filing was not deliberate. Further, we have also filed a petition for condonation of delay in filing the appeal. The matter is currently pending.

13. Our Bank's branch office at Kalyan branch received a notice dated January 21, 2013 from Additional Commissionr of Income Tax, Thane asking us to show cause as to why penalty should not be imposed under Section 272(A)(k) of Income Tax Act for delay in submitting TDS statement for the fourth quarter of financial year 2009-10. Our Bank filed a reply dated February 7, 2013, stating that it was due to an inadvertent error on the part of its staff. Thereafter, the ACIT passed an order dated May 10, 2013 imposing a penalty of ₹ 0.03 million. Subsequently, our Bank filed an appeal dated June 20, 2013 against the said order, stating that the error was inadvertent and that we have showed reasonable cause. Further, our Bank also filed a petition dated June 20, 2013 before the CIT, Thane for waiver of penalty imposed. The matter is currently pending.

14. Pursuant to spot inspections conducted at our Patturaikkal branch, the ITO (TDS) issued orders dated August 12, 2013, July 19, 2013, and August 12, 2013, for AY 2010-11, 2011-12, and 2012-13, respectively, under Section 201(1) and 201(1A) of Income Tax Act, demanding ₹ 2.77 million towards tax deductible at source as the 15G/H forms maintained by our Bank were improper. The ITO has also sought the payment of interest payable on such tax. The matter is currently pending.

15. Pursuant to spot inspections conducted at our Kurumpilavu branch, the ITO (TDS) issued orders dated July 23, 2013, July 23, 2013, July 23, 2013, and July 23, 2013 for AY 2010-11, 2011-12, and 2012-13, and AY 2013-14 respectively, under Section 201(1) and 201(1A) of Income Tax Act, demanding of ₹ 4.92 million towards tax deductible at source as the 15G/H forms maintained by our Bank were improper. The ITO also sought the payment of interest on such tax. Subsequently, our Bank received four revised assessment orders dated February 7, 2014, demanding an aggregate sum of ₹ 0.51 million for the aforementioned assessment years. Against the orders dated February 7, 2014, we have filed four appeals dated March 14, 2014 before the CIT (A). The matter is currently pending.

Pending Tax Notices against our Bank

1. Our Bank has received a TRACES TDS Reconciliation Analysis and Correction Enabling System ("**TRACES**") notice dated November 28, 2014 from DCIT, Central Processing Cell- TDS in relation to the following consolidated defaults of various Tax Deduction Account Numbers ("**TAN**") belonging to us as on October 23, 2014 from FY 2007: a) short deduction (including interest) of ₹ 46.08 million, b) short payment (including interest) of ₹ 46.80 million, c) late payment interest of ₹ 3.16 million, d) late deduction interest of ₹ 0.1 million, e) other interest of ₹ 469.50, f) late filing fee of ₹ 4.34 million, aggregating to a total demand of ₹ 100.47 million.

2. In relation to AY 2001-02, the ACIT issued a notice dated March 8, 2012 under Section 154 of the Income Tax Act to our Bank, proposing withdrawal of excess interest allowed under Section 244A of the said Act. The matter is currently pending.Pursuant to spot inspections conducted at our Guntur branch, the ITO (TDS), Guntur issued orders dated March 25, 2013 for AY 2010-11, 2011-12, and 2012-13, respectively, under Section 201(1) and 201(1A) of I**nco**me Tax Act, demanding ₹ 0.49 million towards tax payable due to improper 15G/H forms maintained by our Bank, and interest payable on such tax. Our Bank has filed a reply dated December 3, 2014 and submitted certain documents. The matter is currently pending.

Indirect Taxation

1. Our Bank received a notice dated June 21, 2010 from the Additional Commissioner of Central Excise and Service Tax, Trichur ("A**CCE**") requiring us to show cause as to why it is not liable to pay certain sums for failure to correctly assess and pay service tax on the amount credited to its "VISA Commission Received Account" and for willfully suppressing actual value of taxable service provided during the period from April 1, 2006 to June 30, 2009. The matter relates to the alleged liability of our Bank to pay service tax on the amounts collected by our Bank from our customers who utilize the ATMs of other banks. Pursuant to the personal hearing provided to our Bank, the ACCE passed an order dated November 19, 2012 holding that our Bank was liable to pay service tax, education cess, and secondary and higher education cess on taxable value of services of ₹ 12.52 million under Section 65 (33a) of the Finance Act, 1994. Our Bank was directed to pay the following sums: a) ₹ 1.46 million towards service tax, ₹ 0.03 million towards education cess, ₹ 0.01 million towards secondary and higher education cess, b) interest of ₹ 1.05 million under Section 75 of the Finance Act, 1994 c) ₹ 0.15 million, ₹ 5,000 and ₹ 1.51 million as penalties under Sections 76, 77 and 78 of the Finance Act. Subsequently, our Bank filed an appeal dated December 24, 2012 before the Commissioner of Central Excise (Appeals) ("**CCE (A)**"), against the order dated November 19, 2012 passed by the ACCE. Our Bank has also preferred a petition dated December 24, 2012 before the CCE (A) to waive the pre-deposit of the above-mentioned penalties imposed by the ACCE. The matter is currently pending.

2. Our Bank received a notice dated September 2, 2008 from the Joint Commissioner of Central Excise, Customs and Service Tax ("**JCCE**") requiring us to show cause as to why our Bank was not liable for the failure to discharge service tax liability in relation to banking and other services received by our Bank from foreign banks and agencies incorporated outside India for the period from September 2004 to September 2007. After affording a personal hearing, the JCCE passed an order dated September 9, 2010 holding that our Bank was liable to pay service tax for the afore-mentioned taxable service only for the period after April 18, 2006, and directing the payment of the following sum for the period between April 2006 and September 2007: a) service tax of ₹ 0.86 million towards service tax, ₹ 0.02 million towards education cess, ₹ 2,663 towards secondary and higher education cess appropriated from amount paid by us on April 29, 2008 that was appropriated from the amount that was already paid by us; b) interest as applicable under Section 75 of the finance Act for the period from April 18, 2006 to September 30, 2007; c) ₹ 0.88 million towards penalty under Section 78 or ₹ 0.22 million if the balance under a) and b) were paid within 30 days from the communication of the said order; d) penalty of ₹ 1000 under Section 77 of the said Act. Our Bank has filed an appeal dated December 2, 2010 before the CCE (A), against the imposition of the penalty of ₹ 0.88 million imposed by the JCCE along with a petition to waive the pre-deposit of penalties imposed under Sections 77 and 78. Furthermore, pursuant to the receipt of the order dated September 9, 2010 holding that our service tax liability arose only for the period after April 18, 2006, our Bank filed a claim dated September 24, 2010, claiming refund of ₹ 0.57 million for service tax paid for the period from September 2004 to March 2006. Our Bank had previously filed the said claim earlier which was rejected through an order dated August 9, 2010 passed by the ACCE as it was premature and that the show cause notice dated September 2, 2008 was pending adjudication. Our Bank filed an appeal before CCE (A) against the order of the ACCE rejecting the said refund claim. Subsequently, our Bank received a show cause

notice dated December 8, 2010 from the ACCE requiring us to show cause as to why refund claim should not be rejected. We filed a reply dated December 20, 2010 stating that our Bank, as a service recipient, had paid the service tax from its own sources and had not passed on the incidence of service tax to anyone, and were therefore, eligible for the refund. The matters are currently pending.

3. Our Bank received a notice dated May 19, 2014 from the JCCE requiring us to show cause as to why we should not be made liable to pay the following: a) ₹ 0.82 million towards service tax, ₹ 0.02 million towards education cess, ₹ 8,169 towards secondary and higher education cess, aggregating to ₹ 0.84 million short paid for the period between April, 2012 and March 2013, b) interest on the aforesaid amount at the applicable rate under Section 75 of the Finance Act, c) penalty under Section 76 of the said Act, d) penalty under Section 77(2) of the said Act for failure to correctly assess and pay service tax by not including discounts received on collateralized borrowing and lending obligation. Our Bank has filed its reply dated June 13, 2014 stating that the income received by the Bank by way of discount is exempt from service tax. The matter is currently pending.

Proceedings before the Board for Industrial and Financial Reconstruction ("**BIFR**")

1. Surya Pharmaceuticals Limited filed a reference dated August 5, 2013 before BIFR under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("**SICA**") for declaration as a sick company under the provisions of SICA. Pursuant to the reference, case number 85 of 2013 was allotted by BIFR, and our Bank, being a secured creditor in relation to a loan facility availed at our Chandigarh branch, was made a defendant to the matter, along with other creditors of Surya Pharmaceuticals Limited and certain third parties. On November 19, 2014, BIFR heard certain miscellaneous applications filed by other defendants to the matter, and directed our Bank to file our objection to the sickness of Surya Pharmaceuticals Limited. Our Bank is yet to file an objection. The amount involved in the matter with respect to our Bank is approximately of ₹ 841.45 million. The matter is currently pending.

   Our Bank, along with the other lenders of the consortium, had initiated proceedings against Surya Pharmaceuticals Limited under the SARFAESI Act on August 8, 2013, which was challenged by Surya Pharmaceuticals Limited before the High Court of Jammu and Kashmir. Pursuant to an order dated October 9, 2013, the High Court stayed the proceedings, consequent to which the SARFAESI proceedings were withdrawn by the lenders and the stay was subsequently vacated. Fresh notices under the SARFAESI Act were issued by the lenders on December 8, 2014. The matter is currently pending.

2. United Ukraine Technologies Private Limited ("**UUTPL**") filed a reference submitted on January 10, 2014, , before BIFR under section 15(1) of SICA for declaration as a sick company under the provisions of SICA. Pursuant to the reference, case number 21 of 2014 was allotted by BIFR, and our Bank, being a secured creditor in relation to a loan facility availed at our Ashok Vihar, New Delhi branch, was made a defendant to the matter, along with certain government authorities. Our Bank is yet to file an objection to the reference. Our Bank has assigned our exposure in UUTPL pursuant to an assignment deed dated December 31, 2013 to Phoenix Asset Reconstruction Company Private Limited, Mumbai. However, the asset reconstruction company is yet to file a substitution petition and the objection to the reference. The matter is currently pending.

3. Butterfly Spinning Mills Private Limited filed a reference dated April 26, 2007 before BIFR under section 15(1) of SICA for declaration as a sick company under the provisions of SICA. Pursuant to the reference, case number 100 of 2006 was allotted by BIFR, and our Bank, being a secured creditor in relation to a loan facility at our IFB Coimbatore branch, was made a defendant to the matter, along with certain government authorities. Our Bank received a notice from BIFR dated October 30, 2006, and we appeared before BIFR on May 23, 2007, in accordance with the notice, and subsequent hearing on May 30, 2007 dismissing the reference filed by the company. The amount involved in the matter with respect to our Bank is approximately ₹ 25 million, which was paid as a one-time settlement to our Bank pursuant to a compromise proposal dated October 23, 2009, as sanctioned by our Bank on December 23, 2009. Butterfly Spinning Mills Private Limited filed an appeal (228 of 2007) before the AAIFR on August 3, 2007 against the dismissal dated May 30, 2007. Our Bank filed a reply to the appeal, and subsequently pursuant to an order dated December 31, 2008 of the AAIFR, the impugned order was set aside and the matter was remanded to BIFR. On March 9, 2009, BIFR directed our Bank to carry out a special investigative audit within two months and Butterfly Spinning Mills Private Limited was directed to pay the actual expenses of the audit. The audit report was filed by our Bank, and Butterfly Spinning Mills Private

Limited was directed by BIFR on February 24, 2010 to file a reply to the audit report and also reconcile its outstanding dues with the EPF department. On June 30, 2010, our Bank was appointed as the operating agency in relation to the proceedings. Subsequently, a draft rehabilitation scheme was submitted by Butterfly Spinning Mills Private Limited, which the BIFR directed to the monitoring board to examine on March 19, 2013. During a hearing dated June 14, 2013, Lakshmi Sai Cotton Traders filed a miscellaneous application seeking the dismissal of the reference to enable continuation of execution proceedings filed by the company before the District Court, Erode. Further, post hearings on August 12, 2013 and October 14, 2013, Butterfly Spinning Mills Private Limited was directed to submit a revised draft rehabilitation scheme. A joint meeting was held on January 31, 2014 as per directions of BIFR dated December 10, 2013. On February 18, 2014, our Bank was directed to submit a fully tied draft rehabilitation scheme with the BIFR for circulation by the board. The matter is currently pending.

4. Tutticorin Alkalies Chemicals & Fertilizers Limited ("**TACFL**") filed a reference on February 19, 2009, as revised on June 26, 2009, before BIFR under section 15(1) of SICA for declaration as a sick company under the provisions of SICA. Pursuant to the reference, case number 09 of 2009 was allotted by BIFR, and our Bank, being a secured creditor in relation to a loan facility at our Chennai-I branch, was made a defendant to the matter, along with other creditors and certain government authorities. The amount involved in the matter with respect to our Bank is approximately ₹ 10.95 million. Our Bank represented before the BIFR that the account of TACFL at our Bank is in relation to a working capital facility and the account is regular. Our Bank has not yet filed any objection to the reference. The matter is currently pending.

5. Thanikkudam Bhagawati Mills Limited ("T**BML**") and Today's Writing Products Limited ("**TWPL**") had, pursuant to two separate references in 2006 and 2011, respectively before the BIFR under section 15(1) of SICA, sought to be declared as a sick company under the provisions of SICA. Our Bank, being a secured creditor in relation to a facilities sanctioned to TBML and TWPL, was made a defendant to the aforesaid references before the BIFR. Subsequently, our Bank had assigned our exposure in both TBML and TWPL to Asset Reconstruction Company (India) Limited ("**ARCIL**") and our Bank has been substituted by ARCIL in relation to the aforesaid references before the BIFR. However, we continued to receive intimations in the aforesaid matters post substitution as well. We have not responded to such intimations.

Cases filed by our Bank

Criminal proceedings

In the ordinary course of our banking business, we experience numerous frauds which are committed at our Bank, by either the employees of our Bank, our customers or third parties. While our Bank is required to report each instance of frauds committed to the RBI in the prescribed format (Form FMR-1), we also undertake internal investigations and departmental inquiries, as well as initiate legal action against the responsible parties in certain cases. Details of frauds committed against our Bank, and the actions taken by our Bank with respect to each fraud, is as follows:

S. No.	Nature and description of fraud	Relevant dates	Amount involved (₹ million)	Internal action taken	Legal action initiated, if any
1.	Pledge of spurious gold ornaments by Radhalakshmi, against loans amounting to ₹ 1.30 million availed by her at the Tripunithra branch of our Bank.	Fraud committed on March 5, 2013, detected on July 10, 2014.	1.30	• Internal investigation and departmental enquiry conducted and completed on June 27, 2014. • Form FMR-1 dated July 25,	• First information report (FIR No. 1605) dated October 11, 2014 filed by our Bank against Radhalakshmi at the Tripunithra Police Station, before the Additional Chief Judicial Magistrate, Ernakulum. Investigation is pending and the charge-sheet is yet to be filed.

				2014, submitted to the RBI (Ref. No. CASY1403-0001). • Disciplinary action against branch manager referred to staff department and is pending. • Letter of caution served to the other concerned members of the staff. • Insurance claim filed on January 2, 2015.	
2.	Fraudulent transfer of funds from an account maintained at the Kowdiar branch of our Bank by hacking into the email account of the account holder.	Fraud committed on February 18, 2014, detected on April 23, 2014.	0.60	• Internal investigation and departmental enquiry conducted and completed on March 21, 2014. • Form FMR-1 dated April 28, 2014, submitted to the RBI (Ref. No. CASY1402-0001). • Letter of 'caution' served to the other concerned members of the staff.	• Complaint filed with the City Police Commissioner, Thiruvananthapuram on March 26, 2014, which was forwarded to the Superintendent of Police, Cyber Police Station, Pattom, Thiruvananthapuram. • First information report (FIR No. 2505) dated April 17, 2014 filed against unknown at the Peroorkada Police Station. Investigation is currently pending.
3.	Fraudulent credit of the proceeds of a forged demand draft drawn by Al Muzaini Exchange Company at the Thanjavur branch of our Bank.	Fraud committed on March 15, 2013 and detected on March 28, 2013	1.00	• Internal investigation and departmental enquiry conducted and completed on June 13, 2013. • Form FMR-1 dated July 19, 2013 submitted to the RBI (Ref. No. CAY1303-0001). • International Banking Division was cautioned post recommendation	• Complaint filed with the Superintendent of Police, Thanjavur on April 2, 2013, which was subsequently withdrawn and a fresh complaint was filed with the Superintendent of Police, Thiruvarur on April 25, 2013. • Concurrently, a criminal petition filed by the Thanjavur branch manager of our Bank before the High Court of Tamil Nadu at Chennai on April 26, 2013. • First information report (FIR No. 8/2013) dated July 30, 2013 was filed against Ali Maideen VMJ and others at the Thiruvarur Police Station. Investigation is

				of the erstwhile MD&CEO. • Insurance claim filed on May 5, 2014.	currently in process.
4.	Loan availed at our Mangalore branch by Gulzar M.S., the customer, based on forged property documents for furnishing security, which could not be enforced once the loan became an NPA.	Fraud occurred on May 6, 2004, detected on April 8, 2013	0.45	• Internal investigation and departmental enquiry conducted and completed on April 24, 2013. • Form FMR-1 dated July 23, 2013 submitted to RBI (Ref. No. CASY1303-0004). • Pay scale of the relevant senior and chief managers lowered, and a single increment withheld of a chief manager. • Insurance claim filed on May 5, 2014.	• Criminal complaint (P.C. No. 23 of 2013) filed before the Additional Chief Judicial Magistrate, Mangalore – II on May 3, 2013 for registering the complaint for investigation. • First information report (FIR No. 0178/2013) dated September 5, 2013 filed against Gulzar M.S. at the Mangalore North Police Station. • Recovery suit (O.S. 81/2012) dated June 16, 2012, was filed by us against Gulzar M.S. and his wife Zareena Gulzar, before the court of Sub-judge of kasaragod, on June 16, 2012. The suit was decreed in favour of our Bank on September 27, 2102. Execution proceedings are currently pending.
5.	Fraudulent credit of the proceeds of a forged demand draft drawn by Habib Qatar International Exchange Limited at the Ernakulam branch of our Bank.	Fraud committed on November 8, 2012, detected on December 5, 2012	0.53	• Internal investigation and departmental enquiry conducted and completed on May 23, 2012. • Form FMR – 1 dated August 8, 2013 and corrected FMR – 1 dated September 27, 2013 submitted to RBI (Ref. No. CASY1303-0007). • Advisory letter served to the relevant assistant general manager, core banking systems. • System used to fill in payee details upgraded.	• Complaint filed on December 17, 2012 at the Ernakulum and Vanrai, Mumbai Police Stations. • First information report (FIR No. 136/13) dated May 6, 2013 filed against Arun Joshi at the Vanrai, Mumbai Police Station. • No civil suit has been filed till date. • Suraj Norohna and Rita Toras, filed a consumer complaint (68/2014) filed before District Consumer Dispute Redressal Forum, Mangalore against our Bank. Case is pending.

				• Insurance claim filed on May 5, 2014.	
6.	Fraudulent transfer of funds from an account maintained at the Kaduthuruthy branch of our Bank by hacking into the email account of the account holder.	Fraud committed on April 25, 2013, detected on May 1, 2013	0.10	• Internal investigation conducted and completed on May 24, 2013. • Form FMR – 1 dated July 22, 2013 submitted to RBI (Ref. No. CASY1303-0001). • Circulars issued with respect to email instructions and internet banking.	• Complaint filed on May 25, 2013 at the Kaduthuruthy Police Station. • First information report (FIR No. 526/13) dated June 6, 2013 filed against HDFC Bank, Gurgaon Branch, Esther Lalsiamkimi, Amaltas Retail Private Limited and Lush & Fresh Hand Made Cosmetics at the Kaduthuruthy Police Station.
7.	Gold items pledged against certain loans taken were found missing at the time of release at the Mount Road, Chennai branch of our Bank.	Fraud committed on June 7, 2013, detected on June 7, 2013	0.68	• Internal investigation and departmental enquiry conducted and completed on July 12, 2013. • Form FMR – 1 dated July 27, 2013 submitted to RBI (Ref. No. CASY1303-0006). • The relevant probationary assistant managers and assistant managers were suspended and were later re-instated. • Insurance claim filed on April 11, 2014.	• Complaint filed with the Commissioner of Police, Chennai on July 12, 2013. • First information repost (FIR No. 930/13) dated September 12, 2013 filed against unknown at the F1 Chintadripet Police Station. • Police submitted a report on September 12, 2014, stating that the there is no evidence to fix the accused for the offence.
8.	Equitable mortgage created out of forged title deeds at the Lal Bazar, Kolkata branch.	Fraud committed on August 18, 2011, detected on July 3, 2013	50.85	• Internal investigation and departmental enquiry conducted and completed on July 26, 2013. • Form FMR – 1 dated September 9, 2013	• Matter was reported to the SFIO on October 11, 2013. • First information report (FIR No. 299) dated July 9, 2014 filed against Pushpesh Baid, Kokila Devi Baid, Padmini Jewellers Private Limited and Anurag Merchants Private Limited at the Bow Bazar Police Station. • Civil suit (O.A. No. 475 of 2012)

				submitted to RBI (Ref. No. CASY1303-0008). • Monetary penalty of ₹ 0.4 million imposed on the relevant General Manager and ₹ 0.06 million has been imposed on the concerned Deputy Zonal Manager. • Insurance claim filed on October 25, 2014.	filed before the Debt Recovery Tribunal against Padmini Jewellers Private Limited, dated December 17, 2012. • Case is currently pending.
9.	Fraudulent transfer of funds from an account maintained at the Kaloor branch of our Bank by hacking into the email account of the account holder	Fraud committed on May 16, 2013, detected on May 24, 2013.	4.30	• Internal investigation conducted and completed on May 28, 2013. • Form FMR – 1 dated July 20, 2013 and revised FMR-1 dated September 13, 2013 submitted to RBI (Ref. No. CASY1303-0002). • Circulars issued with respect to email instructions and internet banking.	• Complaint filed on May 25, 2013 with the Cyber Cell (Kochi City). • First information report (FIR No. 711) dated May 26, 2013, filed against unknown at the Ernakulum Town Police Station. • Consumer complaint (C.C. No. 80 of 2013) filed on September 13, 2013 by Sebastian Karampil, the customer, against our Bank before the State Consumer Dispute Redressal Commission, Thiruvananthapuram, claiming the amount transferred along with compensation. The matter is currently pending.
10.	Mortgage created out of forged title deeds at the Lal Bazar, Kolkata branch.	Fraud committed on April 26, 2011, detected on April 23, 2014	2.50	• Internal investigation and departmental enquiry conducted and completed on November 22, 2013. • Form FMR – 1 dated April 30, 2014 and submitted to RBI (Ref. No. CASY1402-0002). • The concerned Assistant	• Criminal complaint filed on August 4, 2014. • First information report (FIR No. 372) dated August 18, 2014 filed against Haripada Datta, Probal Roy and Zircon Food and Agro, partnership firm, at the Bow Bazar Police Station. • Civil suit (O.A. No. 129 of 2014) filed before the Debt Recovery Tribunal, Kolkata on April 11, 2014, against Zircon Food and Agro and other. • Case is currently pending.

				General Manager suspended on November 7, 2013. • Insurance claim filed on October 25, 2014.	
11.	Irregularities/ fraudulent practices in the disbursal of funds and post lending management of certain loans at the Kannur branch.	Fraud committed on February 25,2010, detected on October 5, 2010	138.53	• Internal investigation and departmental enquiry conducted and completed on November 3, 2010. • Form FMR – 1 dated October 20, 2010 submitted to RBI (Ref. No. CASY 1004-0002). • The relevant senior manager was dismissed from the service on September 29, 2010.	• Matter was reported to the SFIO on October 21, 2010. • First information report (FIR No. 804) dated July 5, 2011 was filed by Ashraf against T K Sasidharan and Bincy (bank staff), at the Kannur town police station, alleging fraudulent extension of mortgage property. • Criminal complaint filed before Judicial First Class Magistrate – I, Kannur, against (i) M.A. Jose, former senior manager of our Bank, and others, being complaint number (C.M.P. 2028/2014) dated May 7, 2014 (ii) M.A. Jose, former senior manager of our Bank, and Rafeek, being complaint number (C.M.P. 2029/2014) dated May 7, 2014 (iii) M.A. Jose, former senior manager of our Bank, and K. Maharoof, being complaint number (C.M.P. 2030/2014) dated May 7, 2014 (iv) M.A. Jose, former senior manager of our Bank, and K.P Riyas, being complaint number (C.M.P. 2031/2014) dated May 7, 2014 (v) M.A. Jose, former senior manager of our Bank, and Haris Cherattayadan and other, being complaint number (C.M.P. 2032/2014) dated May 7, 2014 (vi) M.A. Jose, former senior manager of our Bank, and Ansar Cherattayadan, Managing Partner of M/s K.M. Stone Crusher and others, being complaint number (C.M.P. 2033/2014) dated May 7, 2014 and Ansar Cherattayadan, Managing Partner of M/s K.M. Stone Crusher and others. Cases are currently pending. • Recovery suit (O.A. No. 97 of 2013) filed on February 21, 2013, before DRT Kerala and Lakshadweep at Ernakulum

					against M/s K.M. Stone Crusher and others. Case is currently pending.
12.	Inferior quality ornaments were pledged to avail gold loan from Tiruvallur branch.	Fraud committed on December 18, 2009, detected on May 11, 2011	4.04	• Departmental enquiry was conducted. • Form FMR – 1 dated May 23, 2011 submitted to RBI (Ref. No. CASY 1102-0001). • Staff accountability aspects were examined. • There is no outstanding amount because the borrower has closed all irregular gold loan accounts with total outstanding as on March 31, 2011. This matter was reported to the police authorities, Tiruvallur.	• Criminal complaint filed on June 2, 2011. • First information report (FIR No. 13/2011) dated June 2, 2011 filed against Dilip Kumar Jain, at the Tiruvallur police station. Investigation is currently pending.
13.	Inferior quality ornaments were pledged to avail gold loan from Pervallur branch.	Fraud committed on November 22, 2010, detected on January 27, 2011.	33.59	• Departmental enquiry conducted and detailed investigation was conducted by February 19, 2011. • Form FMR – 1 dated February 3, 2011 submitted to RBI (Ref. No. CASY 1101-0001). • The concerned Principal Officer was dismissed from service on February 2, 2011. The concerned Assistant Manager was	• Matter was reported to the SFIO on February 2, 2011. • First information report (FIR No. 278/2011) dated July 6, 2011 filed against George Fernandes, Vennila Fernandes, Raju Daniel and Sankar Narayan, at the Central Crime branch, Egmore – Chennai, police station. Investigation is still in process. • Civil suit (O.A. No. 31 of 2012) filed on February 01, 2012, before the DRT -III Chennai against Vennila George Fernandes and others. • Civil suit (O.A. No. 32 of 2012) filed on February 1, 2012, before the DRT-III Chennai against H. George Fernandes and others. • Both civil suits were transferred to DRT-II, Chennai and were re-numbered (O.A. 217 and 218 of 2013, respectively). Both civil

				suspended on February 2, 2011; however he was thereafter appointed in the service as Probationary Assistant Manager • Insurance claim filed on February 16, 2011 and February 21, 2011.	suits were decreed in favour of our Bank.
14.	Loans availed from the Avanshi branch on security of equitable mortgage of land, title deeds of which were also mortgaged to and taken possession of by UCO Bank.	Fraud committed on November 16, 2006, detected on October 11, 2010	5.39	• Detailed investigation was completed by December 31, 2010. • Form FMR – 1 dated October 27, 2010 submitted to RBI (Ref. No. CASY 1004-0003). • The concerned Chief Manager of branch, against whom lapse was noted, voluntarily retired from bank's service and bank decided to not to proceed against him. • A stay order has been obtained from the court based on the contention that title deeds with our Bank were original. • Vigilance department instructed branch to conduct investigation and to scrupulously follow up the cases in the court of law and also to try for out of	Recovery suit (O.A. No. 111 of 2009) was filed before DRT, Coimbatore, against Mr. G. Ganesh and others. The case was decreed in favour of our Bank.

				court settlement to recover the dues. • Insurance claim filed on November 6, 2011.	
15.	Inferior quality ornaments pledged for 29 gold loan accounts at the Puthenpeedika branch.	Fraud committed on July 26, 2010, detected on October 5, 2010	1.95	• Internal investigation and departmental enquiry conducted and completed on October 6, 2010. • Form FMR – 1 dated October 18, 2010 submitted to RBI (Ref. No. CASY 1004-0001). • The concerned Senior Manager and the concerned Assistant Manager were suspended from the service on October 7, 2010. • Subsequently, the concerned, Senior Manager was imposed the punishment of compulsory retirement and the concerned, Assistant Manager was reinstated in service.	No legal action has been initiated because amount has been fully recovered.
16.	Misappropriation and criminal breach of trust by staff and customer in one agricultural loan account of Singanallur branch, cash withdrawals of large amounts allowed without ensuring end use of funds with respect to certain loans.	Fraud committed on June 21, 1996 detected on September 27, 1997	9.40	• Internal investigation and departmental enquiry conducted and completed on January 21, 1998. • Form FMR – 1 dated March 31, 1998 submitted to RBI (Ref. No. CASY9602-	• For the loan account of M/s T. Jayaram & Sons, suit filed at DRT Chennai and case was transferred to DRT, Coimbatore (O.A. 17527978). • For the loan account of M/s Sri Sukra International, suit filed at DRT Chennai (O.A. 1422/98) against R. Krishnaswamy (proprietor of Sri Sukhra International) and case transferred to DRT Coimbatore. Decreed on February 25, 2006.

				0001). • The concerned, branch manager grade was lowered from II to I and was also punished with stoppage of 3 increments.	• Writ petition (W.P. 6587/2009) filed *inter alia* against our Bank was filed by M/s. T. Jayarama & Sons and others before High Court of Judicature at Madras.
17.	Cheating and forgery by customer for a loan by depositing forged title deeds at the Feroke branch.	Fraud committed on March 5, 1996 detected on May 30, 1996	1.50	• Internal investigation and departmental enquiry was conducted. • Form FMR – 1 dated June 20, 1996 submitted to RBI (Ref. No. CASY 9601-0001). • Circular issued regarding the precaution to be exercised while accepting collateral security documents. • The concerned, branch manager was punished with lowering of 4 stages of increment.	• Police complaint No. 125/96 filed on July 5, 1996. • First information report dated September 21, 2011 filed with Judicial First Class Magistrate Court, Kozhikode on September 21, 2001. • Civil suit (SR 716) filed at DRT Chennai, against M/s. Prestige Surgicals and others decreed on August 29, 2000. Since there are no assets, our Bank was not able to continue with the proceedings.
18.	Misappropriation and criminal breach of trust by staff and customers at the Kozhikode Bazar branch	Fraud committed on May 16, 1995 detected on August 23, 1996	7.76	• Internal investigation and departmental enquiry conducted and completed on September 29, 1998. • Form FMR – 1 dated August 23, 1996 submitted to RBI (Ref. No. CASY 9502-0003). • The concerned, branch manager was dismissed from service. • Guidelines	• Criminal complaint (CMP 6004/2000) filed on November 14, 2000, before the Judicial First Class Magistrate Court, Kozhikode – I. • Civil suit filed before Debt Recovery Tribunal, Ernakulum (O.A. No. 127 of 1997).

				• issued to all offices. • Insurance claim has not been filed.	
19.	Equitable mortgage created on properties already mortgaged in favour of the State Bank of India to secure certain loans at the Erode branch.	Fraud committed on February 19, 2001, detected on July 16, 2004	0.7	• Internal investigation and departmental enquiry conducted and completed on August 30, 2004. • Form FMR – 1 dated July 28, 2004 submitted to RBI (Ref. No. CASY 0403-0001). • Bank issued circulars to prevent such type of incidents. • Insurance claim filed on August 9, 2004.	• Civil suit filed on December 15, 2003. • Legal notice dated June 11, 2013 from SBI inter alia against our Bank was issued. • Civil suit filed against *inter alia* against our Bank by Rangaswamy and R. Jayalakshmi before the court of the District Munsif of Trichengode, under O.S. No. 133/2003. • Civil suit filed by our Bank (C.S. No 277 of 2003) against M/s G.N.M. Paper Boards and others, before the Court of the subordinate judge of Bhavani, Tamil Nadu. • Complaint lodged by S.P. Narayanasamy before the district Superintendent of Police, Erode on April 29, 2004.
20.	Inspection of a machinery loan account at the Hyderabad branch revealed that the relevant machine had not been bought.	Fraud committed on April 24, 2007 detected on September 29, 2009	0.89	• Internal investigation completed on October 10, 2009. • Form FMR – 1 dated October 16, 2009, submitted to RBI (Ref. No. CASY0904-0001). • Bank issued specific circulars in this regard. • Staff accountability aspects were examined. • Insurance claim filed on October 5, 2009.	• Criminal complaint against Zakia Zabeen Syed and others filed in the court of Additional Chief Metropolitan Magistrate – II, Nampally. Criminal case (crime no. 161/2010) was instituted dated May 30, 2010. • Account has been closed.
21.	Branch Manager of Market Road Ernakulum branch, disbursed an overdraft on mortgage against property which were	Fraud committed on March 30, 2001 detected on July 26, 2002	4.21	• Internal investigation and departmental enquiry conducted and completed on October 1, 2002.	• Criminal complaint (93/2003), dated January 31, 2003, against Thottungal Corporation and others was lodged with Central Police Station, Ernakulum. • Account is closed.

	subsequently found to be fictitious.			• Form FMR – 1 dated October 29, 2002, submitted to RBI (Ref. No. CASY 0101-0001). • Bank's approved valuer was removed from panel. • Insurance claim filed on January 2, 2004.	
22.	Cash credit limits secured against forged title deeds of properties already mortgaged in favour of the Corporation Bank at the Kodambakkom branch.	Fraud committed on March 11, 2008, detected on June 22, 2009	4.8	• Internal investigation and departmental enquiry conducted and completed on May 14, 2009. • Form FMR – 1 dated July 3, 2009, submitted to RBI (Ref. No. CASY 0903-0001). • Bank has issued specific circulars in this regard. • Staff accountability aspects were examined. • Insurance claim filed on June 30, 2009.	• Criminal complaint dated August 12, 2009, against M/s Subramania Agencies, lodged with Commissioner of Police Greater Chennai, Egmore. • FIR (No. 466/2009) dated September 26, 2009 filed before the Central Crime Branch, Chennai against Mr. V. Subramaniam and others. • Recovery suit (O.A. No. 55/09) filed at DRT, Chennai, and was decreed in favour of our Bank. • Recovery certificate issued on November 16, 2010 vide DRC 293/2010.
23.	Housing loan granted on equitable mortgage of property based on forged title deeds at the Mukathala branch.	Fraud committed on December 17, 2004 detected on June 29, 2009	0.4	• Internal investigation and departmental enquiry conducted and completed on July 2, 2009. • Form FMR – 1 dated July 16, 2009 submitted to RBI (Ref. No. CASY 0903-0002). • Bank has issued specific circulars in this regard. • Insurance claim filed on July 16, 2009.	• Criminal complaint (CMP No. 5000/2009) dated August 11, 2009 filed against Zakir Hussain at the Judicial First Class Magistrate Court, Kollam. • The court referred the case to • First information report (FIR No. 972/2009) was filed before the Kottiyam Police Station against Mr. Zakir Hussain and others. • Civil suit (O.S. No. 764/2009) dated October 8, 2009 was filed before the Subordinate Court, Kollam.

24.	Branch manager of the Mulund Mumbai branch granted loans against spurious gold ornaments etc. without any sanction and proper documentation/ reporting to higher authorities and is also charged with conversion of property.	Fraud committed on December 10, 2001 and detected on May 13, 2002	8.54	• Internal investigation and departmental enquiry conducted and completed on July 22, 2002. • Form FMR – 1 dated August 13, 2002, submitted to RBI (Ref. No. CASY 0104-0001). • The officer concerned was suspended pending legal action. • Insurance claim filed on December 4, 2013.	• First information report (FIR 150/2003) dated June 13, 2003 lodged in the Mulund Police Station against Mr. N. Krishnamoorthy and others. • Criminal complaint (C.C. No. 149/PW/05) dated July 21, 2005 was filed against Mr. N. Krishnamoorthy, then branch manager of the Mulund branch of our Bank.
25.	Branch manager of M.G. Road, Pune issued certain inland letters of credit without proper authority, documentation and without accounting transactions at the branch.	Fraud committed on April 22, 2002, detected on July 24, 2002	14.5	• Internal investigation and departmental enquiry conducted and completed on November 11, 2002. • Form FMR – 1 dated August 13, 2002 submitted to RBI (Ref. No. CASY 0202-0001). • The concerned Branch Manager and the concerned Assistant Manager were suspended. • Insurance claim filed on October 27, 2005.	• Criminal complaint dated August 9, 2002 was filed with the Pune police station against (1) Mr. T.J. Thomas, (2) Ms. Daisy Cyriac, (iii) Mr. K.M. Johny, and (iv) Mr. B. Chandran. • Criminal complaint (R.C.C. 143 of 2003) dated January 29, 2002, was filed against our Bank was filed by Mr. K.M. Johny, before Judicial Magistrate First Class, Pune. • Civil case (O.A. No. 136/2002) against M/s. Rini Engineering has been decreed in favour of our Bank. Execution proceedings are pending before DRT, Pune. • Civil case against Mr. Chandran Pillai has been transferred to DRT, Kerala (T.D. R.C. 42/2014) and is currently pending.
26.	Unauthorised credit facility extended for illegal gratification (U.C.F.), fraud committed by customer and outsiders- the branch manager of Ahmedabad branch	Fraud committed on August 11, 2001 detected on May 19, 2003	4.15	• Internal investigation and departmental enquiry conducted and completed on May 19, 2003. • Form FMR – 1 dated June 6,	• Criminal complaint (C.C. 58/2010) dated September 23, 2010 filed with the Metropolitan Magistrate Court, Ahmedabad. • Recovery suit (O.A. No. 67/2010) filed on July 7, 2010 at DRT Ahmedabad. • Asset has been assigned to ARCIL on March 30, 2013.

	discounted certain LC's. The collecting bank returned the accepted bills with relevant lorry receipts. The goods were not available at the lorry office; the borrower colluded with the transport company and cheated the bank.			2003 submitted to RBI (Ref. No. CASY 0103-0001). • Staff accountability aspects were examined and finalised. • Insurance claim filed on February 4, 2010.	
27.	Loans availed from various banks against the same property offered as security by producing forged title documents of the property at the Fort, Mumbai branch.	Fraud committed on January 14, 2003, detected on February 6, 2006.	50.00	• Form FMR – 1 dated February 10, 2006 submitted to RBI (Ref. No. CASY 0601-0001). • Insurance claim filed on February 22, 2006, an amount of ₹ 22,448,095 received from ECGC being WTPSG claim.	• Matter was reported to the SFIO on February 10, 2006. • Criminal case No. 111/M filed in the court of Additional Metropolitan Magistrate at 38, Ballard Pier, Mumbai on June 13, 2006. Matter is currently pending. • Recovery suit filed before DRT – I, Mumbai (O.A. No. 10/2005) against M/s Soundcraft Industries Limited and others and was decreed in favour of our Bank on September 10, 2009. Recovery certificate is currently pending. • The account of M/s Sound Craft Industries Limited is under investigation by various agencies like Income Tax Department, Economic Offences Wing and Serious Fraud Investigation Office, Ministry of Corporate Affairs, New Delhi.
28.	Overdraft facility availed on hypothecation limit by creating equitable mortgage based on forged title deeds at the Royapettah branch.	Fraud committed on July 22, 2003, detected on October 31, 2005	4.00	• Internal investigation and departmental enquiry conducted and completed on October 31, 2005. • Form FMR – 1 dated November 14, 2005 submitted to RBI (Ref. No. CASY0504-0001). • Staff accountability aspects were examined. • Insurance claim	• Civil suit (Civil Case No. 8279/2005) filed against our Bank before Court of City Civil Judge - IV, Chennai on October 24, 2005. The case was dismissed by the order dated August 3, 2007. • O.A. No. 146/06 filed at DRT, Chennai dated April 13, 2007. Final orders were received and recovery certificate has not been obtained (D.RC. No. 157/2007). Our Bank has not been able to continue with the proceedings since there are no known assets. • Criminal case filed (Cri. O.P. 16607/2006) was filed dated January 24, 2006, before XVIII Metropolitan Magistrate, Saidapet Chennai, our bank

				filed on May 21, 2004.	thereafter filed an appeal before the High Court of Madras (Cri. O.P. No. 16607 of 2006), to set aside the order passed by Metropolitan Magistrate and to direct the court to take cognisance of the complaint, the appeal was allowed.
29.	Loan advanced to a proprietary concern against equitable mortgage of property based on forged title deeds at the Bangalore City branch.	Fraud committed on December 13,1996 detected on April 5, 2005	12.87	• Internal investigation and departmental enquiry conducted and completed on April 5, 2005. • Form FMR – 1 dated April 22, 2005 submitted to RBI (Ref. No. CASY 0502-0001). • Staff accountability aspects were examined. • The concerned, empanelled valuer was removed. • Insurance claim filed on May 3, 2005.	• Criminal complaint (P.C.R. No. 5466/2008) was lodged in the Court of Additional Chief Metropolitan Magistrate - IV at Bangalore on March 27, 2008, against Ashu Gupta and others. • Civil suit (O.A. No. 153 of 2006) was filed by our Bank for recovery of dues on January 27, 2006. • IA No. 1031/ 2010 filed by our Bank was dismissed by DRT, Bangalore on June 22, 2010. • Account was closed on March 31, 2012. • Asset was sold to ARCIL, on March 30, 2012.
30.	A partnership firm availed overdraft facilities and inland letter of credit limit against equitable mortgages based on forged title deeds and documents at the Royapettah branch.	Fraud committed on July 12, 2002, detected on April 28, 2004	4.00	• Internal investigation and departmental enquiry conducted and completed on April 28, 2004. • Form FMR – 1 dated May 17, 2004 submitted to RBI (Ref. No. CASY 0402-0001). • Bank has issued circular to prevent this type of incidents. • Staff accountability aspects were examined. • Insurance claim filed.	• Criminal case filed by our Bank at Saidapet Court on September 13, 2004 (C.C. 5880/04). • Civil suit filed by our Bank on January 27, 2005, OA. 13/05. Recovery certificate obtained to attach the property of Mr. Balasundaram. • Recovery suit (O.A. No. 13 of 2005) filed before DRT – I, Chennai, against M/s Vox Automax and others and on April 10, 2006, case was decreed in favour of our Bank. Recovery certificate has been received by our Bank (DRC No. 179 of 2006), however our Bank is not able to continue the proceedings, since there are no known assets. • The account was compromised by the order of DRT-I, Chennai in the memorandum of compromise and record of

					settlement dated January 8, 2014, with our Bank accepting ₹ 12.55 million as full and final settlement of the account.
31.	Unauthorised removal of gold loans securities pledged to our Bank by customers, pledge of inferior quality of gold ornaments, inter branch transfers of foreign currencies and availing of housing loan on the pretext of purchasing house by the assistant manager of the Kottayam branch.	Fraud committed on January 10, 2003, detected on February 3, 2003	0.75	• Internal investigation and departmental enquiry conducted and completed on February 17, 2003. • Form FMR – 1 dated February 6, 2003, submitted to RBI (Ref. No. CASY 0301-0001). • Service of the concerned, Assistant Manager, was terminated. • Staff accountability aspects were examined.	• Criminal complaint filed against N. Suresh, Assistant Manager, before the superintendent of police on February 29, 2008 and was registered as Crl. M.P. No. 166/08 • Post investigation, the matter was considered to be of civil nature, against which our Bank filed a protest complaint. Accused is absconding, the case is pending. • Suit filed by our Bank against Mr. N. Suresh (O.S. 159/05) dated December 20, 2005, after sale amount of ₹ 0.21 million was realised. The matter is pending for adjudication. • Our Bank vide letter dated March 9, 2004 requested RBI, Thiruvananthapuram branch, for permission to delete references to the case from on-going statements. • RBI, Thiruvananthapuram branch, however, vide letter dated March 27, 2004, advised our Bank to continue reporting the case to RBI till the completion of the recovery of the housing loan availed by him.
32.	Disbursal of various term loans for personal interest and without proper sanction from the head office by the branch manager of the Valanjambalam branch.	Fraud committed on May 13, 1992 detected on September 18, 1995	12.48	• Internal investigation and departmental enquiry conducted and completed on October 7, 1995. • Form FMR – 1 dated January 2, 1996 submitted to RBI (Ref. No. CASY 9202-0002). • Staff accountability aspects were examined.	• Criminal complaint filed with Ernakulum South Police Station. • Civil suit (O.S. No. 1342/1996) filed before Munsif Court of Ernakulum, against Mr. C.R. Thomas and others. • Civil suit filed (O.S.No. 1544/96) before Munsif Court of Ernakulum, against Mr. N.K. Sashidharan and others. • Civil suit (O.S. No. 1102/1997) filed before Munsif Court of Ernakulum, against Mr. P.J. Joseph and others. • Civil suit (O.S. No. 1104/1997) filed before Munsif Court of Ernakulum, against Mr. P. Krishnakumar and others. • Civil suit (O.S. No. 814/1997) filed before Munsif Court of Ernakulum, against Mr. M.K.

					Anil Kumar and others. • Civil suit (O.S. No. 2220/1997) filed before Munsif Court of Ernakulum, against Mr. Abdul Salam and others. • Civil suit (O.S. No. 161/1998) filed before Munsif Court of Ernakulum, against Mr. M. Sivdas and others. • Civil suit filed (O.S. 736/98) before Munsif Court of Ernakulum, against Ms. Isha Beevi and others. • Civil suit (O.S. No. 828/1997) filed before Munsif Court of Ernakulum, against Mr. K.K. Thomas and others.
33.	Grant of over 350 unauthorised loans under the "Own Today Scheme" by the branch manager of the Madurai branch, without proper sanction and with the help of colluding suppliers.	Fraud committed on June 11, 1992, detected on April 10, 1993	6.44	• Internal investigation and departmental enquiry conducted was completed • Form FMR – 1 dated May 10, 1993, submitted to RBI (Ref. No. CASY 9202-0001). • Bank has issued various circulars. • The concerned staff was demoted from Grade IV to III and power of attorney kept in abeyance for 5 years.	RBI, Thiruvananthapuram branch, vide its letter dated November 19, 1993 advised our Bank to file a police complaint against the officer who is involved in this fraud. However, the board incorporating the opinion of Chief Manager (Law) resolved not to file police complaint and vide its letter dated March 23, 1994 informed RBI accordingly. Thereafter RBI vide another letter dated April 23, 1994 advised our Bank to lodge police complaint immediately against the concerned officer.
34.	Senior Manager of the Yelahanka branch during his tenure granted various credit facilities, amongst which seven were later reported as fraud, as several title deeds, salary certificates and recovery certificates submitted to avail the facility were forged/fabricated.	Fraud committed on January, 9, 2005 detected on March 8, 2007	1.99	• Internal investigation and departmental enquiry conducted and completed on March 8, 2007. • Form FMR – 1 dated March 16, 2007 submitted to RBI (Ref. No. CASY 0701-0001). • Our Bank received a letter	• Recovery suit filed on January 20, 2007. • Suit filed (O.S. no. 688/07) against Mr. Nagaraj. S and his wife, Ms. D.K. Vedavalii on January 20, 2007. • Suit filed (0.S. 629/07) against Mr. A.G. Shiv Kumariah and his wife Ms. Bhagyama on January 20, 2007.Suit filed against Mr. Jagadisha and Ms. Sobha (O.S. No. 6398/2007). • Suit filed (O.S. 2149/07) against Mr. Rajamonoharan R., Mr. N.V. Gopalakrishnan, Mr.

				from RBI dated, April 7, 2007 enquiring about staff accountability measures taken. • Staff accountability aspects were examined. • Insurance claim filed on March 15, 2007.	Vasanthakumar and Mr. Renjithkumar on March 14, 2007. • Criminal complaint (P.C.R. No. 7277/2007) filed before the Court of Chief Metropolitan Magistrate at Bangalore, against Mr. A.G. Mr. Shiv Kumariah, Ms. Bhagyamma and Ms. Lakshmamma. • Criminal complaint (P.C.R. No. 0603/2007) was filed against Mr. Raj Manoharan, Mr. N.V. Gopalakrishnan, Mr. Vasanthakumar, Mr. Renjithkumar and Mr. Jayaraj. Criminal complaint was filed also against Mr. Jagadisha and Ms. Shobha.
35.	Nahur branch granted a loan under the “Own Your Dream House” scheme, against equitable mortgage to a person who according to a police report is allegedly a part of a gang who have cheated many banks in Mulund.	Fraud committed on April 21, 2004 detected on February 24, 2005	0.44	• Form FMR – 1 dated February 28, 2005 submitted to RBI (Ref. No. CASY 0501-0002). • Staff accountability aspects were examined. • Insurance claim filed on March 10, 2005.	• Criminal complaint filed against Shanthanu Parasuram Parab with Mulund Police Station, dated January 31, 2005. • First information report (FIR No. 218/2006) was filed before Mulund Police Station, dated May 5, 2006 by the branch manager of our Mulund branch against Mr. Shantanu Parshuram Parab. • Accused was arrested and then released on a bail. • The Senior Inspector of police, Crime Branch, CID, Mumbai, have taken a statement from the Branch Manager on July 22, 2005. Date of next hearing/ posting December 19, 2014 for production of evidence • Civil suit filed on October 4, 2005 – case is pending with High Court, Mumbai (No. 2761/05).
36.	Irregularities in foreign exchange transactions by customers at the Tuticorn branch	Fraud committed on October 28, 1996, detected on March 9, 1998	15.69	• Internal investigation and departmental enquiry conducted and completed on March 9, 1998. • Form FMR – 1 dated March 20, 1998 submitted to RBI (Ref. No. CASY 9604-0001). • Advised credit	• Criminal case filed under No. 62/2000 at Criminal Court, Tuticorn. The case is currently pending. • Case (O.A. No. 1850/2001) before DRT II Chennai was filed by our bank against M/s Prathap Timbers Private Limited. • Recovery certificate (DRC No. 89/2005) was issued in O.A. No. 1850/2001 • First information report (FIR No. 18/2006) filed on November 7, 2006 before District Crime

				department to be more vigilant while processing proposals for major limits.	Branch Tuticorin, against M/s Prathap Timbers Private Limited and others has been filed in vernacular, case pending due to non-genuineness of the deeds. • Account closed by compromise settlement.
37.	Unauthorised credit facility extended for illegal gratification, by the branch manager of the Baroda branch, including through discounted bills by using fake letter of credits, without entering bank records, discounting of accommodation cheques etc.	Fraud committed on October 6, 1993, detected on August 8, 1997	70.48	• Internal investigation and departmental enquiry was conducted. • Form FMR – 1 dated November 5, 1997, submitted to RBI (Ref. No. CASY 9304-0001). • In order to streamline the Internal Control mechanism at branches, bank has now introduced the system of Snap Inspection directly by the vigilance department. Issued Circulars 315/97, 81/98 and 188/98. • The concerned, branch manager was dismissed from service and concerned, Assistant Manager was punished with lowering of 1 stage of increment in the scale of pay. • Insurance claim filed on March 31, 1998.	• A criminal complaint filed filed against Mr. K. Sakthikumar, M/s Jem Ispat (Private) Limited and its directors under C. No. 86/1998, dated May 6, 1998, • • Recovery suit is filed (C.S. No. 1014/1999) dated October 29, 1999 at Civil Court, Baroda.
38.	Housing loan granted by the Ahmedabad branch based on forged and fabricated title deeds and documents, and the account	Fraud committed on December 6, 2004 detected on January	2.10	• Form FMR – 1 dated February 3, 2010 submitted to RBI (Ref. No. CASY 1001-0003). • Staff	• Civil suit (O.A. 67 of 2010) against Mr. Sriram Zaveri was filed on July 7, 2010 and others before DRT – I, Ahmedabad and case was decreed on May 22, 2012. The possession of property was already taken by Vijaya

	subsequently became a non-performing asset.	18, 2010		accountability aspects were examined. • Extant guidelines and instructions are clear. Bank has issued specific circulars in this regard. • Insurance claim filed on February 4, 2010.	Bank. • Recovery proceedings (R.P. 48/12) pending at DRT-I, Ahmedabad. • Criminal complaint No. 58/2010 was filed before Chief Metropolitan Magistrate, Ahmedabad, against Mr. Shriram Zaveri and others dated September 23, 2010.
39.	Vadakara branch granted personal loans to 12 employees of the "Kerala Road and Bridges Surveyor's Limited" allegedly a fictitious Government undertaking, based on fabricated salary certificates and guarantees.	Fraud committed on August 28, 2008, detected on December 10, 2008	1.16	• Internal investigation and departmental enquiry conducted and completed on December 10, 2008. • Form FMR – 1 dated December 22, 2008 submitted to RBI (Ref. No. CASY 0804-0001). • Bank has issued specific instructions regarding the granting and supervision of term loans. • Staff accountability aspects were examined. • Insurance claim filed on December 22, 2008.	• First information report was lodged at Vadakara Police Station, on March 6, 2009 (No. 191/2009) against Mr. Shahji M.T. and others. • Original suit (O.S. No. 824/2009) was filed against Mr. Shahji M.T. and others on November 5, 2009 and was decreed on February 8, 2013.
40.	Branch manager of the Kanjirapally branch granted gold loans against inferior quality of gold ornaments pledged by various parties.	Fraud committed on January 1, 2008, detected on June 27, 2008	6.10	• Internal investigation and departmental enquiry conducted and completed on June 27, 2008. • Form FMR – 1 dated July 9, 2008, submitted to RBI (Ref. No. CASY 0803-0001). • Extant guidelines	• Criminal complaint made against Mr. Joy Dominic and others before Kanjirapally Police Station dated June 10, 2008. • Civil suit nos. O.A. 85, 86 and 87 of 2009 filed before DRT. • Original suits (O.S. 149/2009 and O.S. 150/2009) filed before the court of the Subordinate Judge, Pala, against Mr. Mercy Joy, Mr. Joy Dominic and others. Appeal has been filed.

				are clear Bank has issued specific circulars in this regard. • Concerned staff members were suspended and were subsequently reinstated. • Insurance claim filed on July 8, 2008.	
41.	Cheating and forgery by customer – Advance payments granted in an overdraft and mortgage limit based on fraudulent work orders allegedly issued by the Tamil Nadu Electricity Board at the Salem branch.	Fraud committed on February 18, 1998 detected on December 24, 2002	1.17	• Internal investigation and departmental enquiry conducted and completed on December 24, 2002. • Form FMR – 1 dated January 8, 2003 submitted to RBI (Ref. No. CASY 9801-0002). • Staff accountability aspects were examined. • Insurance claim filed on January 2, 2004.	• Criminal complaint filed before the Judicial Magistrate - III, Salem, dated March, 12, 2003, against Mr. S. Arumugam. • Civil suit filed at DRT, Coimbatore (O.A. 1509/2003) dated May 26, 2003.
42.	Housing loan granted by the Ludhiana branch based on forged and fabricated title deeds and documents, of property which had already been sold by legal heirs of the property holders.	Fraud committed on September 19, 2005, detected on July 22, 2010	5.18	• Form FMR – 1 dated July 26, 2010 submitted to RBI (Ref. No. CASY 1003-0002). • Extant guidelines and instructions are clear. • Bank has issued a circular (Circular No. 241/2010 dated October 28, 2010 on "Fraud in Title Deeds"). • Insurance claim filed on July 26, 2010.	• Recovery suit (O.A. No. 240/2008) against M/s Harkirat Traders (Proprietor being Mr. Amarjit Singh) filed at DRT-II, Chennai dated April 19, 2008, which was decreed in favour of our Bank on November 19, 2008.
43.	Machinery loan and an overdraft	Fraud committed	1.14	• Form FMR – 1 dated July 15,	• Civil suit against M/s A.K. enterprises was decreed.

	mortgage limit availed from the Faridabad branch based on title deeds and documents to a property which had been registered in the name of his heirs pursuant to certain civil legal proceedings.	on January 19, 2006, detected on June 29, 2010		2010, submitted to RBI (Ref. No. CASY 1003-0001). • Staff accountability aspects were examined.Extant guidelines and instructions are clear. • Insurance claim filed on July 16, 2010.	• Criminal complaint dated December was filed before Chief Judicial Magistrate, Faridabad and first information report (FIR No. 369/2010) dated December 13, 2010 was filed before Faridabad Kotwali against Mr. Jagdish Kumar and others. • The account was compromised, with receipt of amount of ₹ 1.05 million as full settlement.
44.	Housing loan granted by the Kayamkulam branch based on forged and fabricated title deeds and documents, of property already taken over by other secured creditors.	Fraud committed on June 15, 2004, detected on May 25, 2010	0.85	• Form FMR – 1 dated June 12, 2010 submitted to RBI (Ref. No. CASY 1002-0001). • Staff accountability aspects were examined. • Insurance claim filed on June 14, 2010.	• Criminal complaint against Prince George and others was filed on January 31, 2011 before JFCM, Kayamkulam Police Station. • First information report (FIR No. 213/2011) was filed at Kayamkulam Police Station dated March 01, 2011 against Prince George and others. Investigation is in process. • Civil Suit (O.S. No. 318/2010) dated November 17, 2010 filed before Sub Court, Mavelikara, against Mr. Prince George and others. • Civil suit was decreed on January 31, 2012
45.	Fraudulent encashment/ manipulation of books and accounts and conversion of property by customer resulting in unauthorised withdrawals from the account of an account holder at the Tirur branch.	Fraud committed on September 10, 2009, detected on January 1, 2010	0.10	• Form FMR – 1 dated January 14, 2010, submitted to RBI (Ref. No. CASY 1001-0001). • Extant guidelines and instructions are clear. • Insurance claim filed on February 16, 2011.	• Criminal complaint (No. 27/SDOT/GL-PTN/2010) dated January 13, 2010, lodged with the police. • First information report (FIR No. 55/2010) dated January 15, 2010 filed with Tirur Police Station.
46.	Unauthorised withdrawal from the account of a savings account holder of the Brigade Road, Bangalore branch, on four occasions.	Fraud committed on May 5, 2009, detected on October 12, 2009	0.26	• Form FMR – 1 dated October 26, 2009 submitted to RBI (Ref. No. CASY0904-0002). • Staff accountability aspects were	• First information report (FIR No. 0216/2009) lodged before Ashok Nagar police station, Bangalore City against Mr. Ramesh and Mr. Ranganathan dated June 6, 2009. • Bank recovered ₹ 0.13 million from the terminal benefits of Mr. Thomas K.I., Senior Manager, and ₹ 0.14 million was written off.

				examined. • Extant guidelines and instructions are clear. • Insurance claim was filed on February 16, 2011.	
47.	Housing loan granted by the Thirumala branch based on forged and fabricated title deeds and documents, and the account subsequently became a non-performing asset.	Fraud committed on August 18, 2004 detected on May 19, 2008	1.20	• Internal investigation and departmental enquiry conducted and completed on May 19, 2008. • Form FMR – 1 dated June 5, 2008 submitted to RBI (Ref. No. CASY 0802-0002). • Staff accountability aspects were examined. • Extant guidelines and instructions are clear. Bank has issued specific circulars in this regard. • Insurance claim filed on June 5, 2008.	• The branch served a notice under SARFAESI Act on April 20, 2007 • Criminal complaint (No. 216/2008) filed on August 4, 2008 before Sub-inspector of police, Poojapura, Thiruvananthapuram. • Civil suit (O.A. No. 106/09) was filed before the DRT, Ernakulum against Mr. Reji Mani and others dated March 19, 2009 and it was ordered in favour of our Bank on September 24, 2009. The suit has been adjourned sin-dine for want of assets.
48.	Overdraft on hypothecation limit and machinery loan granted to a borrower at the Tirupur branch, collaterally secured by immovable properties, and subsequently ascertained that most of the machinery secured was second-hand and that bills and invoices were forged.	Fraud committed on May, 19, 1995, detected on July 25, 1996	1.68	• Form FMR – 1 dated January 18, 1997, submitted to RBI (Ref. No. CASY 9502-0002). • Staff accountability aspects were examined. • Head office instructions regarding granting of Machinery Loans are clear.	• First information report (FIR No. 22/1997) was filed with Central Crime Branch, Tiruppur, on July 7, 1997 and was dismissed by JFMC-I, Tirupur (Crl. M.P. 139/99) decided on April 20, 2000. • Recovery filed with DRT, Chennai on April 23, 1998 under O.A. No. 956/98, against Prakash, proprietor of M/s Vester Apparels and transferred to DRT, Coimbatore (Transfer Application No. 603 of 2012). Final order has been passed on March 16, 2007 and was decreed in favour of our Bank.

49.	Overdraft on mortgage facility granted to a contractor of the public works department on encumbered land based on forged title deeds of the property at the Palakkad branch.	Fraud committed on May 27, 1991, detected on March 11, 1999	3.28	• Departmental enquiry conducted and completed on June 5, 1999. • Form FMR – 1 dated June 30, 1999 submitted to RBI (Ref. No. CASY 9102-0004). • Branch circular issued in the matter of registration of Power of Attorney from Government Department and verification of encumbrance certificate. The concerned branch Manager was punished with lowering of 2 stages in the existing scale of pay. Other concerned staff member was cautioned. • Bank empanelled valuer was removed from panel.	• First information report (FIR No. 302/1999) was filed at Palakkad Police Station, on May 11, 1999 against Mr. A.M.M. Basheer and Mr. Moiden Kunji Beary. • Criminal complaint (C.C. No. 461/2001) lodged on April 13, 1999 before CJM Court, Palakkad, which was then transferred to CJFCM-I, Palakkad (C.C. No. 1/02006). Accused was acquitted following the order of JMFC M-I, Palakkad dated August 27, 2014. • Following the order of the DRT in I.A. No 680/99, an amount of approximately ₹ 3.90 million due for payment to the contractor from the Government Departments, by obtaining an attachment order from DRT on March 30, 1999. • Original application (O.A. no. 290 of 1999) filed before DRT, Ernakulum, against Mr. A.M.M. Basheer and others was decreed on March 12, 2001.
50.	Fraudulent transfer from a current account held by a co-operative society at the Bandra West branch based on forged withdrawal vouchers for certain demand drafts.	Fraud committed on April 23, 2013, detected on December 30, 2014	0.25	• Internal investigation and departmental enquiry conducted and completed on December 30, 2014. • Form FMR – 1 dated February 5, 2015, submitted to RBI (Ref. No. CASY 1501-0002). • Our Bank had already issued revised circular, dated March 17, 2014, titled:	• No legal action has been initiated by us hitherto. However, a criminal complaint has been filed by Mr. Ramesh R. Dhamapukar against M/s Rishab Co-operative Society is pending before the Judicial First Class Magistrate, Kalyan, Mumbai.

				"Collection of Account Payee Cheques-Prohibition on Crediting to third party accounts", based upon the instructions of RBI. • Staff accountability aspects are to be examined.	
51.	Fraudulent encashment/ manipulation of books of account and conversion of property by staff by the branch manager at the Service branch, Chennai.	Fraud committed on November 1, 2012 detected on March 15, 2013	0.42	• Internal investigation and departmental enquiry conducted and completed on April 15, 2013. • Form FMR – 1 dated July 23, 2013 submitted to RBI (Ref. No. CASY 1303-0005). • Staff accountability aspects were examined.	No legal action has been instituted.
52.	Shortage of cash noticed in ATMs post replenishing of cash by bank officials at the Kukatpally, Hyderabad branch.	Fraud committed on December 2, 2009, detected on December 3, 2009	0.05	• Departmental enquiry was conducted. • Form FMR – 1 dated December 12, 2009 submitted to RBI (Ref. No. CASY0904-0002). Extant guidelines and instructions in this regard are clear. • Staff accountability aspects were examined.	• A criminal complaint was instituted before the Court of Metropolitan Magistrate - XVIII, Maypur at Kukatpally, dated December 21, 2009. The complaint has been dismissed by the court on March 5, 2012, and the amount was fully recovered.
53.	22 gold loans availed against pledge of spurious gold ornaments mixed up with genuine gold ornaments at the Munnar branch.	Fraud committed on June 6, 2014, detected on December	2.39	• Internal investigation and departmental enquiry conducted and completed on December 20,	• Criminal complaint lodged before the Circle Inspector of Police, Munnar dated December 10, 2014. • First information report (FIR No. 1169) was lodged with Munnar Police Station dated December

		10, 2014		2014. • Form FMR – 1 dated January 29, 2015, submitted to RBI (Ref. No. CASY1501-0001). • Bank's extant guidelines are clear in this regard. • Staff accountability aspects are to be examined. •	11, 2014. The accused was arrested and detained in police custody on December 18, 2014. The investigation is pending.
54.	Opening of an illegitimate savings bank account by the Principal officer of the Thattayil branch by transferring tax deducted at source on term deposits. He also entered/ authenticated fraudulent transactions in the account.	Fraud committed on April 4, 2009, detected on September 17, 2010	0.03	• Internal investigation and departmental enquiry conducted and completed on September 17, 2010. • Form FMR – 1 dated September 28, 2010 submitted to RBI (Ref. No. CASY1003-1001). • Staff accountability aspects were examined. • The concerned, Manager was dismissed from the service. • The extant guidelines and instructions were clear. • Insurance claim filed on September 28, 2010.	• First information report (FIR No. 89/2011) was lodged on February 18, 2011 at Pandalam Police Station against Mr. I.V. Davis, former branch manager of the Thattayil branch of our Bank. • No civil suit was filed as the entire amount was recovered.
55.	Fraudulent transactions in the staff overdraft account of the probationary assistant manager of the Gurgaon	Fraud committed on July 7, 2009, detected on October 28, 2009	0.02	• Departmental enquiry was conducted. • Form FMR – 1 dated November 24, 2009, submitted to RBI	• Criminal complaint (31-5D) dated April 1, 2010, was registered on April 7, 2010 and is under investigation. As the full amount was recovered, no civil suit was filed.

	branch, in relation to the credit of discount charges earned by the branch to his personal account instead of being credited to the profit and loss account of the branch.			(Ref. No. CASY0904-0001). • The extant guidelines and instructions were clear. • The concerned, Probationary Assistant Manager was dismissed. • Staff accountability aspects were examined. • .	
56.	Fraudulent transfer of funds from the account of an account holder based on instructions received from an allegedly hacked email account at the Wadakkancherry branch.	Fraud committed on May 16, 2012, detected on June 6, 2012	0.06	• Internal investigation completed on June 6, 2012. • Form FMR – 1 dated June 12, 2012, submitted to RBI (Ref. No. CASY1202-0001). • Staff accountability aspects were examined.	• Criminal complaint (599/DPC-R/Comp/PTN/12/R) was filed on June 14, 2012 at District Police Chief (Rural), Thrissur.
57.	11 gold loans extended to a savings account holder at the Mulund, Mumbai branch against pledge of genuine and spurious gold ornaments.	Fraud committed on July 31, 2012, detected on August 7, 2014	1.71	• Internal investigation and departmental enquiry conducted and completed on July 18, 2014. • Form FMR – 1 dated September 26, 2014 submitted to RBI (Ref. No. CASY1403-0002). • Staff accountability aspects are to be examined against the Branch Manager. • Letter of caution has been issued to other officer's.	No legal action has been instituted.

				• Bank's extant guidelines are clear in this regard.	
58.	Two term-loans for acquisition of machinery and equipments granted at the Secunderabad branch. In violation of sanction terms which resulted in the account becoming unsecured and diversion of funds, as well as non-confirmation of end use and no-observance of due diligence.	Fraud committed on October 14, 2009, detected on September 29, 2013	200.00	• Internal investigation and departmental enquiry conducted and completed on September 29, 2013. • Form FMR – 1 dated September 30, 2013 submitted to RBI (Ref. No. CASY1303-0009). • Training for awareness of fraud to be conducted for principal officers of branches along with executives. • Staff accountability aspects were examined. • The principal officer was awarded the punishment of lowering of 4 stages in the existing scale of pay. • The concerned General Manager was awarded the punishment of recovery of ₹ 0.6 million. • Insurance claim has not been filed.	• Matter was reported to SFIO on October 15, 2013. • Criminal complaint (SR 4570 of 2014) dated December 29, 2014was instituted against M/s Jupiter Bioscience Limited and others before the Additional Chief Metropolitan Magistrate - X, Secunderabad. The matter is currently pending. • A suit (OA No. 524/2012), a suit was filed in DRT, Hyderabad against M/s Jupiter Bioscience Limited, to rover the dues. The matter is currently pending.
59.	Misappropriation of amount for cheque payment and payment of gold loan by the cashier of the Karukachal branch.	Fraud committed on August 27, 2012, detected on January 23, 2013	0.01	• Departmental enquiry was conducted. • Form FMR – 1 dated February 18, 2013, submitted to RBI	• No complaint was filed because the amount involved was less than ₹ 10, 000.

				(Ref. No. CASY1301-0001). • Amount was recovered from cashier. • Staff accountability aspects were examined.	
60.	Unauthorised credit facilities extended to members of the Anchal group, collaterally secured by mortgage of immovable properties in the name of the guarantor, but actually acquired by Government by the branch manager at the New Delhi branch. The borrower had also availed finance from the Central Bank of India.	Fraud committed on June 1, 1991, detected on November 4, 1992	2.53	• Internal investigation and departmental enquiry was conducted. • Form FMR – 1 dated December 1, 1992 submitted to RBI (Ref. No. CASY9102-0001). • Bank has issued various circulars regarding quality of advances. • The concerned l, Branch Manager was dismissed. • Staff accountability aspects were examined.	• Recovery suit was filed (O.A. No. 578 of 1995) before DRT, New Delhi, against M/s. Anchal Silk Mills. • Account was assigned to ARCIL.
61.	Unauthorised credit facility as an overdraft of hypothecation facilities extended for allegedly illegal gratification to borrowers who were reported to unlicensed contractors holding non-operational accounts at the New Delhi branch.	Fraud committed on April, 1, 1991 detected on November 4, 1992	0.25	• Internal investigation and departmental enquiry was conducted. Form FMR – 1 dated December 1, 1992 submitted to RBI (Ref. No. CASY9102-0002). • The concerned l, Branch Manager was dismissed. • Staff accountability aspects were examined.	Recovery suit (527/1993) was filed on April 23, 1993.
62.	Unauthorised credit facility as a personal credit line against letter of credit	Fraud committed on July 9, 1991	0.12	• Internal investigation and departmental enquiry	Civil suit (No. 838/1993) was filed on July 17, 1993 against M/s Kent Expo Corporation and others.

	extended for allegedly illegal gratification at the New Delhi branch by the branch manager, with due enquiry and insurance.	detected on November 4, 1992		conducted and completed on date is N.A. • Form FMR – 1 dated December 1, 1992 submitted to RBI (Ref. No. CASY9103-0001). • Bank has issued various circulars regarding quality of advances. • The concerned, Branch Manager was dismissed.	
63.	Spurious gold ornaments were detected in four credit facilities availed from the Vallamkulam branch of our Bank.	Fraud committed on October 16, 2009 detected on February 21, 2011	0.19	• Internal investigation conducted and completed on date is February 21, 2011. • Form FMR – 1 dated March 8, 2011 submitted to RBI (Ref. No. CASY1101-0002). • Staff accountability aspects were examined and departmental enquiry was conducted. • Extant instructions on advance against pledge of gold is clear.	• First information report (FIR No. 186/2011) dated February 11, 2011 filed before Thiruvalla Police Station, against Mr. Devdas. The investigation is currently pending. • Our Bank filed an original suit (O.S. 15/2012) before the Subordinate Court, Thiruvalla against Mr. Devdas, seeking a decree for recovery of loan amount. The matter is currently pending.
64.	Loans against the pledge of inferior gold were availed by the relatives of then Assistant Manager of our Vellore branch.	Fraud committed on February 17, 2014 detected on August 1, 2014	1.08	• Internal investigation conducted and completed on May 1, 2014. • Form FMR – 1 dated March 18, 2015 submitted to RBI (Ref. No. CASY1501-0004). • Staff accountability aspects were	• No legal action has been initiated.

				examined. • The amount was fully recovered and the liability was closed on July 9, 2014.	
65.	A co-operative credit society having a current account with Bhayander branch of our Bank, fraudulently encashed two drafts, using fake endorsements of Air India officials.	Fraud committed on January 3, 2014 detected on February 26, 2015	8.10	• Internal investigation conducted and completed on date is February 26, 2015. • Form FMR – 1 dated February 27, 2015 submitted to RBI (Ref. No. CASY1501-0003). • Staff accountability aspects were examined. • The concerned branch manager was suspended on March 23, 2015.	• First information report (FIR No. 216/2014) filed before Gamdevi Police Station against miscreants by the relevant department of Air India airlines and the chairman of the co-operative society was arrested. • No legal action has been initiated by our Bank.

Other than the matters disclosed above, details of criminal proceedings initiated by our Bank are as follows:

1. Our Bank filed a criminal case (C.M.P. No. 1162B/2012) dated September 20, 2012 before the Chief Judicial Magistrate Court, Thrissur which was subsequently taken cognisance of and reclassified as calendar case (C.C. No. 357/2013) against Mr. P.K. Balasubramanian, Ms. Shobhana Balasubramanian and Mr. Bharath Balasubramanian, being directors of M/s Srivari Trading Company Private Limited and Ms. C.A. Parvathy Ammal as a guarantor under the relevant loan facility, in relation to the alleged acts of cheating, dishonest misappropriation and conversion of properties secured for the eight loans availed by the accused persons from our Bank in January 2010, with cash credit facilities aggregating to ₹ 199.10 million and machinery loans amounting to ₹ 23.90 million on behalf of the company and its subsidiaries. The accused persons hypothecated certain machinery, stock-in-trade and mortgaged certain immovable properties to avail the loans. The accused persons allegedly did not operate the credit facilities properly and also defaulted in repayments towards the machinery loans. On June 30, 2010, all accounts of the company became irregular and by September 30, 2010, all accounts became non-performing accounts. Our Bank initiated recovery proceedings and securitisation proceedings, consequent to which certain loan facilities were closed, resulting in an outstanding amount of ₹ 111.73 million as on October 15, 2012. Meanwhile, the accused persons had allegedly removed, misappropriated and converted the entire machinery hypothecated in favour of our Bank in their favour, and our Bank filed the complaint against such actions. The matter is currently pending.

   On June 27, 2014, Mr. Bharath B. and Mr. P.K. Balasubramanian and other directors of M/s Srivari Trading Company Private Limited filed criminal miscellaneous cases (Crl. M.C. No. 3517/2014 and 3518/2014, respectively), before the High Court of Kerala at Ernakulam, seeking quashing of C.C. No. 357/2013 instituted by our Bank, which was disallowed by the High Court pursuant to an order dated August 22, 2014. As such, C.C. No. 357/2013 is currently pending.

2. Our Bank filed a criminal complaint (C.C. No. 404/2011) dated June 21, 2011 before the Judicial Magistrate

First Class, Pune Cantonment, against Mr. Abdul Kadir Jaffari and Mr. Imtiyaz Mohammad Jaffari, contending that Mr. Abdul Kadir Jaffari misrepresented to our Bank, as being the owner of our earlier Pune branch premises and induced us to enter into a leave and license agreement on two occasions, dated July 1, 1996 and December 7, 2006, whereas the property was already transferred by him in favour of Mr. Imtiyaz Mohammad Jaffari in the year 1994 by oral partition, which was duly recorded in a memorandum and confirmed by a deed of confirmation dated January 28, 2002. In the complaint, our Bank contended that Mr. Abdul Kadir Jaffari required our Bank to furnish ₹ 0.66 million as security deposit, a refund of which was claimed by our Bank upon shifting out of the said premises, which was not returned. Our Bank filed a complaint with police on June 16, 2011. However, since no action was taken, our Bank filed the present criminal case seeking cognizance and trial of offences committed by the accused persons. The matter is currently pending.

3. Our Bank filed a first information report (FIR No. 37 of 2014) dated May 21, 2014 before the Sub-Inspector of Police, Control Crime branch, Madurai, against Mr. R. Ramar, a customer of Madurai branch of our Bank and against Mr. Manoj Kumar, Partner, M/s Shimmavahani Motors. In our complaint, our Bank stated that Mr. R. Ramar availed a motor vehicle loan of ₹ 1.20 million on February 6, 2013 and the proceeds of the said loan were issued by demand draft, in favour of M/s Shimmavahani Motors, which was subsequently encashed. Thereafter, the borrower did not submit requisite post disbursal documents with our Bank. Our Bank issued a legal notice seeking requisite post disbursal documents, however, the said notice was not complied with. Further, in our complaint, our Bank stated that the borrower had defaulted in the repayment of the credit facility. Our Bank filed a criminal complaint against accused for the offence of cheating against our Bank and misappropriating the proceeds of loan for the purposes other than availed for. The investigation is currently pending.

4. Our Bank lodged a first information report (FIR No. 1488/2014) dated November 4, 2014 before the Sector 14 Gurgaon Police Station, against Mr. Surya Prakash who had intentionally damaged the screen of an ATM of our Bank on October 26, 2014, resulting in a loss of ₹ 45,000 to our Bank. The investigation is currently pending.

5. The branch manager of the Thatttayil branch of our Bank lodged a first information report (FIR No. 920/2009) dated November 18, 2009 with the Pandalam Police Station, regarding an attempted theft at the branch. Certain unknown suspects had entered into our branch premises by breaking grills, gates and attempted theft at our branch. The investigation is currently pending.

Recovery proceedings

Notices issued under the SARFAESI Act

The SARFAESI Act provides banks and other lenders increased powers in the recovery of the collateral underlying NPAs in accordance with RBI guidelines. Under the provisions of the SARFAESI Act, our Bank, as a secured creditor may, in respect of loans classified as NPAs, issue a written notice ("**SARFAESI Notice**") to the relevant borrowers, requiring it to discharge its liabilities within 60 days, failing which the our Bank may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. As on March 24, 2015, there are 311 outstanding notices which our Bank has issued under the SARFAESI Act, involving an aggregate amount, to the extent quantifiable, of ₹ 3,224.68 million. There are 43 such notices, which involve an amount equal to or above ₹ 10 million. Details of such notices are provided under the section titled " – *Cases filed by our Bank – Recovery proceedings - Proceedings before debt recovery tribunals and civil recovery suits"* beginning at page 312 and below:

1. Our Bank issued a demand notice dated October 15, 2014 under Section 13(2) of the SARFAESI Act against M/s Arjun Associates, its partners, and others, seeking the repayment of amount due under cash credit facility sanctioned by our Bank to Arjun Associates, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 51.21 million with interest at 20.25% p.a. with monthly rests and penal interest at 1% from October 1, 2014, and charges and costs of the proceedings till repayment. The matter is currently pending.

2. Our Bank issued a demand notice dated January 30, 2013 under Section 13(2) of the SARFAESI Act against Ms. E.R. Bindumol, proprietor of M/s Deawoo Trading Company, Mr. K.P. Manoj Kumar, proprietor of M/s

Deawoo and Sundek Industries, and Mr. E.R. Behesh as the guarantor, seeking the repayment of amount due under two overdraft and two machinery loan facilities sanctioned by our Bank to the two proprietary concerns, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 13.16 million as on December 31, 2012 with further interest at 17.75% p.a. on ₹ 2.95 million, 19.75% p.a. on ₹ 2.21 million, 18.50% p.a. on ₹ 3.48 million, 16.75% p.a. on ₹ 4.51 million respectively with monthly rests and penal interest at 1% p.a. from January 1, 2013 till repayment, with costs and expenses. The matter is currently pending.

3. Our Bank issued a demand notice dated July 30, 2014 under Section 13(2) of the SARFAESI Act against Sree Tirumala Traders ("**Tirumala**") through its proprietor, Mr. Jaikumar N; Ms. B.S. Lakshmi and Mr. K.P. Selvaraj as guarantors, seeking the repayment of amount due under cash credit facility and adhoc limits sanctioned by our Bank to Tirumala, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 48.75 million with interest at 20.75% p.a. with monthly rests and penal interest at 1% from July 1, 2014, and costs till repayment. The matter is currently pending.

4. Our Bank issued a demand notice dated March 20, 2015 under Section 13(2) of the SARFAESI Act against M/s Amala Trading Company ("**Amala**"); Mr. Wilson Thomas, the proprietor of Amala; Mr. P.M. Joseph and Ms. Rajani Thomas as guarantors, and others, seeking the repayment of amount due under cash credit facility sanctioned by our Bank to Amala, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 44.45 million with interest at 14.50% p.a. with monthly rests and penal interest at 1% p.a. from March 1, 2013 till repayment, and costs of proceedings till repayment. The matter is currently pending.

5. Our Bank issued a demand notice dated August 26, 2014 under Section 13(2) of the SARFAESI Act against Monu Mia Plantations Private Limited ("**MMPL**"), and others, seeking the repayment of amount due under working capital, term loan and agricultural term loan facilities sanctioned by our Bank to MMPL, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 37.60 million with interest at 18.75% p.a. with monthly rests, penal interest of 1% from August 1, 2014 till repayment and costs of proceedings till repayment. The matter is currently pending.

6. Our Bank issued a demand notice dated January 13, 2015 under Section 13(2) of the SARFAESI Act against M/s Dee Cee Hospitalities ("**DCH**"), a partnership firm, its partners, seeking the repayment of amount due under term loan facility sanctioned by our Bank to DCH, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 33.88 million as on December 31, 2014 with future interest at 15.50% p.a. with monthly rests and penal interest at 2% from January 1, 2015 till repayment. The matter is currently pending.

7. Our Bank issued a demand notice dated October 21, 2014 under Section 13(2) of the SARFAESI Act against Niumec Engineering Corporation ("**NEC**") and Mr. Baldeep Kaur Mander, seeking the repayment of amount due under cash credit and bank guarantee facilities sanctioned by our Bank to NEC, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 30.57 million as on September 30, 2014 with interest at 15.50% p.a. with monthly rests and penal interest at 1% from October 1, 2014 till repayment. The matter is currently pending.

8. Our Bank issued a demand notice dated October 10, 2014 under Section 13(2) of the SARFAESI Act against M/s Soundarya Corporate, a partnership, its partners, and others, seeking the repayment of amount due under cash credit facility sanctioned by our Bank to Soundarya Corporate, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 28.94 million with interest at 20.25% p.a. with monthly rests and penal interest at 1% from October 1, 2014, and other charges and costs till the date of repayment. The matter is currently pending.

9. Our Bank issued a demand notice dated October 17, 2014 under Section 13(2) of the SARFAESI Act against Mr. C. Venkatesan and Mr. C. Vivekanandan as borrowers, and guarantors, seeking the repayment of amount due under lease rental discounting facility sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 28.15 million with

interest at 20.75% p.a. with monthly rests and penal interest at 1% from October 1, 2014, and costs of proceedings till repayment. The matter is currently pending.

10. Our Bank issued a demand notice dated October 31, 2014 under Section 13(2) of the SARFAESI Act against M/s Alvenia Exports, seeking the repayment of amount due under packing credit limit, cash credit and machinery term loan facilities sanctioned by our Bank to Alvenia, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 27.05 million with interest at 21.75% p.a. with monthly rests towards packing credit limit and interest at 20.75% p.a. with monthly rests towards cash credit and machinery term loan limit from October 1, 2014, and costs, till repayment. The matter is currently pending.

11. Our Bank issued a demand notice dated June 16, 2014 under Section 13(2) of the SARFAESI Act against P.P. Advertisers and Printers Private Limited and others, seeking the repayment of amount due under machinery loans and cash credit limits sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 22.36 million with interest at 14.25% on the cash credit limits and 15% on the machinery loans with monthly rests from June 1, 2014 till repayment. The matter is currently pending.

12. Our Bank issued a demand notice dated September 12, 2014 under Section 13(2) of the SARFAESI Act against Trueik Engineering Private Limited and others, seeking the repayment of amount due under machinery loan, mortgage loan and cash credit facilities sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 15.31 million with interest at 14% with monthly rests from September 1, 2014 till repayment. The matter is currently pending.

13. Our Bank issued a demand notice dated December 15, 2014 under Section 13(2) of the SARFAESI Act against M/s Meicko Granites (“**Meicko**”), its partners, and others seeking the repayment of amount due under packing credit limit facility sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 13.69 million with future interest at 20% p.a. with quarterly rests and penal interest at 2% from December 1, 2014 till the date of repayment. The matter is currently pending.

14. Our Bank issued a demand notice dated January 22, 2015 under Section 13(2) of the SARFAESI Act against Faces Family Saloons Private Limited, and others seeking the repayment of amount due under overdraft facility sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 13.20 million with future interest at 16.25% p.a. with monthly rests and penal interest at the rate of 1% from January 1, 2015 till repayment. The matter is currently pending.

15. Our Bank issued a demand notice dated October 21, 2014 under Section 13(2) of the SARFAESI Act against M/s Rajesh Steel and Furniture, Mr. Rajesh Lakshamsi Maru, Ms. Sureka Rajesh Maru, and Mr. Priyank Rajesh Maru, seeking the repayment of amount due under cash credit facility sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 13.14 million with interest at 14.05% p.a. with monthly rests and penal interest at 2% from October 1, 2014, and costs of proceedings till repayment. The matter is currently pending.

16. Our Bank issued a demand notice dated January 29, 2015 under Section 13(2) of the SARFAESI Act against M/s Jhajj Rent A Cab, seeking the repayment of amount due under overdraft and motor vehicle loan facilities sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 12.44 million with interest at 17.50% on the overdraft limit of ₹ 2 million, 12.25% and 12.50% on the motor vehicle loan limits of ₹ 8.50 million and ₹ 1.94 million, respectively, till repayment. The matter is currently pending.

17. Our Bank issued a demand notice dated January 30, 2013 under Section 13(2) of the SARFAESI Act against Hebron Aqua and Food Private Limited and others, seeking the repayment of amount due under cash credit, adhoc limits and term loan facilities sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 12.40 million as on

December 31, 2012 with further interest at 17.75% p.a. with monthly rests and penal interest at 1% p.a. from January 1, 2013 till repayment, and other costs and expenses. The matter is currently pending.

18. Our Bank issued a demand notice dated July 16, 2014 under Section 13(2) of the SARFAESI Act against M/s Apex Constructions, Mr. Siju Nicholas, the proprietor, and Ms. Leena Saju seeking the repayment of amount due under overdraft facilities on mortgage sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 10.89 million as on June 30, 2014 with future interest at 20.25 % p.a. with monthly rests and penal interest at 1% from July 1, 2014 till repayment. The matter is currently pending.

19. Our Bank issued a demand notice dated August 6, 2014 under Section 13(2) of the SARFAESI Act against M/s Premier Yarn Textiles, Mr. A. Vasudevan, and Ms. V. Saraswathi seeking the repayment of amount due under cash credit limit facility sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the said Act. The amount of claim involved is ₹ 10.23 million as on July 31, 2014with interest at 18.25% p.a. with monthly rests and penal interest at 2% from August 1, 2014, and costs till repayment. The matter is currently pending.

20. Our Bank issued a demand notice dated October 31, 2014 under Section 13(2) of the SARFAESI Act against M/s View Cube Digital Media, Mr. P.M. Niyas, Mr. Hanish Babu and others, seeking the repayment of amount due under overdraft facilities sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the said Act. The amount of claim involved is ₹ 10.22 million as on October 31, 2014 with further interest at 17.75% p.a. with monthly rests and penal interest at 1% p.a. from November 1, 2014 till repayment , and other costs and expenses. The matter is currently pending.

21. Our Bank issued a demand notice dated October 31, 2014 under Section 13(2) of the SARFAESI Act against M/s Pranavam Cashew Company, Mr. S. Sreekumar, and Ms. V. Vijayarani, seeking the repayment of amount due under cash credit facilities sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 27.36 million as on October 31, 2014 with further interest at 17.75% p.a. with monthly rests and penal interest at 1% p.a. from November 1, 2014 till repayment, and other costs and expenses. The matter is currently pending.

Proceedings filed by our Bank pursuant to the SARFAESI Notices

Further to the SARFAESI Notices, our Bank may initiate proceedings for the possession of the properties and other assets constituting the security furnished with respect to the outstanding borrowings. As on March 24, 2015, our Bank has initiated 26 civil proceedings which are pending and the aggregate amount, to the extent quantifiable, is approximately ₹ 118.31 million. Symbolic possession has been obtained in most of the proceedings. There are three such proceedings, which involve an amount equal to or above ₹ 10 million. Details of such proceedings involving an amount equal to or above ₹ 10 million are provided under the section titled " – *Cases filed by our Bank – Recovery proceedings - Proceedings before debt recovery tribunals and civil recovery suits"* beginning at page 312 and below:

1. Our Bank issued a demand notice dated October 15, 2013 under Section 13(2) of the SARFAESI Act against M/s Flora Technologies, a partnership firm, and its partners, seeking the repayment of amount due under a cash credit facility sanctioned by our Bank, failing which our Bank would take recourse to remedies under Section 13(4) of the said Act. The amount of claim involved was ₹ 26.48 million as on September 20, 2013 with further interest at 16.25% p.a. with monthly rests and penal interest at 1% p.a. from October 1, 2013 till repayment, and costs and expenses. Pursuant to the same, our Bank filed a miscellaneous petition dated March 16, 2015 beofre the Chief Metropolitan Magistrate, Ernakulam for: a) appointment of a commissioner to take physical possession of security properties and direction to the commissioner to hand over the said properties to our Bank, b) police assistance to be provided to allow the commissioner to take physical possession. The amount of claim involved is ₹ 26.48 million with further interest at 16.25% p.a. with monthly rests and penal interest at 1% p.a. from October 1, 2013 till repayment, and costs and expenses. The matter is currently pending.

Proceedings filed against our Bank pursuant to the SARFAESI Notices

Further to the SARFAESI Notices, the relevant borrowers may also initiate legal proceedings challenging the notice issued for recovery of outstanding borrowings. Currently there are 47 civil proceedings which are pending and the aggregate amount, to the extent quantifiable, is approximately ₹ 665.51 million. There are nine such proceedings, which involve an amount equal to or above ₹ 10 million. Details of such proceedings involving an amount equal to or above ₹ 10 million are provided under the section titled " – *Cases filed by our Bank – Recovery proceedings - Proceedings before debt recovery tribunals and civil recovery suits"* beginning at page 312, and below:

1. Our Bank issued a notice dated September 30, 2013 under Section 13(2) of SARFAESI Act against M/s Devus Trading Company, the proprietary concern of Mr. K. Suresh, and others seeking the repayment of an overdraft facility sanctioned by our Bank, failing which our Bank would take recourse to the remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved was ₹ 10.97 million as on August 31, 2013 with further interest at 15.50% p.a. with monthly rest and penal interest at 1% p.a. from September 1, 2013 till repayment, and costs and expenses. Thereafter, Mr. A.R. Unnikrishnan, in his capacity as a guarantor, approached the High Court of Kerala at Ernakulam on many occasions for permission to pay in installments and for extension of time. Pursuant to one such writ petition dated December 6, 2014, the High Court of Kerala at Ernakulam passed an order dated February 13, 2015 holding that the petition seeking further grant of installments cannot be maintained. Further, Mr. A.S. Fazil filed a writ petition dated February 5, 2015 before the High Court against our Bank and others in relation to the property that was purchased by him from Mr. K. Suresh and that was also a security property under the overdraft facility sanctioned by our Bank. Mr. Fazil has prayed for appropriate writs to be issued: a) quashing the auction sale notice in relation to the said property, b) directing our Bank to not proceed against the said property before proceeding against the other properties offered as security to our Bank. Mr. Fazil also filed an interim application for the stay of proceedings pursuant to auction sale notice of the property, which was granted by the High Court through an order dated February 13, 2015. The matter is currently pending.

2. Our Bank issued a notice dated July 29, 2014 under Section 13(2) of SARFAESI Act against M/s Sylcon Trading Establishment ("**Sylcon**"), a partnership firm, its partners and others, seeking the repayment of cash credit and term loan facilities sanctioned by our Bank, failing which our Bank would take recourse to the remedies under Section 13(4) of the SARFAESI Act. The amount of claim involved is ₹ 29.34 million as on July 26, 2014 with further interest at 20.75% p.a. with monthly rest and penal interest at 1% p.a. from July 1, 2014 till repayment, and costs and expenses. Against the said notice, Sylcon and Mr. Shiraz K.V., managing partner of Sylcon, filed a securitisation application dated February 15, 2014 before the DRT, Ernakulam for a declaration that the proceedings initiated under the SARFAESI Act by our Bank are illegal. The matter is currently pending. Sylcon and Mr. Shiraz also filed an interim application dated December 15, 2014 for a stay of all further proceedings under the SARFAESI Act and in pursuance of the possession notice dated December 4, 2014 issued by our Bank. The DRT through an order dated December 17, 2014 directed our Bank to defer coercive possession of the security property if and only if a sum of ₹ 2.5 million is remitted thrice by Sylcon and Mr. Shiraz on or before December 31, 2014, January 26, 2014, and February 28, 2014, respectively. Thereafter, Sylcon and Mr. Shiraz filed another interim application dated January 22, 2015 praying for an advance hearing in relation to the securitization application and for enlargement of time. The DRT passed an order dated February 13, 2015 granting time till March 31, 2015 for payment of ₹ 7 million.

3. Our Bank issued a notice dated July 29, 2014 under Section 13(2) of SARFAESI Act against M/s Neha Leather ("**NL**"), a partnership firm, its partners and others, seeking the repayment of cash credit, term loan and vehicle loan facilities sanctioned by our Bank, failing which our Bank would take recourse to the remedies under Section 13(4) of the said Act. The amount of claim involved is ₹ 50.63 million as on July 26, 2014 with further interest at 20.75% p.a. on ₹ 45.94 and ₹ 0.76 million and at 12.25% p.a. on ₹ 3.93 million with monthly rest and penal interest at 1% p.a. from July 1, 2014 till repayment, and costs and expenses. Against the said notice, NL and Mr. Shiraz K.V., managing partner of NL filed a securitization application dated December 15, 2014 before the DRT, Ernakulam for a declaration that the proceedings initiated under the SARFAESI Act by our Bank are illegal. NL and Mr. Shiraz also filed an interim application dated December 15, 2014 for a stay of all further proceedings under the SARFAESI Act and in pursuance of the possession notice dated December 4, 2014 issued by our Bank. The DRT through an order dated December 17, 2014 directed our Bank to defer coercive possession of the security property if and only if: a) ₹ 3 million is remitted on or before December 31, 2014, b) ₹ 3 million is remitted on or before January 26, 2015, c) ₹ 4 million is remitted on or before February 28, 2015. Thereafter, NL and Mr. Shiraz filed another interim application dated January 22, 2015 praying for an enlargement of time for compliance with the second and third conditions in the interim order dated December

17, 2014. The DRT passed an order dated February 13, 2015 granting time till March 31, 2015 for payment of ₹ 7 million. The matter is currently pending.

4. Our Bank issued a notice dated July 31, 2014 under Section 13(2) of SARFAESI Act against M/s Joy Luck Men's Hub ("**JLMH**"), M/s Joy Luck Vivah Silks ("**JLVS**"), M/s Joy Luck Agencies ("**JLA**"), and their proprietors, seeking the repayment of amount due under facilities sanctioned by our Bank, failing which our Bank would take recourse to the remedies under Section 13(4) of the said Act. The amount of claims involved are as follows:
   a) against the proprietor of JLMH, ₹ 44.33 million as on July 31, 2014 with further interest at 17.25% p.a. with monthly rest from August 1, 2014 till date of repayment
   b) against the proprietors of JLVS and JLA, ₹ 95 million as on July 31, 2014 with further interest at 15.5% p.a. on ₹ 94.20 million and 18.75% p.a. on ₹ 0.80 million with monthly rests from August 1, 2014 till repayment, and
   c) 1% penal interest on the balances outstanding

   Against the said notice, Mr. Joy Manthra, proprietor of M/s Joy Luck Vivah Silks, has filed a securitization application dated December 13, 2014 before the DRT, Ernakulam, seeking an order *inter-alia* for: a) declaration that our Bank is not entitled to proceed against the secured asset, b) declaration that our Bank is entitled to realize interest at 15% only, c) award of costs. The matter is currently pending.

Proceedings before debt recovery tribunals and civil recovery suits

In the ordinary course of our banking business, we have initiated numerous legal proceedings for recovery of debts, which are at various stages of adjudication, and partial recovery has been effectuated in certain proceedings. Parties may also initiate proceedings before various forums, and under different acts or regulations, for recovering the same dues, details of which have been provided hereinbelow. As on March 24, 2015, there are 3,302 pending proceedings for recovery of debts filed by our Bank, and the aggregate claim, to the extent quantifiable, is approximately ₹ 1,962.87 million. There are 27 recovery proceedings which involve an amount of ₹ 10 million or more. Details of such proceedings for recovery of debts, which involve an amount of ₹ 10 million or more are as follows:

1. Our Bank sanctioned a cash credit facility of ₹ 20 million to M/s Well Worth Plastics ("**Well Worth**"), a partnership firm. Since Well Worth violated certain terms and conditions of the said cash credit facility and defaulted in its repayment, our Bank issued a notice dated November 15, 2011 under Section 13(2) of the SARFAESI Act and subsequently took possession of secured assets and sold the same.

   Our Bank also filed an original application dated March 27, 2013 under the RDDBFI Act against Well Worth and its partners before the DRT, Ernakulam, seeking the recovery of ₹ 26.80 million the defendants along with future interest at the rate of 15.5% p.a. with monthly rests and penal interest at the rate of 1% p.a. from March 26, 2013 till realization, and costs from the defendants, their properties, and the properties mortgaged with our Bank. Our Bank also prayed for an interim injunction restraining the defendants and their men from alienating the mortgaged property and from committing any waste/ damage till the disposal of the application. Pursuant to the same, the DRT passed an interim order dated April 12, 2013 allowing the said original application. The said order of injunction was made absolute on May 29, 2014. Thereafter, the DRT passed an order dated September 16, 2014 holding that: a) our Bank was entitled to recover ₹ 26.65 million with interest on the sum of ₹ 26.43 million at 12% p.a. from March 27, 2013 till the date of the final order and thereafter at 11% p.a. till realization, and proportionate costs from the defendants jointly and severally and their assets, b) our Bank shall credit ₹ 10.21 million on June 3, 2013 and sum of ₹ 15.66 million on December 14, 2013 realized from the aforesaid sale of assets, c) vacating the injunction granted under order dated April 12, 2013 as our Bank had proceeded under SARFAESI Act and sold those properties in respect of which interim injunction was prayed for. The matter is pending for recovery.

2. Our Bank sanctioned a term loan of ₹ 600 million to M/s. Surya Pharmaceuticals Limited ("**SPL**"). SPL defaulted in repayment of the said term loan and subsequently it was classified as a NPA. SPL filed a reference dated August 5, 2013 before BIFR for a declaration as a sick company. Furthermore, our Bank filed an original application dated May 22, 2014 under the RDDBFI Act before the DRT-I**,** Chandigarh against SPL, Mr. Rajiv Goyal and Ms. Alka Goyal as guarantors, and others for the recovery of ₹ 775.71 million, and pendenlite future interest at 14.5% p.a. from May 26, 2014 till the date of the realization of the said amount. In addition, our Bank

has prayed for: a) sale of mortgaged property, the proceeds of which shall be appropriated towards the amount due from SPL, b) in the event of insufficiency of such proceeds, an order directing the payment of such deficient sum or the sale out of the personal assets of the defendants, and c) award of costs. Further, our Bank also prayed for interim reliefs: a) restraining SPL from disposing or parting with the possession of the properties of the guarantors that were charged with the Bank by way of hypothecation or mortgage b) attachment and sale of the properties of the guarantors, c) appointment of a receiver to manage and take custody of the mortgaged and hypothecated properties.

Our Bank initiated proceedings against SPL by serving a demand notice under Section 13(2) of SARFAESI Act on August 8, 2013, which was challenged by SPL before the High Court of Jammu and Kashmir. Pursuant to an order dated October 9, 2013, the High Court stayed the proceedings, consequent to which the SARFAESI proceedings were withdrawn and the stay was subsequently vacated. A fresh notice was issued under Section 13(2) of the SARFAESI Act on December 8, 2014. The matters are currently pending.

3. Our Bank sanctioned certain overdraft facilities and machinery loans for an amount of ₹ 686.40 million to Mr. P. Senthil Kumar, the proprietor of M/s Iswari Spinning Mills. Since Mr. Kumar defaulted in repayment of the said credit facilities, our Bank issued a demand notice dated December 23, 2014 under Section 13(2) of the SARFAESI Act, seeking repayment within 60 days of the date of notice, failing which our Bank would take recourse to rights under Section 13(4) of the SARFAESI Act.

   Further, our Bank filed an original application dated January 12, 2015 under of the RDDBFI Act before DRT, Madurai against Mr. Senthil Kumar and Ms. P.Saraswathy, in her capacity as guarantor. Our Bank prayed for the recovery of : a) ₹ 416.31 million towards overdraft facility as on December 31, 2014 with further interest at 13% p.a. with monthly rests plus 1% penal interest from January 1, 2015 till its realization with costs; b) ₹ 78.98 million towards machinery loans as on December 31, 2014, further interest at 13.50% p.a. with monthly rests, and 1% penal interest from January 1, 2015 till its realization with costs; Additionally, our Bank also prayed for: a) sale of hypothecated or mortgaged properties towards satisfaction of debt, in case of insufficiency of sale proceeds, b) direction that the defendants pay the deficit with interest at 13.50% p.a. compounded monthly and penal interest at 1% p.a. till realization, out of their assets, and out of the estate of late Mr. Palaniswamy (father of Mr. Kumar and previously, a guarantor to certain facilities availed by Mr. Kumar). Further, our Bank filed an interim application for: a) an injunction restraining the defendants and their agents from alienating any of the mortgaged properties, pending disposal of the application; b) an injunction restraining Mr. Kumar from operating any other bank account or making any deposit of money from his business transactions, c) an injunction restraining defendants from fleeing the country by impounding their passports, d) appointment of a receiver for the business of the proprietary concern of Mr. Kumar, and e) appointment of a commissioner to take inventory of hypothecated machineries. The matter is currently pending.

4. Our Bank sanctioned an industrial loan of ₹ 80 million to M/s. Jupiter Bioscience Limited ("**Jupiter**") and a term loan of ₹ 120 million to Jupiter and Mr.Venkat Kalavakolanu. on October 15, 2009 to M/s. Jupiter Bioscience Limited ("**Jupiter**"). Due to defaults committed in repayment, our Bank filed an original application dated July 24, 2012 under the RDDBFI Act before the DRT, Hyderabad against Jupiter, Mr. Venkat Kalavakolanu and others. Our Bank has prayed for: a) recovery of ₹ 263.61 million as on July 17, 2012 by Jupiter and Mr. Kalavakolanu with interest at 13.5% p.a. payable monthly plus additional interest of 2%, costs and expenses till the date of realisation, b) direction to Jupiter and Mr. Kalavakolanu to pay all their dues in terms of the guarantee obligation, c) sale and realization of their assets by public auction or otherwise, d) direction for enquiry, investigation, examination, attachment and realization of assets of Jupiter and Mr. Kalavakolanu, f) appointment of a receiver to take possession of properties of Jupiter and Mr. Kalavakolanu. Further, our Bank also prayed for the following interim reliefs: a) interim injunction restraining Jupiter and Mr. Kalavakonu or their agents from transferring, alienating or disposing of the properties mortgaged to our Bank, and appointment of a receiver in relation to such properties, b) direction to Jupiter and Mr. Kalavakolanu to provide details about their properties and to allow our Bank to investigate if necessary about the same, c) order impounding passport of Mr. Kalavakolanu.

   Our Bank shared charge over the secured assets in relation to the aforesaid facilities with IFCI Limited (**"IFCI**") and other banks. Pursuant to a request from IFCI, our Bank through a letter dated March 27, 2013 consented to share the sale proceeds realized by sale of the said secured assets under SARFAESI Act.

Subsequently, Jupiter was ordered to be wound up through an order dated January 10, 2014 by the High Court of Karnataka and an official liquidator was appointed. The official liquidator through a letter dated September 16, 2014 directed IFCI to deposit the sale proceeds of ₹ 65.94 million from sale of secured assets of Jupiter. IFCI has defended its action under SARFAESI Act through a letter dated October 1, 2014 to the official liquidator. The matters are currently pending.

5. Punjab National Bank Limited (being the consortium leader), our Bank and seven others ("**Applicants**"), being consortium lenders under a lending consortium, filed an original application dated March 28, 2014 under the RDDBFI Act before the DRT, Chennai against M/s. DFL Infrastructure Finance Limited ("**DFL**"). The matter relates to the default in repayment of amount due under various facilities aggregating to ₹ 1300 million sanctioned by the consortium members to DFL. Our Bank sanctioned ₹ 850 million out of the said aggregate. DFL was offered corporate debt restructuring ("**CDR**") package. Due to default committed by DFL in complying with the terms and conditions of the CDR package, the CDR package could not be implemented. The Applicants preferred this application before the DRT. In relation to our Bank, the application sought for: a) recovery of ₹ 159.82 million as on February 28, 2014 with subsequent interest at 18.25% p.a. with monthly rests towards the overdraft account from the date of application till realization and, award of costs thereon. Further, the applicants also prayed for the following reliefs: a) in the event of failure to pay, sale of properties and allow the adjustment of the proceeds towards the outstanding amounts due from the defendants, and permitting the applicants to proceed against DFL, b) recovery of pendenlite and further interest at the contracted rates, c) directions for inquiry, investigations, examination. The applicants also prayed for an interim injunction restraining the defendants or their agents from in any way encumbering, alienating, transferring or otherwise disposing of the mortgaged properties till the disposal of the application.

   Further, the consortium leader also issued a notice dated February 4, 2015 under Section 13(2) of the SARFAESI Act seeking repayment of the amount due to various consortium members, failing which the consortium would take recourse to remedies available under Section 13(4) of the SARFAESI Act. An amount of ₹ 187.09 million along with further interest and charges was due to our Bank under the said notice. The matters are currently pending.

6. Our Bank had sanctioned a cash credit facility of ₹ 155 million and a term loan of ₹ 15.98 million to M/s Srivari Trading Company ("**Srivari**"), as well as additional loans of approximately ₹ 52.09 million to certain other members of the Srivari group. The loan facilities became irregular and NPAs. Our Bank issued a demand notice dated August 10, 2011 under Section 13(2) of the SARFAESI Act, consequent to which the sale proceeds were adjusted, resulting in an outstanding amount of ₹ 111.73 million as on October 15, 2012. Srivari filed a securitization application on December 6, 2012 and an application for interim stay of the proceedings, challenging the securitization proceedings undertaken by our Bank, and sought a direction to quash the transfer of secured properties in favour of our Bank, and all further transfers envisaged pursuant to the notices issued under the securitization proceedings. We understand that a partition suit has been instituted by Mr. Bharat Balasubramaniam in respect of family property including security property, however, our Bank has not yet received a formal intimation or notice in this matter.

   Thereafter, our Bank filed an application dated October 18, 2012, under the RDDBFI Act before the DRT, Ernakulam against Srivari, Mr. P.K. Balasubramanian, Ms. Shobhana Balasubramanian and Mr. Bharath Balasubramanian as directors of the company and Ms. C.A. Parvathy Ammal and M/s Ekadandha Petro Products (P) Limited as guarantors under the loan facility, for recovery of the outstanding amount along with interest at the rate of 15.5% p.a. penal interest at the rate of 1% p.a. and costs, along with the issuance of a recovery certificate by the tribunal to the Recovery Officer. Further, our Bank also filed an interim application dated October 18, 2012 for attachment before judgment of the amount lying in the fixed deposit account of Srivari pending disposal of the original application. The DRT passed an order dated November 2, 2012 granting an attachment before judgment of fixed deposit of ₹ 0.84 million belonging to one of the defendants with interest accrued, subject to the prior existing lien on the fixed deposit account. The matters are currently pending.

7. Our Bank sanctioned various facilities aggregating to ₹ 70 million to Malabar Sand and Stones Private Limited ("**MSSPL**"). Since MSSPL defaulted in repayment, our Bank initiated securitisation proceedings pursuant to demand notice dated March 16, 2012 issued to MSSPL under Section 13(2) of the SARFAESI Act. Against the

same, Mr. Haris Cherattiadan, managing director of MSSPL, filed a securitisation application dated December 19, 2012 before the DRT, Ernakulam for: a) declaration that possession of secured assets of MSSPL by our Bank is illegal, an order setting aside all the steps taken by our Bank under the SARFAESI Act, and for payment of compensation to MSSPL for the losses suffered due to the alleged illegal acts of our Bank. The DRT passed an interim order dated September 10, 2013 directing MSSPL to pay ₹ 20 million in four installments. After the payment of the first installment, MSSPL approached the DRAT for stay of further conditions imposed by the DRT in relation to repayment. The DRAT through an order dated October 28, 2013 directed the payment of a sum of ₹ 15.70 million on or before December 31, 2013. Against the said order of the DRAT, MSSPL approached the High Court on various occasions. The High Court through an order dated September 24, 2014 condoned the delay and pursuant to the said order, the DRAT stayed further conditions imposed in order dated September 10, 2013.

Furthermore, our Bank filed an original application dated August 13, 2012 under RDDBFI Act against MSSPL, two of its directors, the guarantors and others, seeking: a) payment of a ₹ 88.94 million and expenses incurred or to be incurred in the recovery of the debts, b) participation in the auction proceedings without depositing the earnest money deposit, c) declaration that our Bank as a secured creditor shall have priority over the sale proceeds of the mortgaged property, d) defendants be held personally liable for the claim amount along with interest and costs, f) direction to the defendants to pay contingent liabilities like insurance premium, costs, and other expenses that may be incurred subsequent to the date of filing of the application. Our Bank also prayed for an interim injunction restraining the defendants and their agents from transferring or alienating or otherwise disposing of the mortgaged or hypothecated properties. The matters are currently pending.

8. Our Bank sanctioned a cash credit facility of ₹ 50 million to Padmini Jewellers Private Limited ("**PJPL**"). Since PJPL defaulted in its repayment, the account of PJPL became a NPA. Thereafter, our Bank filed an original application dated December 17, 2012 under RDDBFI Act against PJPL, , and its directors and guarantors, and others before the DRT-I, Kolkata, seeking *inter-alia*: a) the recovery of ₹ 55.76 million, b) payment of interim interest and interest upon the aforesaid amount at 20.75% p.a. and penal interest at 2% p.a. from December 13, 2012 with monthly rests till realization, c) declaration that our Bank has first and paramount charge over the assets hypothecated or mortgaged to us, d) injunction restraining the defendants from encumbering, dealing with, or disposing off the said assets, e) direction for sale of the said assets and for the proceeds therefrom to be made over to our Bank for protanto satisfaction of our claims, f) appointment of a receiver or special officer for the said assets, g) attachment of hypothecated and mortgaged assets, h) award of costs. Further, our Bank also prayed for: a) an injunction restraining the defendants and their agents from encumbering, disposing off, alienating, or transferring the assets, b) appointment of a receiver or special officer to make inventory of the assets. The matter is currently pending.

9. Our Bank sanctioned an overdraft facility of ₹ 50 million to Univision Health Care Limited ("**Univision**"). Thereafter, the account of Univision became irregular due to repayment defaults. Therefore, our Bank issued a demand notice dated September 1, 2010 under SARFAESI Act and took possession of certain properties belonging to Univision and Mr. Hiren Sangharajka, a director of Univision. The proceeds from the sale of the said properties were adjusted towards the amount due to our Bank.

   Thereafter, our Bank also filed an original application dated September 17, 2012 under the RDDBFI Act against Univision, Mr. Arvind Sangharajka and Mr. Hiren Sangharajka in their capacity as directors of Univision, and another before the DRT-I, Ahemdabad., seeking: a) recovery of ₹ 54.63 million with further interest at 18.25% p.a. with monthly rests from the date of filing of the application till satisfaction of the dues from the person and property of the defendants, b) the defendants be permanently restrained from leaving the country till the satisfaction of dues, d) award of costs of this application. Further, our Bank prayed for the following interim reliefs: a) direction to the defendants to disclose full details of their other movable and immoveable assets whether held by them individually or jointly with any other person. Pursuant to order dated September 17, 2014 of company petition number 167/2010 of the High Court of Gujarat, Univision was ordered to be wound up Earlier, our Bank filed an application dated July 14, 2014 for impleading the liquidator as a necessary party to the aforesaid original application dated September 17, 2012, and for amendment of original application. The matter is currently pending.

10. Our Bank sanctioned certain working capital facilities amounting to ₹ 60 million to Soundcraft Industries Limited ("**SCL"**). Since SCL defaulted in its repayment, our Bank filed an original application dated February 1, 2005 under the RDDBFI against SCL, Mr. Rajkumar Basanthani, Ms. Seema Basanthani in their capacity as directors of SCL (together with SCL, "**Defendants 1-3**" respectively) and others before the DRT-I, Mumbai. Our Bank prayed for: a) recovery of ₹ 54.55 million with interest of 15% p.a. compounded at quarterly basis from the date of filing of the application till realization, b) attachment and sale of assets of defendants 1-3 towards realization of dues towards our Bank. Further, our Bank also prayed for interim reliefs: a) directing defendants 1-3 to deposit the aforesaid sum pending the disposal of the application and to disclose their assets on oath, b) an injunction restraining defendants 1- 3 from disposing of or creating any third party rights in their assets. Thereafter, the DRT passed an order dated September 10, 2009 holding that: a) our Bank is entitled to a recovery certificate for a sum of ₹ 54.55 million with further interest of 10% p.a. from the date of application till realization with costs, b) in the event of default in payment, our Bank is entitled to sell the hypothecated or mortgaged properties and adjust the proceeds towards due, c) if the sale proceeds are insufficient for the satisfaction of the debt due, Mr. Rajkumar Basanthani and Ms. Seema Basanthani would be personally liable to pay the deficiency with interest till realisation. The matter is pending for recovery.

11. Our Bank sanctioned working capital limits of ₹ 54 million to Chemox Chemical Industries Limited ("**Chemox**") on March 19, 1996. Since Chemox defaulted in its repayment, our Bank filed a recovery suit against Chemox and others before the High Court at Mumbai on November 24, 1998. Our Bank prayed for the following reliefs: a) recovery of ₹ 53.50 million with further interest at 22.75% from date of suit till the judgment and thereafter at the same rate or at a rate decided by the court, b) declaration that the hypothecation and mortgage of movable and immoveable properties in our favour is valid, c) direction to Chemox to hand over possession of goods and hypothecated moveable assets for sale by our Bank and to allow appropriation of proceeds towards the claim amount, d) direction that book-debts of Chemox may be appropriated towards the realization of the claim amount, e) personal assets of guarantors be attached and sold, f) pending disposal of the suit, appointment of a receiver in relation to all hypothecated and mortgaged properties, g) award of costs. Pursuant to an order in company petition number 544 of 1998, Chemox was ordered to be wound up and an official liquidator of the High Court was appointed as liquidator of Chemox. Thereafter the matter was transferred to DRT-I, Mumbai which passed an order dated May 11, 2004: a) directing issue of recovery certificate for ₹ 52.31 million with interest at 15.27% p.a. quarterly from the date of application till payment with costs, b) declaring charge for the aforesaid aggregate amount on hypothecated or mortgaged property in favour of our Bank and the members of the consortium but subject to the rights of *paripassu* charge-holders, c) holding that the right of redemption will extinguished four months after the date of the order. The matter is currently pending for recovery.

12. Our Bank sanctioned an overdraft cash credit limit of ₹ 22.50 million on January 30, 2010 and an adhoc cash credit limit of ₹ 4.50 million to Mr. K.P. Riyas, proprietor of M/s S.R. Traders ("**SRT**"). Since Mr. Riyas defaulted in their repayment, our Bank filed an original application under the RDDBFI Act against Mr. K.P. Riyas, Ms. Fathima Hashir, Ms. Sheeja Abbas, in their capacity as guarantors before the DRT, Ernakulam. Our Bank prayed for: a) recovery of ₹ 41.84 million and pendenlite and future interest at 20.75% p.a. with monthly rests on ₹ 41.34 million and penal interest at 1% p.a. on ₹ 41.34 million from the date of application till realization, and the award of costs b) sale of immoveable properties after recording our charge and to allowing the application of sale proceeds towards realization, c) direction to the defendants to pay expenses incurred or to be incurred in the recovery of debts or during the sale procedure, d) participation of our Bank in the auction proceedings to be conducted by the recovery officer without depositing earnest money deposit, e) order that our Bank shall have priority over the sale proceeds of the mortgaged property, f) direction for payment of contingent liabilities like insurance premium, costs, and other expenses that may be incurred after the filing of the application. Further, our Bank also prayed for an injunction restraining the defendants or their agents from transferring, alienating, or otherwise disposing off the immoveable properties. The DRT passed an *ex-parte* order dated October 7, 2013 allowing the recovery of a sum of ₹ 41.84 million with further interest at 18.25% p.a. on ₹ 41.34 million with monthly rests from November 27, 2012 till realization, and costs from the defendants jointly and severally. Mr. Riyas filed an application dated January 12, 2014 to set aside the said *ex-parte* order. The matter is currently pending for recovery.

13. Our Bank sanctioned a mortgage loan of ₹ 16 million, machinery loan of ₹ 3.60 million, and an overdraft facility of ₹ 5 million to M/s K.M. Stone Crusher ("**KMSC**"), a partnership firm. Since KMSC defaulted in

their repayment, our Bank initiated proceedings through the issue of a notice dated December 28, 2010 under Section 13(2) of the SARFAESI Act.

Our Bank filed an application dated February 21, 2013 under the RDDBFI Act before the DRT, Ernakulam against KMSC, Mr. C. Ansar, Ms. K.P. Jabeera, and Mr. K. Divakaran, as partners of KMSC. Our Bank prayed for: a) recovery of ₹ 41.34 million with future interest at the rate of 20.75% p.a. with monthly rests for the entire amount and penal interest at 1% p.a. and costs of the proceedings from the defendants, their properties. Further, our Bank also prayed for an interim injunction restraining the defendants and their men from alienating the mortgaged properties and from committing waste/ damage till the disposal of the application. The defendants were declared *ex-parte* on July 25, 2013. The DRT passed a final order dated September 26, 2013 for: a) recovery of ₹ 27.84 million under mortgage loan account with further interest at 18% p.a. on the sum of ₹ 27.34 million with monthly rests from February 22, 2013 till realization from defendants jointly and severally and by sale of secured assets, b) recovery of ₹ 5.43 million under machinery loan account with further interest at 18% p.a. with monthly rests on the sum of ₹ 5.33 million from February 22, 2013 till realization from defendants jointly and severally and by sale of secured assets, c) recovery of ₹ 7.90 million under overdraft account with further interest at 18% p.a. on the sum of ₹ 7.76 million with monthly rests from February 22, 2013 till realization from defendants jointly and severally and by sale of secured assets, d) proportionate costs from the defendants jointly and severally and by the sale of mortgaged properties. Pursuant to a petition dated January 12, 2014 filed by the defendants and the deposit of ₹ 2.5 million the DRT passed an order dated June 19, 2014 setting aside the *ex-parte* order dated September 26, 2013 The matters are currently pending.

14. Our Bank provided a cash credit facility of ₹ 23 million and a machinery loan of ₹ 0.70 million to M/s Kozhikkadan Modern Rice Mill (“**KMRM**”). Since KMRM defaulted in their repayment and the account of KMRM became a NPA, our Bank issued a demand notice dated October 15, 2013 under Section 13(2) of the SARFAESI Act to KMRM, Mr. K.O. Antony, Mr. K.A. Poly, and Mr. K.A. Crawly (partners of KMRM), seeking repayment within 60 days from the date of notice, failing which our Bank would take recourse to the remedies under Section 13(4) of the SARFAESI Act. Thereafter, KMRM filed a securitisation application dated February 19, 2014 before DRT, Ernakulam against our Bank and others seeking: a) preliminary decree dissolving KMRM in accordance with the Indian Partnership Act, 1932, b) appointment of a receiver to take over the estate of KMRM and their allotment, c) declaration that all proceedings initiated by our Bank are null and void, c) recovery of ₹ 50 million from us for loss, damages and injury, and compensatory costs d) proceedings to be initiated against our Bank by RBI under Section 27 and 28 of the SARFAESI Act. Further, KMRM filed an interim application dated February 19, 2014 for the stay of auction sale of mortgaged properties till the disposal of the application. The DRT passed an interim order dated September 1, 2014 with respect to one item of security property, permitting the scheduled sale to go on, and ordering us to await its order for confirmation of sale. The confirmation of sale is pending in respect of this item. Thereafter, another interim order dated February 3, 2015 was passed in relation to another item of security property, allowing the sale, and requiring our Bank to await further orders with respect to confirmation of sale if and only if a sum of ₹ 5 million each is paid by KMRM on or before February 28, 2015 and on or before March 31, 2015, respectively. Our Bank also filed a miscellaneous petition dated November 11, 2014 before the Chief Metropolitan Magistrate, Ernakulam for: a) appointment of a commissioner to take physical possession of the security property and hand it over to us within 15 days of appointment, b) necessary police assistance to be provided to the said commissioner. We understand that Mr. Garvasi and others have filed a partition suit in respect of the security property. However, we have not received any official intimation or notice in this regard.

    Furthermore, our Bank filed an original application dated August 21, 2014 under the RDDBFI Act before the DRT, Ernakulam against KMRM, Mr. K.O. Antony, Mr. K.A. Poly, and Mr. K.A. Crawly in their capacity as partners of KMRM, seeking: a) recovery of ₹ 28.53 million with future interest at the rate of 15.25% p.a. with monthly rests and penal interest at the rate of 1% p.a. from August 21, 2014 till realization, and costs, from the defendants, their properties and properties mortgaged with our Bank. Further, pursuant to an interim application dated August 21, 2014 preferred by our Bank, the DRT passed an order on September 4, 2014 granting a temporary injunction restraining the defendants and their men from transferring, alienating, encumbering or disposing of the mortgaged or hypothecated properties. The matters are currently pending.

15. Our Bank sanctioned an overdraft facility for a sum of ₹ 27 million to M/s Sharada Constructions Company (“**Sharada**”). Since Sharada defaulted in repayment and the account of Sharda became a NPA, our Bank issued

a demand notice dated October 29, 2011 under Section 13(2) of the SARFAESI Act, seeking repayment within 60 days from the date of notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. Thereafter, our Bank filed a miscellaneous application number 345/ 2013 in September, 2013 before the Chief Metropolitan Magistrate, Mumbai, and a securitisation application before the District Magistrate of Thane for: a) the handing over of the physical possession of security properties through the registrar of the court, b) direction to the police authorities to provide adequate security to the registrar.

In addition, our Bank filed an original application dated May 6, 2013 under the RDDBFI Act before DRT-III, Mumbai against Sharada, Mr. Shashikant Rahate, Mr. Sanjay Rahate, and guarantors to the facility, seeking: a) recovery of ₹ 26.70 million as on May 6, 2013, further interest at 20.75% p.a. penal interest at 2% p,a, with monthly rests from the date of filing of the application till realisation, and all costs, charges, expenses required to be incurred by our Bank for the preservation of the hypothecated or mortgaged property, b) direction to defendants to disclose all moveable and immoveable properties belonging to them and furnish security for the amount of claim under the application, c) in the event of failure to furnish security, order for attachment before judgment of the said properties, d) sale and in the event of insufficiency of the sale proceeds, a personal decree against the defendants. Further, our Bank also prayed for the following interim reliefs: a) appointment of a receiver in relation to the hypothecated or mortgaged properties, and the other properties disclosed by the defendants, with the power to sell and hand over the proceeds to us, b) injunction restraining the defendants and their agents from dealing with, transferring, disposing of, or parting with the possession of the said properties, c) attachment of properties owned by Mr. Rahate and certain guarantors, d) direction to the defendants to disclose all their moveable and immoveable assets and to furnish a security, e) in the event of failure to furnish security, attachment before judgment of the properties belonging to the defendants, sale and to hand over the proceeds to us, f) pending disposal of this application, the defendants be restrained from leaving India without the permission of the DRT. The matters are currently pending.

16. Our Bank sanctioned a cash credit limit of ₹ 10 million and a term loan of ₹ 3.41 million to M/s Dakshin Agro Tech Private Limited ("**Dakshin**"). Since Dakshin defaulted in repayment, our Bank issued a demand notice dated June 30, 2011 under Section 13(2) of the SARFAESI Act, seeking repayment within 60 days of the date of notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. Thereafter, Mr. Ajay Chandran, managing director of Dakshin, filed a securitisation application dated May 7, 2012 for an order quashing the proceedings pursuant to demand notice dated June 30, 2011 issued by our Bank and also prayed for an interim order staying all proceedings of recovery under the SARFAESI Act in respect of immoveable properties which form the subject matter of CMP 3492/2011, pending disposal of the securitization application.

    Furthermore, our Bank filed an original application dated February 16, 2012 under the RDDBFI Act before the DRT, Ernakulam against Dakshin, Mr. K.C. Chandrasekhar, Mr. Ajay Chandran, Mr. Arun Chandran, Mr. Devi Prasad R. (directors of Dakshin), Ms. P. Radhamma, in their capacity of guarantors. Our Bank prayed for: a) recovery of ₹ 25.16 million with further interest at 17.25% p.a. and penal interest at 1% p.a. with monthly rests, along with charges and costs, b) direct the recovery officer to recover the amount under the recovery certificate by sale of hypothecated and mortgaged moveable and immoveable properties, c) direction that the assets of the defendants shall be liable in the event of deficiency of the sale proceeds, d) direction to the defendants to pay costs and charges to us. Pursuant to an interim application filed by our Bank, the DRT through an order dated February 22, 2012 restrained the guarantors from alienating, transferring or in any way encumbering the security property. The matter is currently pending.

17. Our Bank sanctioned 47 gold loans to Mr. George Fernandes in 2010. Since there was a default committed in repayment of the loans, our Bank issued a demand notice dated June 30, 2011 under Section 13 (2) of the SARFAESI Act, seeking repayment within 60 days from the date of notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act.

    Thereafter, our Bank filed an original application dated February 1, 2012 under the RDDBFI Act against Mr. George Fernandes, Ms. S. Sujatha, the guarantor, and State Bank of Hyderabad ("**SBH**"). Our Bank prayed for: a) direction to Mr. Fernandes to pay an amount of ₹ 22.22 million with interest at 14% p.a. with monthly rests from the date of application till realisation and costs, b) sale of mortgaged properties in the event of a default in payment and allow the proceeds to be applied towards the debt, interest and costs, c) payment to be made out of the personal assets of Mr. Fernandes in the event of insufficiency of proceeds with interest at 14% with monthly rests till realisation. Further, our Bank also prayed for a temporary injunction to be awarded restraining Mr. Fernandes from transferring, alienating or encumbering the mortgaged property. The DRT through an order dated December 22, 2014: a) allowing recovery of a sum of ₹ 22.22 million by our Bank with interest at 6% p.a. from the date of institution of the application till realisation, and costs from Mr. Fernandes personally and through sale of properties mortgaged, b) dismissing our application against SBH. The matter is currently pending for recovery.

18. Our Bank sanctioned certain credit facilities including cash credit limit, machinery loan and packing credit limit to M/s Guru Apparels ("**GA**"). Since GA defaulted in their repayment, our Bank issued a demand notice dated January 22, 2013 under Section 13(2) of SARFAESI Act, seeking repayment within 60 days of the date of notice, failing which our Bank would take recourse to remedies under Section 13(2) of the SARFAESI Act. Subsequently, our Bank took possession and sold the secured property.

    Further, our Bank filed an original application dated October 17, 2014 under the RDDBFI Act before the DRT, Coimbatore against GA and its partners for: a) recovery of ₹ 5.82 million with interest at 20.75% p.a. towards cash credit facility, ₹ 14.56 million with interest at 21.75% p.a. towards packing credit limit, ₹ 0.50 million with interest at 20.75% p.a. towards machinery loan, aggregating to ₹ 20.88 million with subsequent interest accrued from October 20, 2014 till realization, b) sale of mortgaged properties and appropriation of proceeds towards the amount due in the event of failure to pay, c) in the event of insufficiency of sale proceeds, direction to the defendants to personally pay the balance, d) award of costs. Further, our Bank also prayed for the following interim reliefs: a) direction to the defendants to pay rent and receivables from the properties hypothecated or mortgaged to us, b) interim injunction restraining defendants from alienating or encumbering personal properties, c) allow our Bank to take possession of properties hypothecated with our Bank and to sell the same through a public auction or private sale and realize the sale proceeds towards the claim amount. The matters are currently pending.

19. Our Bank, as part of a consortium arrangement led by Indian Bank, extended overdraft and letter of credit facilities to M/s Hifazat Chemical Limited ("**Hifazat**"). Since Hifazat defaulted in repayment, our Bank filed an original application dated April 10, 2000 under the RDDBFI Act before DRT-II, New Delhi against Hifazat, other consortium members, and financial institutions as creditors of Hifazat. Our Bank prayed *inter-alia* for: a) direction to Hifazat to pay ₹ 18.64 million due as on April 10, 2000 along with future interest at 21.42% p.a. compounded with quarterly rests from the said date till realisation, and direction to Hifazat to pay the above aggregate sum, b) sale of hypothecated securities and current assets of Hifazat towards adjustment of claim amount, c) sale of entire fixed assets of Hifazat. Further, our Bank also prayed for interim reliefs: a) to restrain Hifazat from selling, transferring and parting with certain immoveable property during the pendency of the application, b) attachment and sale of hypothecated goods and current assets of Hifazat towards the satisfaction of the dues, c) direction to certain defendant-financial institutions to not sell the fixed assets of Hifazat without our consent.

    Subsequently, Hifazat was ordered to be wound up pursuant to an order dated August 26, 2003 of the Calcutta High Court and a liquidator was appointed. Indian Bank, the consortium leader also filed an original application dated July 17, 2006 for the recovery of a sum of ₹ 83.18 million from the erstwhile directors of Hifazat, and to allow proceeding against the security property forming part of the consortium facility security.

    In relation to our application, the DRT passed an *ex-parte* order dated December 7, 2007: a) for issuance of recovery certificate for ₹ 19.64 million with pendenlite and future interest at 15% p.a. compounded with quarterly rests from the date of filing of this application till realization, b) granting an injunction restraining HCL, through the official liquidator, from transferring or alienating or creating any third party rights in the mortgaged or hypothecated property, c) in the event of failure to pay, holding that our Bank would be entitled to sell all mortgaged and hypothecated property of Hifazat through the official liquidator. The matter is pending.

20. Our Bank sanctioned a cash credit limit of ₹ 6 million, term loan of ₹ 3.39 million, machinery loan of ₹ 1.15 million, term loan of ₹1.69 million, and mortgage loan of ₹ 1.51 million to M/s We one Tiles ("**WOT**"), a partnership consisting of Mr. Anilkumar and Mr. S. Gururajalingam as partners, with Ms. Shyna Anilkumar and Ms. Baby Rani as guarantors. Further, our Bank also sanctioned a housing loan of ₹ 0.60 million and car loan of

₹ 0.5 million to Mr. Anilkumar with Ms. Shyna Anilkumar and Mr. S. Gururajalingam as guarantors respectively. Due to defaults in repayment, our Bank issued a demand notice dated October 2, 2011 under Section 13(2) of SARFAESI Act, seeking repayment within 60 days of the date of notice, failing which our Bank would take recourse to remedies under Section 13(2) of the SARFAESI Act.

Furthermore, our Bank filed an original application under the RDDBFI Act against WOT, Mr. Anilkumar, Mr. S. Gururajalingam,, Ms. Shyna Anilkumar and Ms. Baby Rani. Our Bank has prayed for: a) recovery of ₹ 17.46 million and pendentlite and future interest at 16.25% p.a. with monthly rests on ₹ 17.02 million and penal interest at the rate of 1% p.a. on ₹ 17.02 million from the date of application till realisation, and costs of this application, in relation to term loan, machinery loan and cash credit limit b) recovery of ₹ 0.84 million from Mr. Anilkumar and Ms. Shyna Anilkumar and pendenlite and future interest at 16.25% p.a. with monthly rests on ₹ 0.82 million and penal interest at the rate of 1% p.a. on ₹ 0.82 million from the date of application till realization, and costs of this application, in relation to housing loan c) recovery of ₹ 0.65 million from Mr. Anilkumar and Mr. Gururajalingam and pendenlite and future interest at 16.25% p.a. with monthly rests on ₹ 0.63 million and penal interest at 1% p.a. on ₹ 0.63 million from the date of application till realization and costs of this application, d) sale of hypothecated / mortgaged property after recording our charge over them for recovering the ₹ 17.46 million plus interest and costs and allowing the application of proceeds towards the debt due, e) sale of immoveable property owned by Mr. Anilkumar application of proceeds towards debt due, f) recovery of ₹ 0.65 million from Mr. Anilkumar and Mr. Gururajalingam with interest and costs and sale of the hypothecated car, g) direction for the payment of expenses incurred or to be incurred during the debt recovery, h) allowing our Bank to participate in the auction proceedings to be conducted by the recovery officer without the payment of earnest money deposit, i) order that our Bank shall have priority over the sale proceeds of the mortgaged property, k) contingent liabilities like insurance premia, costs and expenses that may be incurred by us after the filing of the application. The matter is currently pending.

21. Our Bank sanctioned cash credit/ letter of credit facility for ₹ 15 million to Corium Trading Limited ("**Corium**") on October 12, 2009, which was later enhanced to ₹ 30 million on February 25, 2013. Two guarantors, namely Mr. Anthony John and Ms. Sakila Balaguru, later revoked their guarantee to the said facility through a letter received by our Bank on April 12, 2013. Corium defaulted in the repayment of the said facilities. Therefore, our Bank filed an original application dated December 22, 2014 under the RDDBFI Act before the DRT-II, Chennai against Corium, Mr. John and Ms. Balaguru, seeking *inter-alia* for: a) recovery of ₹ 18.36 million with interest at 20.75% p.a. with monthly rests from the date of application till realization and costs, b) in the event of failure to pay, sale of the mortgaged properties and the application of the sale proceeds towards the realization, c) in the event of insufficiency of proceeds, direction for the payment of the deficit out of the defendants' personal assets with interest at 20.75% p.a. with monthly rests and 2% p.a. towards penal interest till realization. Further, our Bank prayed for an interim injunction restraining the defendants from transferring, alienating, encumbering or transferring the hypothecated or mortgaged properties during the pendency of the application. The matter is currently pending.

22. Our Bank had sactioned 35 gold loans to Ms. Vennila George Fernandes on November 23 and 24 of 2010. Since she defaulted in their repayment, our Bank issued a demand notice dated August 30, 2011 under Section 13(2) of SARFAESI Act, seeking repayment within 60 days of notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act.

    In addition, our Bank filed an original application dated February 1, 2012 under the RDDBFI Act before the DRT-II, Chennai against Ms. Vennila George Fernandes and Repco Home Finance Limited ("**Repco**"), for: a) direction to Ms. Fernandes to pay an amount of ₹ 18.23 million with interest at 14% p.a. with monthly rests from the date of application till realisation and costs, b) in the event of default of payment of the claim, sale of mortgaged properties and application of proceeds towards payment of the aforesaid amount, c) in the event of insufficiency of the said proceeds, direction to Ms. Fernandes to pay the deficit with interest at 14% p.a. with monthly rests till realization from her personal assets. Further, our Bank also prayed for a temporary injunction restraining Ms. Fernandes from transferring, alienating, encumbering or transferring possession of the mortgaged properties till the disposal of this application. The DRT through an order dated December 22, 2014: a) allowed our Bank to recover ₹ 18.23 million with interest at 6% p.a. from the date of filing of application till realization, and costs from Ms. Fernandes and through sale of mortgaged properties, b) held that our Bank is entitled to the house and premises forming part of security property subject to the first charge held by Repco on the same. The matter is currently pending and we are yet to receive a recovery certificate.

23. Our Bank had provided a bank guarantee of ₹ 10.80 million and a packing credit loan of ₹ 2.50 million in April 2000 to late Mr. K.R. Srinivasan, proprietor of M/s Photomax Sales and Service ("**Photomax**"). Due to default committed in repayment, our Bank filed an original application dated October 8, 2001 under the RDDBFI Act before DRT, Bangalore against Mr. K.R. Srinivasan, and others including the guarantors, seeking *inter-alia*: a) order for payment of ₹ 16.7 million with interest at 20% p.a. from October 8, 2001 till realisation with quarterly rests along with an order for costs and, b) issue a recovery certificate for the said sum of ₹ 16.7 million in favour of our Bank with costs and interest at the rate of 20% p.a. with quarterly rests from October 8, 2001, c) pass an order for sale of moveable and immoveable properties. The DRT, Bangalore passed an order dated May 15, 2009: a) directing the legal representatives of Mr. Srinivasan to jointly and severally pay a sum of ₹ 16.69 million along with costs and interest at 20% p.a. with quarterly rests from the date of the application till realisation, b) holding that our Bank could recover the said amount from them as well as from the properties mortgaged with us, c) in case of non-recovery allowing our Bank to recover the aforesaid sum from the concerned officers who were responsible for lending to Mr. Srinivasan, d) dismissing the application against the other defendants. Against the said order of the DRT, our Bank filed an appeal dated September 19, 2009 before the DRAT, Chennai *inter-alia* for: a) dismissal of the application against certain defendants (defendant numbers 5-11 under the application) to be set aside, b) direction for recovery of the balance from the concerned officers of our Bank who were responsible for lending to Mr. Srinivasan,. The DRAT passed an order dated March 4, 2013: a) confirming the dismissal of the application against Ms. R.L. Saroja and releasing one of the security properties said to have been mortgaged to us, b) setting aside the dismissal of the application against defendant numbers certain defendants who are guarantors to the original application, c) setting aside the order in so far as it directed recovery against concerned officers of our Bank. The matter is currently pending.

24. Our Bank sanctioned an overdraft facility of ₹ 6.70 million to M/s Ayodhya Machine Chains ("**AMC**"). Since AMC defaulted in its repayment, its loan account was classified as a NPA. Our Bank issued a demand notice dated November 15, 2011 under Section 13(2) of the SARFAESI Act, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. Thereafter, our Bank filed an original application dated March 10, 2014 before DRT, Ernakulam against AMC and Mr. Deepak Patel, Mr. Bhaskar Pawar (in their capacity as partners of AMC), Mr. Pandit Pawar in his capacity as guarantor, and another. Our Bank has prayed for: a) recovery of ₹ 11.72 million with interest at 20.75% p.a. with monthly rest accruing from March 10, 2014 till realization from the defendants jointly and severally and by the sale of moveable and immoveable assets, b) confirmation that the immoveable properties mortgaged to our Bank are charged for the aforesaid amount along with interest and costs, c) sale of the mortgaged immoveable properties and realisation through the appointment of a receiver, d) award of costs, insurance charges and charges payable towards receiver and commissioner The matter is currently pending.

25. Our Bank sanctioned letter of credit facilities of ₹ 6 million and ₹ 4 million to Mr. Chandavan Pillai and Mr, Kaluveetil Johnny who also stood as a guarantor for Mr. Pillai's facility. Due to default committed in repayment under both facilities, our Bank filed an original application dated August 22, 2005 before the DRT, Pune against Mr. Chandavan Pillai and Mr. Kaluveettil Johnny. Our Bank prayed for: a) recovery of ₹ 11.50 million by issuing a recovery certificate, b) payment of interest and costs from the date of the application till realisation, d) interim injunction restraining the defendants from alienating or creating third party interest in the moveable and immoveable properties hypothecated and mortgaged in favour of our Bank, e) appointment of a receiver to receive amounts receivable, control inventory, purchase raw materials and sell finish products, f) that certain moveable and immoveable properties be attached and sold through the recovery officer, g) direction to the defendants to pay insurance premia for the hypothecated properties during the pendency of the application. The DRT passed a final order dated August 29, 2005: a) directing the issue of a recovery certificate in our favour for the recovery of ₹ 11.50 million together with future interest at 15% p.a. from the date of the application till the realisation and cost of the application from the defendants, b) holding that our Bank had charge on the hypothecated or mortgaged property for the said amount and that our Bank could sell the mortgaged property after two months from the date of the order. The matter is currently pending for recovery.

26. Our Bank sanctioned a term loan of ₹ 1.88 million and an overdraft limit of ₹ 5.75 million to Mr. Jojo Thomas (proprietor of Manjima Wedding Centre) with Ms. Lissieu Jojo acting as a guarantor. Due to the irregularities

and defaults committed in repayment by Mr. Thomas, Our Bank issued a demand notice dated December 16, 2009 under Section 13(2) of the SARFAESI Act, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. Subsequent to this, our Bank took possession of the secured asset and sold the same. Our Bank filed an original application dated January 21, 2010 under the RDDBFFI Act before the DRT, Ernakulam against Mr. Jojo Thomas and Ms. Lissieu Jojo for: a) recovery of ₹ 0.91 million with pendenlite and future interest at 17.75% p.a. with monthly rests on ₹ 0.90 million and penal interest at 1% p.a. on ₹ 0.90 million from the date of application till realization and costs, in respect of the term loan, b) recovery of ₹ 10.45 million with pendenlite and future interest at 18.25% p.a. with monthly rests on ₹ 10.37 million and penal interest at 1% p.a. on ₹ 10.37 million from the date of application till realization and costs, in respect of the overdraft facility availed by Mr. Johnson, c) sale of immoveable property and for allowing us to apply the proceeds towards the claim amount, d) order that our Bank shall have priority over the sale proceeds, e) direction to the defendants to pay the contingent liabilities like insurance premium, costs and other expenses that may be incurred after the filing of the application f) award of costs of the application. The DRT, Ernakulam passed a final order dated December 20, 2010 allowing us to recover ₹ 11.36 million with further interest of 12% p.a. on the sum of ₹ 11.27 million from January 21, 2010 till realization, and costs from the defendants jointly and severally and by the sale of certain immoveable property of Mr. Thomas charged to the Bank. The matter is currently pending for recovery.

27. Our Bank sanctioned an overdraft facility of ₹ 9 million to M/s. Bismi Plastic House ("**Bismi**"), a proprietary concern of late Ms. K.M. Subaida. Since Bismi defaulted in the repayment of the amount due under the facility, our Bank issued a demand notice dated April 27, 2011 under Section 13(2) of the SARFAESI Act. Our Bank filed an original application dated November 7, 2011 under the RDDBFI Act before the DRT, Ernakulam against Bismi, and others, for the recovery of a sum of ₹ 11.09 million under an overdraft loan account with further interest at 16% p.a. with monthly rests and penal interest of 1% p.a. from the defendants jointly and severally. The DRT passed a final order dated September 24, 2012 allowing recovery of ₹ 11.09 million with further interest of 14% p.a. on ₹ 11.09 million from November 8, 2011 till realization and proportionate costs (less the sums already recovered by our Bank under SARFAESI Act) from the guarantors jointly and severally, and from the assets of the legal heirs of Ms. Subaida, who shall be personally liable to the extent of the value of the assets. The matter is currently pending for recovery.

28. Our Bank sanctioned overdraft facilities of ₹ 5 million to Supreme Chemi-Plast Piping Private Limited ("**Supreme**") and ₹ 3 million to Mr. Simon Joseph. Since Supreme and Simon defaulted in repayment, our Bank filed an original application on July 19, 2000 under the RDDBFI Act before the DRT, Chennai against Supreme and Mr. Simon Joseph, Mr. Simlee Simon, Ms. Prabha Manuel, Ms. Leela Simon as guarantors. The matter was subsequently transferred to DRT-II, Chennai and order dated December 7, 2011 was passed for: a) the issue of a recovery certificate for a sum of ₹ 10.92 million (restricted to a sum of ₹ 6.48 million in relation to Supreme) with interest at 23% p.a. compounded with quarterly rests from the date of filing of the application till the date of the realisation, costs and the sale of the immoveable properties charged to our Bank, b) ₹ 1 million paid by defendants as part payment towards one-time settlement to be appropriated towards the outstanding balance. Thereafter, Punjab and Sind Bank ("**PSB"**) filed an interim application before the recovery officer claiming mortgage rights over certain security property and praying for their release from attachment. The said application was dismissed by the recovery officer on September 21, 2012. Aggrieved by the same, PSB filed an appeal before the DRT-II, Chennai, which was dismissed through an order dated September 4, 2013. The matter is currently pending for recovery.

29. Our Bank sanctioned an overdraft on mortgage facility of ₹ 8 million to Mr. N.R. Johnson, proprietor of M/s Janatha Traders on March 22, 2012. Since Mr. Johnson defaulted in its repayment and his account became a NPA, our Bank issued a demand notice dated October 15, 2013 under Section 13(2) of SARFAESI Act, seeking repayment within 60 days of the notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. Thereafter, M/s Janatha Traders, through its proprietor, filed a securitisation application dated January 12, 2014 against the securitisation proceedings initiated by our Bank.

    Further, our Bank has filed an original application dated July 15, 2014 under the RRDBFI Act before the DRT, Ernakulam against Mr. N.R. Johnson and Ms. Limna Johnson as guarantor for the said facility Our Bank has prayed for: a) recovery of ₹ 10.32 million, pendenlite and future interest at 19.25% p.a. with monthly rests on ₹ 10.30 million, penal interest of 1% p.a. on ₹ 10.30 million from the date of the application till the date of realization, b) sale of immoveable properties mortgaged under the facility and to allow us to apply the sale proceeds towards the realisation of the amount of ₹ 10.32 million, c) direction to the defendants to pay the expenses of recovery and sale of properties, d) order allowing our Bank to participate in the auction proceedings to be conducted by the recovery officer without the payment of earnest money deposit, e) priority over the sale proceeds of the property to be realized by the recovery officer, f) that the defendants shall be personally liable for the amount due, g) direction to the defendants to pay contingent liabilities like insurance premium, costs and other expenses that may be incurred by us subsequent to the filing of this application. Our Bank has also prayed for a temporary injunction restraining the defendants from transferring or alienating or otherwise disposing of the immoveable property mortgaged under the loan. The matters are currently pending.

30. Our Bank sanctioned a machinery loan of ₹ 11.64 million and a bank guarantee limit of ₹ 46.30 million to M/s RPR Fab ("**Fab**"), a partnership firm,. Since Fab defaulted in repayment of the said facilities, our Bank issued a demand notice dated April 11, 2012 under Section 13(2) of SARFAESI Act, seeking repayment within 60 days from the date of notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. Fab, its partners, and another filed a securitisation application dated December 17, 2013 for: a) an order setting aside the auction sale that was scheduled to be held on December 30, 2013 and consequently, the sale notice, b) award of costs of the proceedings. Fab also filed an interim application seeking a temporary injunction restraining our Bank from proceeding under SARFAESI Act.

    Further, our Bank filed an original application dated November 15, 2012 under the RDDBFI Act before the DRT, Coimbatore against Fab and others for: a) recovery of ₹ 10.26 million along with future interest of 20.75% with monthly rests from the date of the application till the date of realisation, b) award of costs of the application, c) sale of the hypothecated and mortgaged properties, d) proceeding against the other assets of the defendants in case of insufficiency of the sale proceeds. The matter is currently pending.

31. Our Bank sanctioned a cash credit facility of ₹ 97 million and a term loan of ₹ 4.5 million to Milan Steel Homes Private Limited ("**Milan**"). On May 24, 2013 our Bank granted an adhoc cash credit limit of ₹ 14.50 million to Milan. Since Milan defaulted in repayment of the said facilities, the account of Milan was classified as a NPA. Our Bank issued a demand notice dated March 30, 2014 under Section 13(2) of the SARFAESI Act to Milan, Mr. Devendra Shah, and Ms. Shilpa Shah, in their capacity as guarantors, seeking repayment within 60 days of the date of notice, failing which our Bank would take recourse to remedies under Section 13(4) of the SARFAESI Act. We understand that a securitization application has been filed by Milan before the DRT-III, Mumbai. However, we have not received any official intimation in this regard.

    Further, our Bank filed an original application dated December 26, 2014 under the RDDBFI Act before the DRT-III, Mumbai against Milan, Mr. Devendra Shah, and Ms. Shilpa Shah. Our Bank prayed for: a) recovery of a sum of ₹ 133.40 million with interest at 21% p.a. compounded at monthly basis from the date of filing of the application till realization, b) declaration that immoveable properties, fully paid stock, and outstanding book-debts were validly mortgaged or hypothecated to our Bank, c) the said moveable and immoveable properties be sold and the proceeds be adjusted towards the claim amount, d) personal assets of Mr. Devendra Shah be attached and sold to realize the claim amount. Further, our Bank filed an interim application for: a) pending disposal of the application, an injunction restraining the defendants and their men from in any way transferring, alienating or creating third party rights in the immoveable properties mortgaged to us, immoveable properties forming personal properties of Mr. Shah, fully paid stock and outstanding book-debts of Milan, b) direction to the individual defendants to disclose their assets on oath, c) pending disposal of the application, that Mr. Shah and Ms. Shah be restrained from disposing of or creating third party rights in their assets. The matters are currently pending.

Recovery proceedings for loans advanced under priority sector lending schemes

In addition to the recovery proceedings as described hereinabove, we also organize recovery camps with the assistance of government bodies to increase the recovery of loans made under government sponsored schemes and other loans in priority sector to reduce our NPAs. As on March 24, 2015, there are 3,026 such recovery proceedings, and the aggregate amount involved, to the extent quantifiable, in such proceedings is ₹ 75.75 million.

<u>Civil proceedings</u>

In addition to the recovery proceedings as described hereinabove, our Bank has also initiated certain civil suits in relation to eviction of tenants from our Bank's owned premises, recovery of security deposit due from lessors of our erstwhile branch premises and declaration of title over mortgaged property in the favour of our Bank. As on March 24, 2015, there are eight civil suits pending before various courts in India, and the aggregate amount claimed, to the extent quantifiable, is approximately ₹ 5.53 million. Details of the civil suits filed by us, where the potential financial implication is over ₹ 10 million, or where the financial impact cannot be quantified, are as follows:

1. Our Bank filed an original suit (O.S. No. 87/2013) dated May 20, 2013, before the Subordinate Judge's Court Nedumangad against Ms. Sulochana and Mr. Deepak Patel. Mr. Deepak Patel availed two credit facilities aggregating to ₹ 7.22 million from Kozhikode branch of our Bank secured against equitable mortgage of property created in favour of our Bank. The loan accounts were not conducted properly and were subsequently classified as non–performing assets. Ms. Sulochna, being the legal heir of the earlier owner of the properties in question, in a separate original suit (O.S. No. 597/2010) filed by her before the Munsif Court, Nedumangad against Mr. Deepak Patel, obtained an ex-parte decree dated August 21, 2011, wherein the court conferred her title and ownership over the property mortgaged to our Bank. Our Bank filed an original petition (O.P. (C) No. 1544/2013) before the High Court of Kerala for quashing and setting aside the judgment and decree passed in O.S. No. 597/2010. The High Court of Kerala by its judgment dated April 12, 2013 directed our Bank to approach the civil court, consequent to which our Bank filed the present suit for setting aside the order. The matter is currently pending.

2. Our Bank filed four rent control appeals (R.C.A. Nos. 148, 149 151 and 152 of 2011) dated July 11, 2014 before the Rent Control Appellate Authority, Trichur against Ms. Sasi Anto and others, Mr. Iyappan P.J., Mr. Roy Emmatty and Mr. N.R. Janaky and others respectively. The aforementioned appeals were filed against the common judgment dated April 11, 2014 passed by the Rent Control Court, Thrissur in rent control petitions (R.C.P. 34, 35, 36 and 37 of 2009) filed by our Bank, wherein the Rent Controller, while passing the judgment under Kerala Buildings (Lease and Rent Control) Act, 1965 allowed the reconstruction of premises owned by our Bank, however the Rent Controller disallowed the relief sought for eviction of tenants from our Bank's premises situated at Swaraj Road, Thrissur, on grounds of bona fide need. These appeals are currently pending.

   One of the respondents of the appeal (R.C.A. 149/2011) has also filed an appeal (R.C.A. 143/2011) dated July 8, 2011, before the Rent Control Appellate Authority, Trichur, seeking to set aside the order in R.C.P. 35/2009 of the Rent Controller allowing for reconstruction of premises. The appeal is currently pending.

Cases under Section 138, Negotiable Instruments Act

Our Bank has filed various complaints for recovering amounts due from various entities on account of dishonouring of cheques issued by such entities. As on March 24, 2015, there are 9 such complaints pending before various courts. The total amount involved in such cases is approximately ₹ 20.48 million. There is one such complaint which involves an amount equal to or above ₹ 10 million, filed against Jupiter Bioscience Limited for an amount of ₹ 10.83 million.

B. Material frauds committed against our Bank

Our Bank has an anti-fraud committee, namely the Committee for Monitoring Large Value Frauds, which monitors and reviews all frauds against our Bank involving an amount of ₹ 10 million or more, in accordance with RBI master circular on classification and reporting of frauds dated July 1, 2014. For details, please refer to section titled "*Regulations and Policies - Classification and Reporting of Fraud Cases*" on page 163.

For details of the material frauds committed against our Bank, see the section titled *" – Cases filed by our Bank – Criminal proceedings"* on page 276.

C. Proceedings initiated against our Bank for economic offences

Except as stated below, there are and have been no proceedings initiated against our Bank for any economic or civil offences:

1. Senior Inspector of Police, Economic Offences Wing, CB-CID, Mumbai issued a notice dated March 7, 2015 to our Bank's Mumbai branch, stating that two accounts maintained by Ms. Padmavati Pathapedi and Mr. Hirachand Jain with the Bhayandar branch of our Bank had been used to siphon funds emanating out of fraudulent transactions of an amount of ₹ 55.97 million, as alleged in a complaint filed by the General Manager of Satara Sahakari Bank Limited, Mumbai. The noticee directed our Bank to freeze the account of M/s. Padmavati Sahakari Pathapedi Limited ("**PSPL**") and its office bearers, Mr. Hirachand Hasmukh Shah, Ms. Pushpa Hirachand Saha and Mr. Ankush Hirachand Shah. Our Bank has been additionally directed to freeze the fixed deposit held in the name of office bearers of PSPL. Further, the noticee has instructed our Bank to furnish documents such as account statements, KYC records, certified copies of fixed deposits held in the name of PSPL and its said office bearers, maintained with the Bhayandar branch of our Bank.

D. Past penalties imposed on our Bank

1. A penal interest of ₹ 0.36 million was imposed by RBI on our Bank in AY 1988-89 for failure to maintain the statutory liquidity ratio, as prescribed under the Banking Regulation Act.
2. A penal interest of ₹ 0.18 million was imposed by RBI on our Bank in AY 1989-90 for failure to maintain the statutory liquidity ratio, as prescribed under the Banking Regulation Act.
3. A penal interest of ₹ 0.53 million was imposed by RBI on our Bank in AY 1990-91 for failure to maintain the statutory liquidity ratio, as prescribed under the Banking Regulation Act.
4. In July 2007, RBI imposed a penalty of ₹ 1 million on our Bank, being a penalty of ₹ 0.5 million for non-adherence to KYC norms and AML standards while opening and operating certain accounts, and of ₹ 0.5 million for failure of the internal control systems in detecting irregularities.
5. RBI issued a show cause notice dated July 9, 2002 to our Bank in relation to failure of our Bank to comply with the instructions and guidelines prescribed under the Banking Regulation Act and RBI circulars dated June 21, 1999 and September 20, 1995, for opening accounts and maintaining records of cash deposits and withdrawals of amounts exceeding ₹ 1 million. Our Bank submitted a reply dated July 16, 2002. Pursuant to an order dated August 21, 2002, RBI imposed a penalty of ₹ 0.5 million on our Bank for the afore-mentioned non-compliances.

E. Pending Notices against our Bank

As on March 24, 2015, there are 37 legal notices pending against us, and the aggregate amount claimed against us, to the extent quantifiable, is approximately ₹ 21.70 million. Details of legal notices against us, where the potential financial implication is over ₹ 10 million or where the potential financial implication is not quantifiable are as follows:

1. Ms. Vijaykumari R, one of the recipients of family pension served a notice dated July 2, 2014 to our Bank asserting that she is the sole successor/legal heir of late Mr. Unnikrishnan, a deceased employee of our Bank and based on the succession certificate issued by the Court of Principal Munsiff, Thiruvanathapuram, claimed her sole entitlement to receive entire pension related benefits. She also sought our Bank to close a housing loan account, which was outstanding in the name of her deceased husband.

2. The Registrar (Subordinate Judiciary) of the High Court of Kerala served a notice dated June 18, 2014 against our Bank, seeking a report regarding an anonymous petition received in the registry of the High Court, wherein allegations of retention of original certificates of employees of our Bank after joining in service had been made. Our Bank submitted a report dated August 30, 2014 to the Registrar (Subordinate Judiciary) of the High Court of Kerala, denying such allegations.

3. The RBI on July 9, 2014 forwarded a complaint from Ministry of Finance Government of India, which in turn forwarded a complaint from National Human Rights Commission, which had also received an email, originally sent to our Managing Director on February 2, 2014 by Ms. Aradhna Jha, who claimed to be an employee of our Bank and alleged retention of her original certificates of employees and the practice of bonded labour in our Bank. The Chief Minister's Public Grievance Redressal Cell, Thiruvanthapuram by

a letter dated August 4, 2014 had also forwarded the grievance of Ms. Aradhna Jha. Our Bank informed RBI and the Chief Minister's Public Grievance Redressal Cell by a letter dated September 1, 2014 that upon an attempt to send an email response to Ms. Aradhna Jha, it was found that there is no employee in our Bank with such name and allegations of practice of bonded labour in our Bank were denied. Our Bank also stated in the reply that our Bank had not detained certificates of any employee so as to cause any inconvenience or prejudice to them.

4. The ALC, Ernakulam issued three notices dated March 6, 2015 against our Bank seeking clarification regarding implementation of awards in certain industrial disputes between our Bank and the CSB Staff Association, being industrial dispute (I.D. No. 268/2006) concerning non-consideration of special allowance for the purpose of fitment, industrial dispute (I.D. No. 17/2007) dated June 26, 2009, concerning settlement in terms of full and final satisfaction of claims to tiny deposit collectors and industrial dispute (I.D. No. 7 and 8/2006 dated July 18, 2006) concerning the payment of allowance to computer operators.

5. The ALC, Ernakulam issued a notice dated March 9, 2015 against our Bank seeking clarification regarding implementation of awards in an industrial dispute (I.D. No. 135/1999) dated November 6, 2000, between our Bank and the CSB Staff Association, concerning the transfer policy of our Bank.

6. Mr. Devesh Kumar, clerk cum cashier of the New Delhi branch of our Bank issued a notice dated July 23, 2014 to our Bank, stating that he was sent to Tihar jail and remained in judicial custody for a period of 13 months and after release despite his frequent requests was not permitted to rejoin the services of our Bank. He has sought for his reinstatement and payment of back wages since November 2012.

7. M/s Instrument Techniques Private Limited represented by its director, Mr. S. Ravi has issued a legal notice to our Bank dated October 18, 2014, stating that prudential norms were allegedly not followed while categorizing an account of the company maintained with the Abid Road, Hyderabad branch of our Bank, as a non-performing asset and has expressed dissatisfaction over assignment of the loan account to Peagasus Assset Reconstruction Private Limited. Documents in relation to assignment of his loan account to Peagasus Assset Reconstruction Private Limited have been sought for the purposes of issuing a fresh detailed notice.

8. Mr. N. Bhageerathan, proprietor of M/s. Soney Cashew Company and the erstwhile lessor of the premises of our Kollam branch issued a legal notice to our Bank, claiming arrears of rent since October 1986, amounting to ₹ 9.40 million, and interest payable on the arrears from the date of accrual each month till payment at the relevant bank rate as applicable from time to time. Further, Mr. N. Bhageerathan has claimed additional damages of ₹ 2.00 million from our Bank for allegedly improper usage of the premise, and the damage and destruction caused to it.

9. Mr. Sainudeen, a customer of our Bank, issued a legal notice dated December 3, 2014 expressing doubts over closure of certain of his fixed deposit accounts maintained with the Thiruvananthapuram main branch of our Bank. He had earlier also sought information regarding the same and stated that concerned branch had allegedly not responded to his queries. He alleged that such acts are contrary to the provisions of banking laws and that we had intentionally committed deficiency in services. He has called upon our Bank to supply him requisite information regarding the closure of his fixed deposit account, failing which he would initiate legal actions against our Bank.

10. Dr. V. Thomas Varghese and Ms. Susan Varghese, lessors of the Palarivattom, Cochin branch of our Bank issued a notice dated March 19, 2015 stating that our lease would expire on August 14, 2015 and wanted to bring to the knowledge of our Bank that the premises would have to be vacated upon expiry of the period of lease on August 14, 2015.

11. Our Bank received a notice dated January 2, 2015 from the Court of Assistant Civil Judge - V, City Civil Court, Chennai in relation to an original suit (O.S. No. 3671 of 2014) filed by Andhra Bank before the court against Mr. N.G. Ravichandran and others, alleging diverting of loan amounts for purposes other than for which a loan was availed. Andhra Bank filed an interlocutory application in the original suit,

seeking to implead our Bank as a defendant to the recovery suit, alleging that our Bank negligently opened an account for an impersonated identity, which facilitated the fraud committed against their bank. However, no order for impleading our Bank as a party has been passed till date.

12. Brahmapur Police Station issued a notice dated September 11, 2014 to the manager of the Gulbarga branch of our Bank, calling for documents in relation to a complaint filed by State Bank of India concerning the account of Mr. G. Rathod, who was also a customer of the Vapi branch of our Bank.

Our Bank also received a notice dated March 7, 2015 from the Senior Inspector of Police, Economic Offences Wing, CB-CID, Mumbai. For details, see the section titled "- *Proceedings initiated against our Bank for economic offences*" on page 324.

F. Material developments since the last balance sheet date

Except as disclosed in the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning at page 191, in the opinion of our Board, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its assets or its ability to pay its material liabilities within the next 12 months.

G. Outstanding dues to small scale undertaking(s) or any other creditors

Under the Micro Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 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 payment due to delays in such payments.

H. Outstanding litigation against other companies whose outcome could have an adverse effect on our Bank

Except as stated in this section, there is no outstanding litigation against other companies whose outcome could have an adverse effect on our Bank.

I. Adverse findings against our Bank and any persons or entities connected with our Bank as regards non compliance with securities laws

There have been no adverse findings against our Bank or any other persons or entities connected with our Bank as regards non compliance with securities laws.

J. Disciplinary action taken by SEBI or stock exchanges against our Bank

There have been no disciplinary actions taken by SEBI or other stock exchanges against our Bank.

K. Litigations or defaults, etc. pertaining to matters likely to affect the operations and finances of our Bank

Except as stated in this section, there are no litigation or defaults, etc. pertaining to matters likely to affect the operations and finances of our Bank.

L. Inquiries, Inspections or Investigations initiated with respect to our Bank

There has been no inquiry, inspection or investigation initiated or conducted under the Companies Act or any previous companies law in the case of our Bank in the last five years.

M. Other investigations

As part of an ongoing investigation against two income tax officials who were arrested in relation to certain allegations of bribery, two officials from the Central Bureau of Investigation visited the Head Office of our Bank at Thrissur on March 26, 2014, and informed certain officials of our Bank that during a raid conducted on the concerned officials, certain gold items were found allegedly wrapped in gift paper of our Bank. However, the investigating officials subsequently informed that it had been confirmed during the course of investigation that the impugned gold items were not purchased by our Bank, and hence officials of our Bank were not required to appear before the investigating officer. This matter was noted by our Board on April 8, 2014.

N. Prosecutions, fines or compounding of offences by our Bank

Except as disclosed in this section, there have been no prosecutions filed, fines imposed or offences compounded in the case of our Bank in the last five years.

II. Litigation involving the Directors of our Bank

A. Outstanding litigations against our Directors

In addition to consumer proceedings of an amount over ₹ 10 million involving our Directors, to which our Bank is a party as well, and details of which are given under the sections titled " - *Litigations involving our Bank - Outstanding litigations involving our Bank - Consumer cases*" on page 259, respectively, details of litigations involving our Directors are as follows:

Mr. S. Santhanakrishnan

1. Ms. Geetha Ramachandran filed a criminal complaint (C.M.P. No. 611/2014) dated February 11, 2014 before the Chief Judicial Magistrate, Thrissur, against Mr. S. Santhanakrishnan, the part-time Chairman of our Board, in relation to an alleged act of cheating committed. The complainant had worked as a chief manager at the Purasawalkam branch of our Bank and had been dismissed for advancing of loans in violation of our Bank's lending norms during her tenure at the branch. Ms. Geetha Ramachandran had earlier approached the Kerala Women's Commission in relation to the dismissal. The Kerala Women's Commission, pursuant to an order dated January 1, 2008, had directed our Bank to reinstate the complainant with all benefits. However, in a writ petition (W.P. (C) No. 1498/2009) filed by our Bank before the High Court of Kerala, the direction of the Kerala Women's Commission was quashed pursuant to an order of the High Court dated May 24, 2010 on account of lack of jurisdiction. In the criminal complaint, Ms. Geetha Ramachandran alleged that our part-time Chairman had instructed her to take personal interest in recovering the said loans which had been advanced during her tenure, and assured to reinstate her in service if the recovery of loans was assured through her efforts. Ms. Geetha Ramachandran had earlier also instituted a criminal complaint (C.M.P. No. 8540/2013) before Chief Judicial Magistrate, Thrissur and lodged an FIR (No. 2547/2013) dated October 15, 2013 at the Town East police station, Thrissur, which had been declared as false post investigation, pursuant to which she has filed the current criminal complaint. No accused summons has been served on Mr. Santhanakrishnan in this matter till date and pre-cognizance evidence is ongoing in this matter.

2. Mr. K.N. Unnikrishnan, a customer of the College Road branch, filed a consumer complaint (C.C. 381/2011) against our Bank and our part-time Chairman, in relation to certain cheques presented by him for clearance through ECS, which were returned on account of an alleged error in the ECS memorandum, consequent to which the complainant had to pay a penalty of ₹ 1,650. The complainant has claimed compensation of ₹ 0.05 million on account of mental agony and loss of repute. The matter is currently pending.

3. Mr. Mathai, landlord of the premises of the Puthoor branch of our Bank, filed an original suit (O.S. 28/2015) before Munsiff Court, Kottarakara, seeking a decree to enhance the rent of the said premises from ₹ 6,250 to ₹ 32,500 per month, and to realise arrears of rent amountinf to ₹ 32,500, on account of increase in importance of the locality and hence the value of the property since the inception of tenancy of our Bank at the premises.

4. Mr. K.M. Talera filed a writ petition (W.P. No. 3011/2007) before the High Court of Bombay, against Institute of Chartered Accountants of India ("**ICAI**"), the Union of India, members of the 19th Council of ICAI ("**19th Council**"), including Mr. S. Santhanakrishnan and Mr. P.C. Parmar and Mr. J.P. Parmar, chartered accountants, in relation to disciplinary proceedings No. 25-CA(15)/2005 initiated on an allegation that Mr. P. C. Parmar and Mr. J.P. Parmar had entered into certain legal contracts for conducting business other than the profession of chartered accountants, in violation of Sections 21 & 22 of the Chartered Accountants Act, 1949. Pursuant to a meeting of the 19th Council held in February 2006, they were found not guilty of the offences alleged and the decision of the 19th Council was communicated to the parties on April 12, 2006. The writ petition has been filed against the above decision, wherein Mr. K.M. Talera has sought for quashing the decision and is currently pending.

Mr. Ajay Lal

1. A criminal case has been lodged before the Additional Chief Judicial Magistrate, Vadodara, Gujarat against Mr. Ajay Lal, in his capacity as director of GPT Steel Industries Limited, with respect to a cheque issued by the management of GPT Steel Industries Limited, which was returned. The complainant has arrayed Mr. Ajay Lal as a co-accused, along with all other directors and several members, forming part of the erstwhile management of the company. The case is currently pending.

2. Mr. Joy Ambooken, a shareholder of our Bank, had filed a petition before the Company Law Board, Chennai, with respect to a rights issue of equity shares in 1998. The Company Law Board, Chennai dismissed the petition against which Mr. Joy Ambooken filed an appeal before the High Court of Kerala, Ernakulam. The case is currently pending. For further details of the matter, in which our Bank is also a respondent, see the section titled " - *Litigations involving our Bank - Outstanding litigations involving our Bank - Cases against our Bank – Civil proceedings*" on page 253.

B. Outstanding litigation initiated by our Directors

There is no outstanding litigation initiated by our Directors.

C. Past penalties imposed on our Directors

There have been no past penalties imposed on our Directors.

D. Proceedings outstanding against our Directors for economic offences

There are no proceedings outstanding against our Directors for economic offences.

E. Tax proceedings outstanding against our Directors

There are no tax proceedings outstanding against our Directors.

F. Directors on the list of wilful defaulters of the RBI

Except for Mr. Ajay Lal, who was also a director on the board of GPT Steel Industries Limited which has been declared as a wilful defaulter, none of our Directors or any entity with which our Directors are or have been associated as director, promoter, partner and/or proprietor have been declared wilful defaulters by the RBI.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Bank can undertake this Issue and its current business activities and no further material approvals from any Government authority are required to undertake the Issue or continue its current business activities. Certain approvals have lapsed or may lapse in their normal course and the Bank has either already made an application to the appropriate authorities for renewal of such licences and/or approvals or is in the process of making such applications.

Approvals for the Issue

Corporate approvals

1. Our Board has, pursuant to its resolutions passed at a meeting held on December 22, 2014, approved the Issue.

2. Our shareholders have, pursuant to a resolution passed at an EGM held on February 19, 2015, approved the Issue.

Regulatory approvals

The RBI has, through its letter DBR. PSBD. No. 11621/16.01.060/2014-15, dated February 4, 2015, granted its approval for the Issue, subject to the compliance with applicable laws.

Material Approvals received and applied for, in relation to our business

Corporate and regulatory approvals

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
Companies Act					
1.	Certificate of Incorporation under Section 610(1)(b) of the Companies Act, 1956	RoC	175 of 1920	April 14, 1987	-
Banking Regulation Act					
1	License to carry on business of banking under Section 22	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum	Tri/17	June 19, 1969	-
2.	Permission for setting up one central processing centre for back office functions at Kochi under Section 23	Assistant General Manager, Department of Banking Operations and Development, RBI, Mumbai	DBOD.No.BL.8624/22.03.033/2012-13	December 17, 2012	-
3.	Permission for setting up an international banking division at Ernakulam (Kochi) under Section 23	Deputy Chief Officer, Department of Banking Operations and Development,	DBOD(T)No.BL.1112/2(31)-82	March 22, 1982	-

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
		RBI, Trivandrum			
4.	Permission for setting up a staff training college at Alwaye under Section 23	Assistant Chief Officer, Department of Banking Operations and Development, RBI, Mumbai	DBOD.No.BL.7057/NC.19 (C)-82	August 16,1982	-
RBI Act					
1.	Inclusion in Schedule II to RBI Act as per Sub-clause (iii) of clause (a) of sub-Section (6) of Section 42	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Chennai	DBOD(M)No.Bks.2662/Sch.11-69, and RBI notification No. DBOD.No.90/Incl/C:102-69 dated August 18, 1969	September 17, 1969, with effect from August 30, 1969	-
2.	Grant of real term gross settlement system membership (Type A) under Regulation 4.1 of RTGS Systems Regulations, 2013	General Manager, RBI, Mumbai	DAD/CA/RTGS/203/2004-05	August 12, 2004	-
4.	Membership of negotiated dealing system (No. BYA00150)	Regional Director, Public Debt Office, RBI, Mumbai	PDO/SGL/NDS-MEM/3988/2003-04	June 15, 2004	-
5.	Membership of SWIFT	-	Bank identifier code: CSYBIN55	October 10, 2003	-
6.	Approval to establish a currency chest and small coin depot at Ernakulam	Assistant Chief Officer, Department of Currency Management, RBI, Mumbai	4654/CC.3(CSB)-92/93	January 28, 1993	
7.	Approval to establish a ‘B’ class currency chest and small coin depot at Coimbatore	Deputy General Manager, Department of Currency Management, RBI, Mumbai	DCM(CC)/1104/03.06.14./2002-03	June 27, 2003	-
8.	Authorisation to commence and operate mobile banking services under Section 5(1) of the Payment and Settlement Systems Act, 2007 and Regulation 3(1) of the Payment and Settlement Systems Regulations, 2008	Deputy General Manager, RBI, Mumbai	DPSS.CO.AD/2201/02.23.003/2010-11	March 24, 2011	-
9.	Admission for participation in the RBI NEFT system	Assistant General Manager, Department of	DPSS(CO)No.238/04.03.02/2006-07	August 23, 2006	-

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
		Payment & Settlement Systems, RBI, Mumbai			
10.	Grant of centralised fund management system membership (CFMS)	General Manager, Deposit Accounts Department, RBI, Mumbai	DAD/CFMS/716/24.16.01/ 2006-07	December 26, 2006	-
11.	Grant of INFINET membership	Assistant General Manager, Information Technology Cell, RBI, Mumbai	MUM ITC 713/02.90/2001-2002	June 7, 2002	-
FEMA					
1.	Authorisation to deal in foreign exchange under Section 10(1)	Exchange Control Department, RBI, Kochi	EC.CHN.FMID.3/75	April 10, 2001	-
2.	Permission for continuing cross-border inward money transfer services under the Money Transfer Service Scheme in association with M/s. MoneyGram Payment Systems, Inc. USA	Assistant General Manager, RBI	F.E.CHN.FMID/779	October 8, 2013	October 7, 2016

We have pursuant to a letter dated February 14, 2015 applied for renewal of permission for carrying on cross-border inward money transfer services under the Money Transfer Service Scheme in association with Royal Exchange (USA) Inc. to the RBI.

Securities and Exchange Board of India (Merchant Bankers) Regulations					
1.	Registration as a merchant banker (Category I) under Regulation 8A	SEBI	MB/INM000002863	March 15, 2012	-

Pursuant to a circular issued by the RBI on July 20, 2005, no prior approval of the RBI is required for offering internet banking services.

Our importer exporter code number 04080 02972, was granted pursuant to a certificate from the Foreign Trade Development Officer, Ministry of Commerce, on April 17, 2008.

Other memberships and registrations

S. No.	Membership	Issuing authority	Reference No.	Date of issuance	Validity
1.	License to act as a corporate agent for procuring or soliciting insurance business for both life and general	Chairperson, Insurance and Regulatory Development	EDT 1243508	February 22, 2013, with effect from June 16, 2012	June 15, 2015

	insurers under Regulation 3 of IRDA (Licensing of Corporate Agents) Regulations 2002	Authority			
3.	Membership of Fixed Income Money Market and Derivatives Association of India ("**FIMMDA**")	FIMMDA	FIMGN/2005-06/699	December 2, 2005	-
4.	Registration with Clearing Corporation of India Limited and Clearcorp Dealing Systems (India) Limited	Credit Corporation of India Limited	CCIL membership ID: CCBPCSBL0132	June 21, 2002	-
5.	Membership of Banking Code and Standards Board of India ("**BCSBI**")	CEO, BCSBI	-	October 1, 2010	-
6.	License to act as a corporate agent under the Insurance Act, 1938	Chairperson, IRDA	EDT 1243508	February 22, 2013	June 15, 2015

Our registration for distributing third-party mutual fund products pursuant to SEBI circular No. MFD/CIR/20/23230/2002 dated November 28, 2002, issued by the Association of Mutual Funds of India (Reference No. ARN – 18031) on March 24, 2009, expired on March 23, 2014 and we are yet to apply for renewal of this registration.

Taxation approvals

S. No.	Registration	Issuing authority	Reference No.	Date of issuance	Validity
1.	Permanent Account Number	Commissioner of Income Tax, Cochin	AABCT0024D	-	-
2.	Tax Deduction and Collection Account Number	Department of Income Tax, Ministry of Finance, Government of India			
3.	Service tax registration at Thrissur under Section 69 of the Finance Act, 1994	Superintendent of Central Excise, Department of Revenue, Ministry of Finance, Government of India	146/ST/TCR-V/2004/BFS	October 18, 2004	-
4.	Service tax registration under Section 69 of the Finance Act, 1994 for banking and financial services, credit card related services and renting of immovable property	Central Excise Officer, Office of the Assistant Commissioner of Central Excise and Customs, Thrissur Division	AABCT0024DST009	April 7, 2008	-
5.	Service tax centralised	Joint	C.No.IV.16/14/2002-	December 29, 2004	

	registration under Service Tax Rules, 1994	Commissioner, Office of the Commissioner of Central Excise & Customs, Calicut Commissionerate	ST/PN/116		
7.	Registration under the Karnataka Value Added Tax Act, 2003	Assistant Commissioner of Commercial Taxes, Bangalore,	TIN: 29561192901	May 6, 2014, with effect from March 6, 2014	-

Further, we have made application for renewal of our registration under the Kerala Value Added Tax Rules, 2005 on April 9, 2014.

Branch licenses

Pursuant to RBI Circular No. DBOD.No.BAPD.BC.54/22.01.001/2013-14 dated September 19, 2013, domestic scheduled commercial banks (other than RRBs) are permitted to open branches in Tier 2 to Tier 6 centres and in the rural semi-urban and urban centres in northern states and Sikkim, without any permission from RBI in each case, subject to certain conditions. The general permission has been extended to branches in Tier 1 centres as well, subject to fulfilment of criteria laid down under the circular.

Details of the key licenses obtained by our top 25 branches, identified on the basis of total business (advances and deposits) as on September 30, 2014, are as given below:

1. Kodambakkam

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum - 3	BL.T.112/80	May 21, 1980	-
2.	Tax Deduction and Collection Account Number	CHET00973A			

2. Bangalore - Brigade Road

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum - 3	BL.(T)11/73	March 31, 1973	-
2.	Tax Deduction and	BLRT00179E			

	Collection Account Number	

3. Coimbatore - Raja Street

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Assistant General Manager, Department of Banking Supervision, RBI, Chennai	DBS(Che)BL/5236/02.05.01/2004-05	May 24, 2005*	-
2.	Tax Deduction and Collection Account Number	CMBT03195D			

* *This letter dated May 24, 2005 has been received in lieu of the original license which had been issued with respect to the branch and which was subsequently not traceable.*

4. Thrissur - College Road

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Joint Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum – 3	BL. 2/89	February 17, 1989	-
2.	Tax Deduction and Collection Account Number	CHNC00225B			

5. Chennai-1 Beach Road

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations, RBI, Trivandrum – 3	BL.T.54/73	October 23, 1973	-
2.	Tax Deduction and Collection Account Number	CHET07911B			

6. Ernakulam - Market Road

S.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity

No.					
1.	Registration under Section 23 of the Banking Regulation Act*	RBI	Branch Code Part I – 6070026; Part II 9700008	November 15, 1928	-
2.	Tax Deduction and Collection Account Number	CHNC00458D			

** The license is not traceable, the details provided herein are based on a search conducted on the website of the Database of Indian Economy maintained by the RBI*

7. Fort, Mumbai

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Assistant Chief Officer, Department of Banking Operations, RBI, Trivandrum	BL.T.4/77	January 11, 1977, as amended on October 16, 1987 and November 18, 2004	-
2.	Tax Deduction and Collection Account Number	MUMT10570A			

8. Kollam

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy General Manager, Department of Banking Supervision, Trivandrum	BL(T)21/72	March 22, 1972, as amended on April 12, 2005	-
2.	Tax Deduction and Collection Account Number	TVDT00724D			

9. Tirupur

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations, RBI, Trivandrum	BL.T.84/81	December 1, 1981	-
2.	Tax Deduction and Collection Account Number	CMBT03862F			

10. New Delhi

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations, RBI, Trivandrum	BL.T.27/81	March 26, 1981, as amended on January 4, 1997 and October 3, 1996	-
2.	Tax Deduction and Collection Account Number	DELT05104B			

11. IFB-Mumbai

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations, RBI, Mumbai	BL.B.307	December 28, 1994	-
2.	Tax Deduction and Collection Account Number		MUMT10561F		

12. Chandigarh

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Assistant General Manager, Department of Banking Operations and Development, RBI, Chandigarh	DBOD(CHG)/1151/02.02.68x/2002-03	June 6, 2003	-
2.	Tax Deduction and Collection Account Number	PTLT10881D			

13. Guruvayoor

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations, RBI, Trivandrum	BLT 46/64	October 13, 1964	-

2.	Tax Deduction and Collection Account Number	CHNC00227D

14. T. Nagar, Chennai

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations, RBI, Chennai	BL(M).No.79/02.05.24/93-94	December 1, 1993	-
2.	Tax Deduction and Collection Account Number	CHET02030A			

15. Jaipur

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy General manager, Department of Banking Operations and Development, RBI, Jaipur	BL.(JPR.)No.2507	February 10, 2004	-
2.	Tax Deduction and Collection Account Number	JPRT01440F			

16. Kowdiar

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Joint Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum	BL.T.2/93	February 17, 1993	-
2.	Tax Deduction and Collection Account Number	TVDC00410E			

17. Kakkanad

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section	Deputy Chief	BL.T.45/75	April 9, 1975, as	-

	23 of the Banking Regulation Act	Officer, Department of Banking Operations, RBI, Trivandrum – 3		amended on February 13, 2004, May 24, 2003 and May 24, 2006	
2.	Tax Deduction and Collection Account Number	CHNC00466E			

18. Tiruchirappally

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum – 3	BL.T.13/75	March 15, 1975	-
2.	Tax Deduction and Collection Account Number	CHET05256G			

19. Puthiyakavu

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum – 3	BL.T.75/76	June 16, 1976	-
2.	Tax Deduction and Collection Account Number	TVDT01018D			

20. Ernakulam - Banerji Road

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy General Manager, Department of Banking Operations and Development, RBI, Trivandrum	DBOD(T)No.3087/03/05.01/2003-04	April 15, 2004	-

2.	Tax Deduction and Collection Account Number	CHNC00465D

21. Chennai-2 Mount Road

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Joint Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum	BL.T.72/84	September 27, 1984	-
2.	Tax Deduction and Collection Account Number	CHET07356G			

22. Ashok Vihar – Delhi

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Joint/ Deputy Chief Officer, Department of Banking Operations and Development, RBI, New Delhi	BL.D.6170	May 8, 1996	-
2.	Tax Deduction and Collection Account Number	DELT04683A			

23. Mahim West, Mumbai

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy General Manager, Department of Banking Operations and Development, RBI, Mumbai	BL.M.1383	November 18, 2003	-
2.	Tax Deduction and Collection Account Number	MUMT10209D			

24. Chembur, Mumbai

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity

1.	Registration under Section 23 of the Banking Regulation Act	Assistant Chief Officer, Department of Banking Operations and Development, RBI, Trivandrum – 3	BL.T.38/72	April 28, 1972	-
2.	Tax Deduction and Collection Account Number	MUMT03372F			

25. Puducherry

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Registration under Section 23 of the Banking Regulation Act	Deputy Chief Officer, Department of Banking Operations and Development, RBI, Chennai	BL.(M)No.1/OPR/3(7)/87-88	January 7, 1988, as amended on December 10, 2004 and March 7, 2007	-
2.	Tax Deduction and Collection Account Number	CHET03010A			

Material employee and labour approvals

S. No.	Approval/ License	Issuing authority	Reference No.	Date of issuance	Validity
1.	Approval to Catholic Syrian Bank Limied Employees Pension Fund, Trichur	Commissioner of Income Tax, Cochin	C.No. 4C/Tech-3/96-97	January 21, 1998	-
2.	Approval to Catholic Syrian Bank Limied Gratuity Fund, Trichur	Commissioner of Income Tax, Cochin	No. CIT/CHN/Tech/Gty-16/99-2000	February 11, 2000	-
3.	Order under Income Tax Act (Act No.XI of 22) according recognition to The Catholic Syrian Bank Limied Employee Provident Fund, Trichur	Commissioner of Income Tax, Cochin	C.H.601-58(a)/51	October 16, 1950	

Intellectual property

a. Our logo “ ” is registered (No. 1255739, class 36) under the Trade Marks Act, 1999 and such registration is valid up to December 16, 2023.
b. Our ATM/debit card services logo is registered (No. 1652341, class 36) under the Trade Marks Act, 1999 and such registration is valid up to February 11, 2018.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

- Our Board has, pursuant to its resolution dated December 22, 2014, authorised the Issue, subject to the approval by the shareholders of our Bank under Section 62(1)(c) of the Companies Act, 2013.
- The shareholders of our Bank have authorised the Issue by a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the EGM held on February 19, 2015 and authorised the Board to take decisions in relation to this Issue.
- Our Bank has applied to the BSE and the NSE for obtaining their in-principle approval for listing of the Equity Shares under this Issue and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the [●] shall be the Designated Stock Exchange.

Prohibition by RBI

Neither our Bank nor our Directors have been declared as wilful defaulters by the RBI or any other governmental authority. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Prohibition by SEBI or governmental authorities

We confirm that our Bank or Directors have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any regulatory or governmental authority.

The companies with which our Directors are or were associated as a promoter, directors or persons in control have not been debarred from accessing capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are associated with the securities market in any manner, including securities market related business.

Eligibility for this Issue

Our Bank is an unlisted company, complying with the conditions specified in Regulation 26(1) of the SEBI Regulations in the following manner:

- Our Bank has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Bank has a minimum average pre-tax operating profit of ₹ 150 million, calculated on restated and consolidated basis during the three most profitable years out of the immediately preceding five years;
- Our Bank has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of our Bank as per the audited balance sheet of the preceeding financial year; and
- Our Bank has not changed its name in the last one year.

Our Bank's, net worth, net tangible assets and monetary assets derived from the restated audited financial statements included in this Draft Red Herring Prospectus, as on and for the Fiscals 2012, 2013 and 2014, are as given below:

(In ₹ million)

Particulars	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Net Worth[(1)]	4,949.74	5,799.74	6,198.60
Net Tangible assets[(2)]	119,754.07	134,486.34	151,653.82
Monetary assets [(3)]	3,999.67	6,191.41	14,284.00
Monetary assets as a percentage of the net tangible assets [(3)/ (2)]	3.34	4.60	9.42

(1) *'Net worth' has been defined as the aggregate of the paid up share capital, securities premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of the miscellaneous expenditure (to the extent not adjusted or written-off) and the debit balance of the profit and loss account.*

(2) *'Net tangible assets' means the sum of all net assets of our Bank excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.*

(3) *Monetary assets comprise of cash and bank balances*

Our Bank's average pre-tax operating profit derived from the audited restated financial statements included in this Draft Red Herring Prospectus, for the Fiscal Years 2012, 2013 and 2014, are as given below:

(In ₹million)

Particulars	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Pre-Tax Operating Profit [(1)]	297.04	327.46	468.98
Average pre-tax operating profit is ₹ 364.49 million			

(1) *Calculated on the basis of restated audited Financial Statements.*

In accordance with Regulation 26(4) of the SEBI Regulations, our Bank shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000; otherwise the entire application money will be refunded. In case of delay, if any, in refund, our Bank shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

This Issue is being made for at least 25% of the fully diluted post-Issue capital, pursuant to Rule 19(2)(b)(i) of the SCRR read with Regulation 41 of the SEBI Regulations. Our Bank is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations. Further, this Issue is being made through the Book Building Process wherein 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis. Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. Further, [●] Equity Shares, aggregating up to ₹ 100 million, shall be available for allocation on a proportionate basis to the Eligible Employees Bidding under the Employee Reservation Portion, subject to valid bids being received at or above the Issue Price. For further details, see section titled "*Issue Procedure*" beginning at 367.

Our Bank is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

(a) Our Bank, our Directors and the companies with which our Directors are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;

(b) Our Bank has applied to the BSE and the NSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the [●] shall be the Designated Stock Exchange;

(c) Our Bank has entered into agreements dated April 12, 2010 and March 20, 2003 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

(d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue, and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Regulation 4(2)(g) read with Clause VII C (1) of Part A of Schedule VIII of the SEBI Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. For further details in this regard, see section titled "*Objects of the Issue*" beginning at page 96.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 30, 2015, WHICH READS AS FOLLOWS:

WE, THE BRLMs TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

(1) "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS DATED MARCH 30, 2015 ("DRHP") PERTAINING TO THE SAID ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE BANK, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE BANK, WE CONFIRM THAT:

(a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS,

MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID. – COMPLIED WITH

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – NOT APPLICABLE

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHICH RELATES TO THE EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS – NOT APPLICABLE

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE BANK ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE BANK FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE BANK AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH

(9) **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE BANK SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE ISSUE SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.**

(10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE ISSUE HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.**

(11) **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

(12) **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

(a) **AN UNDERTAKING FROM THE BANK THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE BANK; AND**

(b) **AN UNDERTAKING FROM THE BANK THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

(13) **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE**

(14) **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE BANK, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. – REFER TO ANNEXURE A TO THIS CERTIFICATE**

(15) **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – REFER TO ANNEXURE B TO THIS CERTIFICATE**

(16) **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE), AS**

PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR. – REFER ANNEXURE C TO THIS CERTIFICATE.

(17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE BANK IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE BANK INCLUDED IN THE DRAFT RED HERRING PROSPECTUS".

* *Section 40(3) of the Companies Act, 2013 has been notified by the Ministry of Corporate Affairs, Government of India.*

** *Section 29 of the Companies Act, 2013 provides, inter alia, that every company making public offers shall issue securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.*

The filing of this Draft Red Herring Prospectus does not, however, absolve our Bank from any liabilities under Section 34 and Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Price information of past issues handled by the BRLMs

The price information of past issues handled by the BRLMs is as follows:

ICICI Securities Limited:

Price information of past issues handled by ICICI Securities Limited

Sr No.	Issue Name	Issue Size(₹million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date	Benchmark index as on 30th calendar days from listing day (Closing)
1.	Shemaroo Entertainment Limited	1,200.00	170[(2)]	October 1, 2014	180	171.00	0.59%	7945.55	154.00	7,859.95	160.35	7927.75	163.95	8322.20
2.	Wonderla Holidays Limited	1,812.50	125	May 9, 2014	160	157.80	26.24%	6858.80	166.80	7,263.55	212.60	7235.65	216.15	7654.60
3.	Bharti Infratel Limited	41,727.60	220[(1)]	December 28, 2012	200	191.65	-12.89%	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
4.	Credit Analysis and Research Limited	5,399.78	750	December 26, 2012	940	922.55	23.01%	5,905.60	929.25	5,988.40	931.05	6,056.60	924.85	6,074.65
5.	Tara Jewels Limited	1,794.99	230	December 6, 2012	242	229.90	-0.04%	5,930.90	230.25	5,857.90	223.75	5,905.60	234.00	5,988.40

[(1)] *Discount of ₹ 10 per equity share offered to retail investors and Premium of₹10 per equity share to Anchor investors. All calculations are based on Issue Price of ₹ 220.00 per equity share*

[(2)] *Discount of ₹ 17 per equity share offered to retail investors. All calculations are based on Issue Price of ₹ 170.00 per equity share*

Notes:

1. *All data sourced from www.nseindia.com*
2. *Benchmark index considered is NIFTY*
3. *10th, 20th, 30th calendar day from listed day have been taken as listing day plus 10, 20 and 30 calendar days, except wherever 10th, 20th, 30th calendar day is a holiday, in which case we have considered the closing data of the next trading date/day*

Summary statement of price information of past issues handled by ICICI Securities Limited

Financial Year	Total No. of IPO's	Total Funds Raised (₹ million)	Nos. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2014-15	2	3,012.50	0	0	0	0	1	1	0	0	1	1	0	0
2013-14	0	Nil	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	3	48,922.37	0	0	2	0	0	1	0	0	1	0	0	2

Kotak Mahindra Capital Company Limited:

Price information of past issues handled by Kotak Mahindra Capital Company Limited

Sr No	Issue Name	Issue Size (₹in million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)
1.	Ortel Communications Limited	1,736.49	181.00	March 19, 2015	160.05	162.25	-10.36%	8,634.65	147.50	8,492.30	NA	NA	NA	NA
2.	Bharti Infratel Limited[(1)]	41,727.60	220.00	December 28, 2012	200.00	191.65	-12.89%	5,908.35	207.40	5,988.40	204.40	6,001.85	210.30	6,074.80
3.	PC Jeweller Limited[(2)]	6,013.08	135.00	December 27, 2012	137.00	149.20	10.52%	5,870.10	181.65	5,988.40	168.90	6,056.60	157.55	6,074.65
4.	Credit Analysis & Research Limited	5,399.78	750.00	December 26, 2012	940.00	922.55	23.01%	5,905.60	934.75	6,016.15	923.45	6,024.05	920.85	6,019.35
5.	Speciality Restaurants Limited	1,760.91	150.00	May 30, 2012	152.00	159.60	6.40%	4,950.75	182.45	5,068.35	206.65	5,064.25	213.05	5,149.15

Source: www.nseindia.com

[(1)] *In Bharti Infratel Limited, the anchor investor issue price was ₹230 per equity share and the issue price after discount to Retail Individual Bidders was ₹210 per equity share.*

[(2)] *In PC Jeweller Limited, the issue price after discount to Retail Individual Bidders and Eligible Employees was ₹130 per equity share.*

NA: Not available

Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2014 – March 30, 2015	1	1,736.49	-	-	1	-	-	-	NA	NA	NA	NA	NA	NA
2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-13	4	54,901.36	-	-	1	-	-	3	-	-	1	-	1	2

NA – Not available

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to their websites, as set forth in the table below:

Sr. No	Name of the Manager	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	Kotak Mahindra Capital Company Limited	http:// investmentbank.kotak.com/track-record/Disclaimer.html

Caution - Disclaimer from our Bank, our Directors and the BRLMs

Our Bank, our Directors and the BRLMs accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Bank's instance. Anyone placing reliance on any other source of information, including our Bank's website, www.csb.co.in would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Bank and Registrar to the Issue.

All information shall be made available by our Bank and the BRLMs to the public and investors at large and no selective or additional information will be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at Syndicate Bidding Centres or elsewhere.

Neither our Bank, nor any member of the Syndicate shall be liable to Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Bank and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Bank in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Bank, for which they have received, and may in the future receive, compensation.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in shares, Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and permitted Non-Residents including FIIs, FPIs and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kerala, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Bank from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the Registrar of Companies.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the Registrar of Companies.

Disclaimer Clause of the RBI

Our Bank is regulated by the RBI and we are required to adhere to the various norms, rules, guidelines and regulations laid down by the RBI. It must be distinctly understood, however, that by regulating us, the RBI does not undertake any responsibility for the financial soundness of our Bank or for the correctness of any of the statements made or opinion expressed in this connection.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, SEBI at Corporation Finance Department, Overseas Towers, 7th Floor, 756/L Anna Salai, Chennai 600 002, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with Registrar of Companies at the office of the Registrar of Companies:

The Registrar of Companies, Kerala
Registrar of Companies
Company Law Bhawan, BMC Road

Thrikkakara, Kochi 682 021
Kerala, India

Listing

The Equity Shares issued under the Issue are proposed to be listed on the BSE and the NSE. Initial listing applications will be made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The [●] will be the Designated Stock Exchange with which the 'Basis of Allotment' will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Bank will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus/Prospectus, as required under applicable law. If such money is not repaid within the prescribed time, then our Bank and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Bank shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid Closing Date. If Equity Shares are not Allotted within 12 Working Days from the Bid Closing Date or within such timeline as prescribed by the SEBI, our Bank shall repay without interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Consents

Consents in writing of (a) our Directors, our Company Secretary and Compliance Officer, BRLMs, the Auditor, the lenders to our Bank, the legal counsels and the Registrar to the Issue have been obtained; and consents in writing of (b) the Syndicate Members, the Escrow Collection Banks and the Refund Banks if appointed, to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies as required under Sections 26 and 32 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of filing of this Draft Red Herring Prospectus with SEBI.

In accordance with the Companies Act, 2013 and the SEBI Regulations, M/s. Sundaram & Srinivasan, Chartered Accountants and M/s. Varma & Varma, Chartered Accountants have given their written consent under section 26 of the Companies Act, 2013, in their capacity as statutory auditors of our Bank and as experts as defined in section 2(38) of the Companies Act, 2013, for inclusion of their name, examination reports dated March 30, 2015 on restated audited financial statements and statement of tax benefits dated March 30, 2015, in this Draft Red Herring Prospectus issued in the form and context in which they appear in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of filing of this Draft Red Herring Prospectus with SEBI.

Expert Opinion

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received consent from the Auditors, M/s. Sundaram & Srinivasan, Chartered Accountants and M/s. Varma & Varma, Chartered Accountants to include their name as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to their reports for our restated audited financial statements, the restated financial statements and statement of tax benefits.

Issue Expenses

The Issue related expenses consist of fees payable to the BRLMs, underwriting commission, brokerage and selling commission, commission payable to Registered Brokers, SCSBs' fees, IPO grading, Escrow Banks' and Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The total expenses of the Issue are estimated to be approximately ₹ [●] million.

The break-down for the Issue expenses is as follows:

S. No.	Activity Expense	Amount* (₹ in million)	Percentage of Total Estimated Issue Expenses*	Percentage of Issue Size*
1.	Fees of the BRLMs, underwriting commission, brokerage and selling commission (including commissions to SCSBs for ASBA Applications) and Commission payable to Registered Brokers	[●]	[●]	[●]
2.	Processing fee to the SCSBs for processing Bid cum Application Forms procured by Syndicate/Sub Syndicate and submitted to SCSBs or procured by Registered Brokers**	[●]	[●]	[●]
3.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]
4.	Fees to the Registrar to the Issue	[●]	[●]	[●]
5.	Listing fees and other regulatory expenses	[●]	[●]	[●]
6.	Other expenses (Legal advisors, Auditors and other Advisors *etc.*)	[●]	[●]	[●]
	Total Estimated Issue Expenses	[●]	[●]	[●]

* *To be completed after finalisation of the Issue Price*

***SCSBs would be entitled to a processing fee of ₹[●] per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate and submitted to SCSBs.*

Fees, Brokerage and Selling Commission Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expense) will be as stated in the engagement letters, copies of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable by our Bank to the Registrar to the Issue for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated March 28, 2015 entered into, among our Bank and the Registrar to the Issue, a copy of which is available for inspection at the Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send such refund in any of the modes described in the Red Herring Prospectus or Allotment Advice by registered post/speed post/ordinary post.

Public or rights issues during the last five years

Provided below are details of rights issues made by our Bank in the last five years. Our Bank has not made any public issue since its incorporation.

Year of issue	Closing Date	Date of allotment	Date of refunds	Date of listing on the recognised stock exchange	Premium/ discount amount (in ₹)
2013	March 23, 2013	March 30, 2013	April 3, 2013	N.A.	65
2015	March 23, 2015	March 27, 2015	-*	N.A.	65

* *The process of refunds is currently ongoing.*

For further details, including amounts paid by way of premium on Equity Shares issued within two years from the date of this Draft Red Herring Prospectus, see the section titled "*Capital Structure*" on page 81.

Previous issues of securities otherwise than for cash

Except as disclosed under the section titled "*Capital Structure - Share Capital History*" beginning at page 83, our Bank has not issued any securities for consideration other than cash.

Capital issuances in the preceding three years

Provided below are details of capital issuances made by the Bank in the last three years.

Year of issue	Type of issue (Public/ rights/ composite)	Amount of issue (in ₹ million)	Date of closure of issue	Date of completion of shares/ debenture certificates	Date of completion of project (where the object of the issue was financing the project)
2013	Rights issue	784.63	March 23, 2013	April 11, 2013	N.A.
2015	Rights issue	1,131.33	March 23, 2015	-*	N.A.

* *The process of dispatch of share certificates/ demat credits is currently ongoing.*

For details and rates of dividends paid on these Equity Shares, see the section titled "*Dividend Policy*" on page 189.

Performance vis-à-vis objects

Our Bank has not made any public issue of securities since its incorporation. For a list of rights issues made by our Bank in the last ten years immediately preceeding the filing of this Draft Red Herring Prospectus, see the section titled "*Capital Structure*" on page 81.

The objects of all of the last three rights issues made by our Bank, was augmentation of the capital base of our Bank to increase business growth and maintain requisite capital adequacy ratios as prescribed by the RBI. These objects have been met by our Bank.

Underwriting commission, brokerage and selling commission on previous issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Bank's inception.

Outstanding debentures or bond issues or preference shares

Except as disclosed in the sections titled "Financial Indebtedness" and "Capital Structure" on page 248 and 81, respectively, our Bank has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public issue of our Bank, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and our Bank, dated March 28, 2015, provides for retention of records, including refund orders despatched to the Bidders, with the Registrar to the Issue for a period of at least three years from the date of commencement of trading of the Equity Shares, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed either to (i) the concerned Syndicate/ Sub-Syndicate, in the event of a Bid submitted by an ASBA Bidder at any of the Syndicate Bidding Centres, or or (ii) the concerned Registered Broker and the relevant SCSB, in the event of a Bid submitted by an ASBA Bidder at any of the Non-Syndicate Broker Centres or (ii) the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and, in the event of a Bid submitted directly with a Designated Branch by an ASBA Bidder, the Designated Branch of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder, in both cases with a copy to the Registrar to the Issue. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Bank, the BRLMs and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI Regulations

Disposal of Investor Grievances by our Bank

Our Bank estimates that the average time required by our Bank or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Bank will seek to redress these complaints as expeditiously as possible.

Our Bank has appointed a Stakeholders' Relationship and Share Transfer Committee. For further details, see section titled "*Our Management*" on page 127.

Our Bank has appointed Mr. Sijo Varghese as the Company Secretary and Compliance Officer and he may be contacted in case of any pre-Issue or post- Issue related problems. He can be contacted at the following address:

Mr. Sijo Varghese
Company Secretary and Compliance Officer
Board & Shares Dept., CSB Bhavan, Post Box No. 502
St. Mary's College Road
Thrissur 680 020
Kerala, India
Telephone: +91 487 6619 228
Facsimile: +91 487 2333170
E-mail: investors @csb.co.in

Disposal of investor grievances by listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956

We do not have any listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

Change in Auditors

Except as stated below, there have been no changes in the auditors of our Bank during the three years preceding the date of this Draft Red Herring Prospectus.

Fiscal	Change in Auditor
2012	Reappointment of M/s. Essveeyar, Chartered Accountants, as statutory auditors
2013	Appointment of M/s. Varma & Varma, Chartered Accountants, as joint statutory

	auditors
2014	Appointment of Sundaram & Srinivasan, Chartered Accountants, as joint statutory auditors

Capitalisation of Reserves or Profits

Our Bank has not capitalised its reserves or profits during the last five years.

Revaluation of Assets

Our Bank has undertaken revaluation of land and buildings during Fiscals 1991, 1994, 1999, 2005, 2007, 2008 and 2013. For further details, please see section titled "*Financial Statements*" on page 190.

Reservations, qualifications or adverse remarks by Auditors

Except as stated in the sections titled "*Risk Factors – Our auditors have qualified certain matters and highlighted certain matters of emphasis in their report on the restated financial statements for the six months ended September 30, 2014 and Fiscals 2011, 2012, 2013 and 2014"* and "*Financial Statements*" on pages 23 and F-3 respectively, there have been no reservations, qualifications or adverse remarks by our Auditors in the last five financial years preceding the date of filing of the DRHP. We confirm that these highlighted matters of emphasis have no impact on the financial statements and financial position of our Bank and therefore no corrective steps are required.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued pursuant to this Issue are subject to the provisions of the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable) the SCRA, the SEBI Regulations, SCRR, our Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the Allotment Advice, CAN, the listing agreements to be entered with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.

Ranking of Equity Shares

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act, 2013, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Bank after the date of Allotment, in accordance with the provisions of the Companies Act, 2013 and the Articles. Please see section titled "*Main Provisions of the Articles of Association*" on page 422 for a description of significant provisions of our Articles.

Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to shareholders of our Bank as per the provisions of the Companies Act, 2013, Articles of Association, the Banking Regulation Act and the provisions of the listing agreements. For further details in relation to dividends, see the sections titled "*Risk Factors*", *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* on pages 13, 189 and 422, respectively.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. The Price Band and minimum Bid lot decided by our Bank, in consultation with the BRLMs, and advertised in an English national newspaper, a Hindi national daily newspaper and a Malayalam newspaper, each with wide circulation in the place where our Registered Office is situated, at least five Working Days prior to the Bid Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Issue Price shall be determined by our Bank, in consultation with the BRLMs, after the Bid Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of book building process.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with Regulations issued by SEBI

Our Bank shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the Equity shareholders of our Bank shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or ‘e-voting’;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 2013, the terms of the listing agreements to be executed with the Stock Exchanges, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see the section titled “*Main Provisions of the Articles of Association*” on page 422.

Market Lot, Trading Lot and Option to receive Equity Shares in Dematerialised Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares being offered through the Red Herring Prospectus can be applied for in the dematerialised form only. Bidders will not have the option of Allotment of the Equity Shares in physical form.

Further, as per the provisions of the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum bid lot will be decided by our Bank, in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price, which shall be published in an English national daily newspaper, a Hindi national daily newspaper and a Malayalam newspaper, each with wide circulation, being the newspapers in which the pre-Issue advertisements were published, at least five Working Days prior to the Bid Opening Date.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kerala, India only.

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Period of operation of subscription list

See the section titled “*Issue Structure – Bid/ Issue Programme*” on page 364.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, as amended, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Bank in the prescribed form. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue and transfer agents of our Bank.

In accordance with Section 72 of the Companies Act, 2013, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Bank. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

In the event our Bank does not receive (i) a minimum subscription of 90% of the Issue, and (ii) a subscription in the Net Issue equivalent to at least 25% post-Issue paid up Equity Share capital of our Bank (the minimum number of securities as specified under Rule 19(2)(b)(i) of the SCRR), including devolvement of Underwriters, if any, our Bank shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Bank shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Bank shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for disposal of odd lots

There are no arrangements for disposal of odd lots.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Issue Equity Shares, and Allotment made to Anchor Investor pursuant to the Issue, as detailed in the section titled "*Capital Structure*" on page 81 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting. See the section titled "*Main Provisions of the Articles of Association*" on page 422.

Withdrawal of the Issue

Our Bank, in consultation with the Book Running Lead Managers, reserves the right not to proceed with the Issue anytime after the Bid Opening Date but before the Allotment. In such an event, our Bank would issue a public notice in the same newspapers, in which the pre-Issue advertisements were published, within two days of the Bid Closing Date, providing reasons for not proceeding with the Issue. Further, the Stock Exchanges shall be informed promptly in this regard by our Bank. The Book Running Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of an IPO by our Bank, a draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment, and the final RoC approval of the Prospectus.

ISSUE STRUCTURE

Public offer of [●] Equity Shares of face value of ₹ 10 each, for cash at a price of ₹ [●] per Equity Share, including a share premium of ₹ [●] per Equity Share, aggregating up to ₹ 4,000 million. The Issue comprises the Net Issue and the Employee Reservation Portion. The Issue and the Net Issue shall constitute up to [●]% and [●]% approximately of the fully diluted post-Issue paid up equity share capital of our Bank, respectively.

Our Bank, in consultation with the BRLMs, is considering the Pre-IPO Placement of up to 12,500,000 Equity Shares for cash consideration aggregating up to ₹ 1,500 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity share capital being offered to the public.

The Issue is being made through the Book Building Process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares*	[●] Equity Shares.	Not less than [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	Up to [●] Equity Shares.
Percentage of Issue available for Allotment/Allocation	50% of the Net Issue shall be Allotted to QIB Bidders. However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	[●] Equity Shares, constituting approximately [●]% of the Issue.
Basis of Allotment if respective category is oversubscribed*	Proportionate as follows: (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual	Proportionate.	On a proportionate basis subject to Minimum Lot as explained in the section titled "*Issue Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment*" on page 411.	Proportionate.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
	Funds receiving allocation as per (a) above. The Bank, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only.			
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply **	Mutual Funds, Venture Capital Fund, AIFs, FVCI, FPIs (other than Category III FPIs) public financial institution as defined in Section 2(72) of the Companies Act, 2013, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, and Category III FPIs.	Resident Indian individuals (including HUFs in the name of the Karta) and Eligible NRIs.	Eligible Employees

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
	Fund, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.			
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate or the Registered Brokers, as the case may be. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the Bid cum Application Form.			
Mode of Bidding	Only through the ASBA process (except Anchor Investors).	Only through the ASBA process.	Through the ASBA or non-ASBA process.	Through the ASBA or non-ASBA process.

* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). Our Bank may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories at the discretion of our Bank, in consultation with the Book Running Lead Managers and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up equity share capital of our Bank.

The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by Anchor Investor Pay-in Date.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.

Bid/Issue Programme*

FOR ALL BIDDERS	**ISSUE OPENS ON [●]**
FOR QIBs**	**ISSUE CLOSES ON [●]**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS	**ISSUE CLOSES ON [●]**

**Our Bank may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Period.*
***Our Bank may, in consultation with the BRLMs, consider closing the Bidding Period for QIBs one day prior to the Bid Closing Date in accordance with the SEBI Regulations*

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid Closing Date	[●]

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds	[●]
Credit of the Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on our Bank or the BRLMs. Whilst, our Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 12 Working Days of the Bid Closing Date, the timetable may change due to various factors, such as extension of the Bidding Period by our Bank, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period (except the Bid Closing Date) at the Bidding Centres and the Designated Branches as mentioned on the Bid cum Application Form **except that:**

(i) in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the QIB Bid Closing Date;

(ii) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date; and

(iii) in case of Bids by Retail Individual Bidders or Eligible Employees bidding under the Employee Reservation Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. on the Bid Closing Date, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges.

It is clarified that the Bids not uploaded on the online IPO system would be rejected.

Due to limitation of the time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days. Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. The Bank or any member of the Syndicate is not liable for any failure in uploading the Bids due to faults in any software / hardware system or otherwise.

Our Bank, in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five Working Days before the Bid Opening Date.

In case of revision in the Price Band, the Bidding Period shall be extended for at least three additional Working Days after such revision, subject to the total Bidding Period not exceeding 10 Working Days. Any

revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the other members of the Syndicate.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

ISSUE PROCEDURE

*All Bidders should review the 'General Information Document for Investing in Public Issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("**General Information Document**") included below under sub-section titled "– Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the Book Running Lead Managers. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

Our Bank and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Issue is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). Our Bank may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Issue Price.

In the event of under-subscription in the Retail Portion or the Non-Institutional Portion in the Issue, the unsubscribed portion would be allowed to be met with spill over from over subscription from any other category or a combination of categories at the sole discretion of the Bank, in consultation with the Book Running Lead Managers and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion shall be added to the Net Issue. In the event of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Issue, subject to the Net Issue constituting 25% of the fully diluted post Issue paid up equity share capital of our Bank.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid-cum-Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number shall be treated as incomplete and rejected. Bid-cum-Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Please note that there is a common Bid cum Application Form for ASBA Bidders as well as for non-ASBA Bidders.

Retail Individual Bidders can submit their Bids by submitting Bid cum Application Forms, in physical form, to the members of the Syndicate, the sub-Syndicate or the Registered Brokers.

Bid cum Application Forms for the Retail Individual Bidders, will be available with the Syndicate/ sub-Syndicate members, SCSBs and at our Registered Office. In addition, the Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges, NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid Opening Date. Physical Bid cum Application Forms for Anchor Investors shall be made available at the offices of the BRLMs.

QIBs (other than Anchor Investors) and Non-Institutional Bidders shall mandatorily participate in the Issue only through the ASBA process. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion can participate in the Issue through the ASBA process as well as the non-ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account on the basis of the DP ID, Client ID and PAN provided by the non-ASBA Bidders in their Bid cum Application Form.

Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSBs, as the case may be, submitted at the Bidding centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

Kindly note that the Syndicate/ sub-Syndicate or the Registered Broker at the Syndicate Bidding Centres or the Non Syndicate Brokers Centres, as applicable, may not accept the Bid if there is no branch of the Escrow Collection Banks at that location.

ASBA Bidders can submit their Bids by submitting Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the Syndicate, the sub-Syndicate or the Registered Brokers. The physical Bid cum Application Forms will be available with the Designated Branches, members of the Syndicate/ sub-Syndicate and at our Registered Office.

Upon acceptance of a Bid cum Application Form, it is the responsibility of the Registered Brokers to comply with the obligations set out in SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, including in relation to uploading the Bids on the online system of the Stock Exchanges, depositing the cheque and sending the updated electronic schedule to the relevant branch of the Escrow Collection Bank, and are liable for any failure in this regard.

The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA and non ASBA)**	[●]
Non-Residents including Eligible NRIs, FVCIs and FIIs, FPIs and registered multilateral and bilateral development financial institutions applying on a repatriation basis (ASBA and non ASBA)**	[●]
Anchor Investors***	[●]
Eligible Employees applying under the Employee Reservation Portion****	[●]

* *Excluding electronic Bid cum Application Forms.*

** *Bid cum Application forms will also be available on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com). Same Bid*

cum Application Form applies to all ASBA Bids irrespective of whether they are submitted to the SCSBs, to the Registered Brokers, or to the Syndicate (in Specified Cities).
*** *Bid cum Application Forms for Anchor Investors shall be available at the offices of the Book Running Lead Managers.*
**** *The Bid cum Application Forms for Eligible Employees will be available only at our Registered Office.*

Who can Bid?

In addition to the category of Bidders set forth in the sub-section titled "– *Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" on page 386, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion
- Scientific and/or industrial research organizations in India, which are authorised to invest in equity shares; and
- Any other persons eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and polices applicable to them.

Participation by associates and affiliates of the Book Running Lead Managers and the Syndicate Members

The Book Running Lead Managers and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Running Lead Managers and the Syndicate Members may subscribe to or purchase Equity Shares in the Issue, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Other than Mutual Funds sponsored by entities related to the Book Running Lead Managers, the Book Running Lead Managers, the Syndicate Members, and any persons related to them cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Bank reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

NRIs may obtain copies of Bid cum Application Form from the offices of the BRLMs, the Syndicate Members and the SCSBs. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts for the amount payable on application remitted through normal banking channels or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts, maintained with banks authorised by the RBI to deal in foreign exchange along with documentary evidence in support of the remittance. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by non-resident Bidder Bidding on a repatriation basis will not be accepted out of Non-Resident Ordinary ("**NRO**") accounts. NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

Non ASBA Bids by NRIs shall be submitted only in the locations specified in the Bid cum Application Form.

Bids by FIIs and FPIs

On January 7, 2014, SEBI notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**") pursuant to which the existing classes of portfolio investors namely FIIs and qualified foreign investors were subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. Furthermore, RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a qualified foreign investor who had not obtained a certificate of registration as an FPI could only continue to buy, sell or otherwise deal in securities until January 6, 2015. Hence, such qualified foreign investors who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Bank and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Bank. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Bank and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. We have, subject to requisite approval from the FIPB, pursuant to shareholders resolution dated February 19, 2014, increased the limit for FIIs and FPIs to 49% and for NRIs to 24%, of our paid up equity share capital.

Further, the existing individual and aggregate investment limits for QFIs in an Indian company are 5% and 10% of the paid up capital of an Indian company, respectively. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the GoI from time to time.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the "**SEBI VCF Regulations**") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, *inter alia* prescribe the investment restrictions on VCFs and FVCIs, respectively, registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

All Non-Resident Bidders including Eligible NRIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, FIIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, according to the SEBI Regulations, the shareholding of VCFs, category I AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing this Draft Red Herring Prospectus with SEBI.

Bids by Eligible Employees

Bids under the Employee Reservation Portion shall be subject to the following:

- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- The sole/ First Bidder shall be an Eligible Employee.
- Bid shall be made only in the prescribed Bid cum Application Form or Revision Form.
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees may Bid in any of the bidding options at Cut-Off Price.
- The maximum Bid amount by any Eligible Employee cannot exceed ₹ 200,000.
- The value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- Bid by an Eligible Employee can be made also in the Net Issue portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In the event of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Issue, subject to the Net Issue constituting 25% of the fully

diluted post-Issue paid up equity share capital of our Bank.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, please see the section titled "*Issue Procedure – Allotment Procedure and Basis of Allotment*" on page 411.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, the Bank reserve the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, the Bank reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in Regulation 9 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "**IRDA Investment Regulations**") are set forth below:

(a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and

(c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, the Bank reserves the right to reject any Bid, without assigning any reason thereof.

Bids by Banking Companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Bank reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Master Circular dated July 1, 2014 – Para-banking Activities, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged with the Bid cum Application Form. Failing this, the Bank reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Bank, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney with the Bid cum Application Form, subject to such terms and conditions that the Bank and the Book Running Lead Managers deem fit, without assigning any reasons therefore.

The above information is given for the benefit of the Bidders. Our Bank and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013 the Bank shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in one English national newspaper, a Hindi national daily newspaper and a Malayalam newspaper, each with wide circulation. In the pre-Issue advertisement, we shall state the Bid Opening Date, the Bid Closing Date and the QIB Bid Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

Information for Bidders

In addition to the instructions provided to Bidders set forth in the sub-section titled "*– Part B – General Information Document for Investing in Public Issues*" on page 383, Bidders are requested to note the following additional information in relation to the Issue.

1. The Bank shall dispatch the Red Herring Prospectus and other Issue material including Bid cum Application Forms, to the Designated Stock Exchange, Syndicate/ sub-Syndicate, Bankers to the Issue, investors' associations and SCSBs in advance.

2. The Price Band and the minimum Bid Lot for the Issue will be decided by the Bank, in consultation the Book Running Lead Managers, and advertised in an English national daily newspaper, a Hindi national daily newspaper and a Malayalam newspaper, each with wide circulation at least five Working Days prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be pre-filled in the Bid cum Application Forms available on, the Stock Exchanges' websites.

3. It is not obligatory for the Registered Brokers to accept the Bid cum Application Forms. However, upon acceptance of a Bid cum Application Form, it is the responsibility of the Registered Brokers to comply with the obligations set out in SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, including in relation to uploading the Bids on the online system of the Stock Exchanges, depositing the cheque and sending the updated electronic schedule to the relevant branch of the Escrow Collection Bank (in case of Bids by Bidders other than ASBA Bidders) and forwarding the schedule along with the Bid cum Application Form to the relevant branch of the SCSB (in case of Bids by ASBA Bidders), and are liable for any failure in this regard.

   In case of Bid cum Application Form by non ASBA Bidders, Registered Brokers shall deposit the cheque, prepare electronic schedule and send it to Escrow Collection Banks. All Escrow Collection Banks, which have branches in a Registered Broker Centre, shall ensure that at least one of its branches in the Registered Broker Centre accepts cheques. Registered Brokers shall deposit the cheque in any of the bank branch of the Escrow Collection Banks in the Registered Broker Centre. Registered Brokers shall also update the electronic schedule (containing application details including the application amount) as downloaded from Stock Exchange platform and send it to local branch of the Escrow Collection Banks. Registered Brokers shall retain all physical Bid cum Application Forms and send it to the Registrar to Issue after six months.

4. In case of Bid cum Application Forms submitted by ASBA Bidders, Registered Brokers shall forward a schedule (containing application number and amount) along with the Bid cum Application Forms to the branch where the ASBA Account is maintained of the relevant SCSB for blocking of fund.

5. The Syndicate/ sub-Syndicate, the SCSBs and the Registered Brokers, as the case may be, will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip, ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. All accepted Bids made at the Registered Broker Centre shall be stamped and thereby acknowledged by the Registered Brokers at the time of receipt, which shall form the basis of any complaint. It is the Bidder's responsibility to obtain the TRS from the Syndicate/ sub-Syndicate, the Designated Branches or Registered Brokers. The registration of the Bid by the Syndicate/ sub-Syndicate, the Designated Branches or Registered Brokers does not guarantee that the Equity Shares shall be allocated/ Allotted by the Bank. Such TRS will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier TRS and may request for a revised TRS from the Syndicate/ sub-Syndicate, the Registered Brokers or the SCSB as proof of his or her having revised the previous Bid.

6. The Bank, in consultation with the Book Running Lead Managers, will finalise the Issue Price within the Price Band, without the prior approval of or intimation to the Bidders.

7. In relation to electronic registration of bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Bank, and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Bank, the management or any scheme or project of the Bank; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

8. In case of an upward revision in the Price Band, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted by the ASBA Bidders to SCSB or to the Syndicate (in specified cities) to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will

be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus if the Bid was made through ASBA. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.

9. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account or unblocked, in case of ASBA Bidders.

10. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate/ sub-Syndicate or the Registered Brokers, as the case may be, shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions.

11. Allocation to Non-Residents, including Eligible NRIs FIIs and FPIs will be subject to applicable law, rules, regulations, guidelines and approvals.

12. The Allotment and trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

In addition to the information provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Interest and Refunds - Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants*" on page 416, Bidders are requested to note that refunds, on account of our Bank not receiving the minimum subscription of 90% of the Issue shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

Signing of the Underwriting Agreement and the RoC Filing

The Bank, the Registrar to the Issue and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price. After signing the Underwriting Agreement, the Bank will file the Prospectus with the RoC. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

GENERAL INSTRUCTIONS

In addition to the general instructions provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues*" on page 383, Bidders are requested to note the additional instructions provided below.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the Syndicate or Registered Broker or SCSB (except in case of electronic forms).

6. In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate in the Specified Locations or with a Registered Broker at the Broker Centres, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Bank or the Registrar to the Issue;

7. With respect to the ASBA Bids, ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

8. QIBs (other than Anchor Investors) and the Non-Institutional Bidders should submit their Bids through the ASBA process only;

9. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

10. Ensure that you request for and receive a TRS for all your Bid options;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs or the Registered Broker (at the Broker Centres);

12. Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form under non-ASBA process to the Syndicate or the Registered Brokers;

13. With respect to non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids and with respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;

14. Ensure that you tick the correct investor category, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the online IPO system of the Stock Exchanges;

15. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process;

16. Submit revised Bids to the same member of the Syndicate, SCSB or Registered Broker, as applicable, through whom the original Bid was placed and obtain a revised TRS;

17. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

18. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

19. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

20. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms.

21. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in

which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

22. Ensure that the category and sub-category is indicated;

23. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

24. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

25. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the online IPO system of the stock exchanges by the Syndicate, the SCSBs or the Registered Brokers, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;

26. In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the Syndicate (in the Specified Locations) and/or relevant SCSB and/ or the Designated Branch and/ or the Registered Broker at the Broker Centres (except in case of electronic forms);

27. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

28. ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries, updated from time to time(a list of such branches is available on the website of SEBI at http://www.sebi.gov.in). ASBA Bidders bidding through a Registered Broker should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms;

29. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

30. In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and

31. In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch of the SCSB or from the member of the Syndicate in the Specified Locations or from the Registered Broker at the Broker Centres, as the case may be, for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate, the SCSBs or the Registered Brokers, as applicable;

4. If you are an ASBA Bidder, do not make payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB;

5. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

6. Do not send Bid cum Application Forms by post; Instead submit the same with a Designated Branch of the SCSBs, Syndicate/ sub-Syndicate the Registered Brokers, as the case may be;

7. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not a SCSB), our Bank or the Registrar to the Issue;

8. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the Syndicate, the Registered Brokers or the SCSBs;

9. Anchor Investors should not Bid through the ASBA process;

10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

11. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion);

12. In case you are an ASBA Bidder, do not instruct your respective banks to release the funds blocked in the ASBA Account;

13. In case you are a Bidder other than an ASBA Bidder, do not submit the Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;

14. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

15. Do not submit the GIR number instead of the PAN;

16. Do not submit the Bids without the full Bid Amount;

17. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

18. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

19. If you are a QIB, do not submit your Bid after 3.00 p.m. on the Bid Closing Date for QIBs;

20. If you are a Non-Institutional Bidder or Retail Individual Bidder, do not submit your Bid after 3.00 p.m. on the Bid Closing Date;

21. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, other than Bids belonging to an account for the benefit of a minor (under guardianship);

22. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

23. Do not submit more than five Bid cum Application Forms per ASBA Account;

24. Do not submit ASBA Bids to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres;

25. Do not submit ASBA Bids to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit Bid cum Application Forms (a list of

such branches is available on the website of SEBI at http://www.sebi.gov.in); and

26. Do not submit ASBA Bids to a Registered Broker unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Registered Broker to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

In addition to the instructions for completing the Bid cum Application Form provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Instructions for filing the Bid cum Application Form/ Application Form*" on page 387, Bidders are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

2. Bids through ASBA must be made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Red Herring Prospectus and in the Bid cum Application Form.

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs, FPIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Escrow mechanism for non-ASBA Bidders

In addition to the payment instructions for non-ASBA Bidders as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Payment Details – Instructions for non-ASBA Applicants*" on page 404, non-ASBA Bidders are requested to note the following.

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of resident Retail Individual Bidders: "[●]";
   - In case of Non-Resident Retail Individual Bidders: "[●]"; and
   - Our Bank in consultation with the BRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, be drawn in the payment instruments for payment into the Escrow Account should favour of - "[●]" for resident Anchor Investors, and "[●]" for Non Resident Anchor Investors.
   - In case of Eligible Employees: "Escrow Account – [●] – Eligible Employees - R".

2. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts will be rejected. Please note that cheques without the nine digit Magnetic Ink Character Recognition ("**MICR**") code are liable to be rejected.

3. **Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Bank, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.**

Designated Date and Allotment

(a) Our Bank will ensure that the Allotment and credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Bid Closing Date.

(b) Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act, 2013 and the Depositories Act.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 408, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without payment of the entire Bid Amount;
2. Bids submitted by Retail Individual Bidders which do not contain details of the Bid Amount and the bank account details in the Bid cum Application Form;
3. Bids submitted on a plain paper;
4. Bids by HUFs not mentioned correctly as given in the sub-section titled " – *Who can Bid?*" on page 369;
5. Bid cum Application Form submitted to the Book Running Lead Managers does not bear the stamp of the Book Running Lead Managers or the Registered Brokers;
6. ASBA Bids submitted directly to the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Book Running Lead Managers, as the case may be;
7. Signature of First/sole Bidder missing;
8. With respect to ASBA Bids, the Bid cum Application Form not being signed by the account holders, if the account holder is different from the Bidder;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are 'suspended for credit' in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids made with the Bid Amounts paid through non-CTS enabled cheques;
12. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000;
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
14. Bids accompanied by stockinvest/money order/postal order/cash;
15. Bids by U.S. Persons, as defined under Regulation S of the U.S. Securities Act, outside the United States; and
16. Bids uploaded by QIBs after 4.00 pm on the QIB Bid Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid Closing Date, unless extended by the Stock Exchanges.

In terms of the RBI circular (No.DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS cheques would be processed in three CTS centres thrice a week until April 30, 2014, twice a week until October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payments. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected.

Depository Arrangements

The Allotment of the Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements had been signed among the Bank, the respective Depositories and the Registrar to the Issue:

- Agreement dated April 12, 2010 among NSDL, the Bank and S.K.D.C. Consultants Limited.
- Agreement dated March 20, 2003 among CDSL, the Bank and S.K.D.C. Consultants Limited.

UNDERTAKINGS BY THE BANK

The Bank undertakes the following:

- That if the Company does not proceed with the Issue after the Bid Closing Date, the reason thereof shall be given as a public notice within two days of the Bid Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- That the complaints received in respect of the Issue shall be attended to by the Bank expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid Closing Date;
- Allotment letters shall be issued or application money shall be refunded within the specified time from the Bid Closing Date or such lesser time specified by SEBI, else application money shall be refunded forthwith, failing which interest shall be due to the applicants at the specified rate for the delayed period;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Bank;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;
- That adequate arrangement shall be made to collect all Bid cum Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment; and
- The Bank shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Bank certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;

- details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised; and

- The Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained

Withdrawal of the Issue

In accordance with the SEBI Regulations, the Bank, in consultation with Book Running Lead Managers, reserves the right not to proceed with the Issue at any time after the Bid Opening Date. Provided if the Bank withdraws the Issue after the Bid Closing Date, they will give reason thereof within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the Book Running Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the ASBA Accounts within one Working Day from the date of receipt of such notification.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Bank shall apply for after Allotment, and the final RoC approval of the Prospectus.

In the event our Bank, in consultation with the Book Running Lead Managers, withdraw the Issue after the Bid Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with the Issue.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLMs to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 (the "**Companies Act**") as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process **("Book Built Issue")** or undertake a Fixed Price Issue **("Fixed Price Issue").** An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

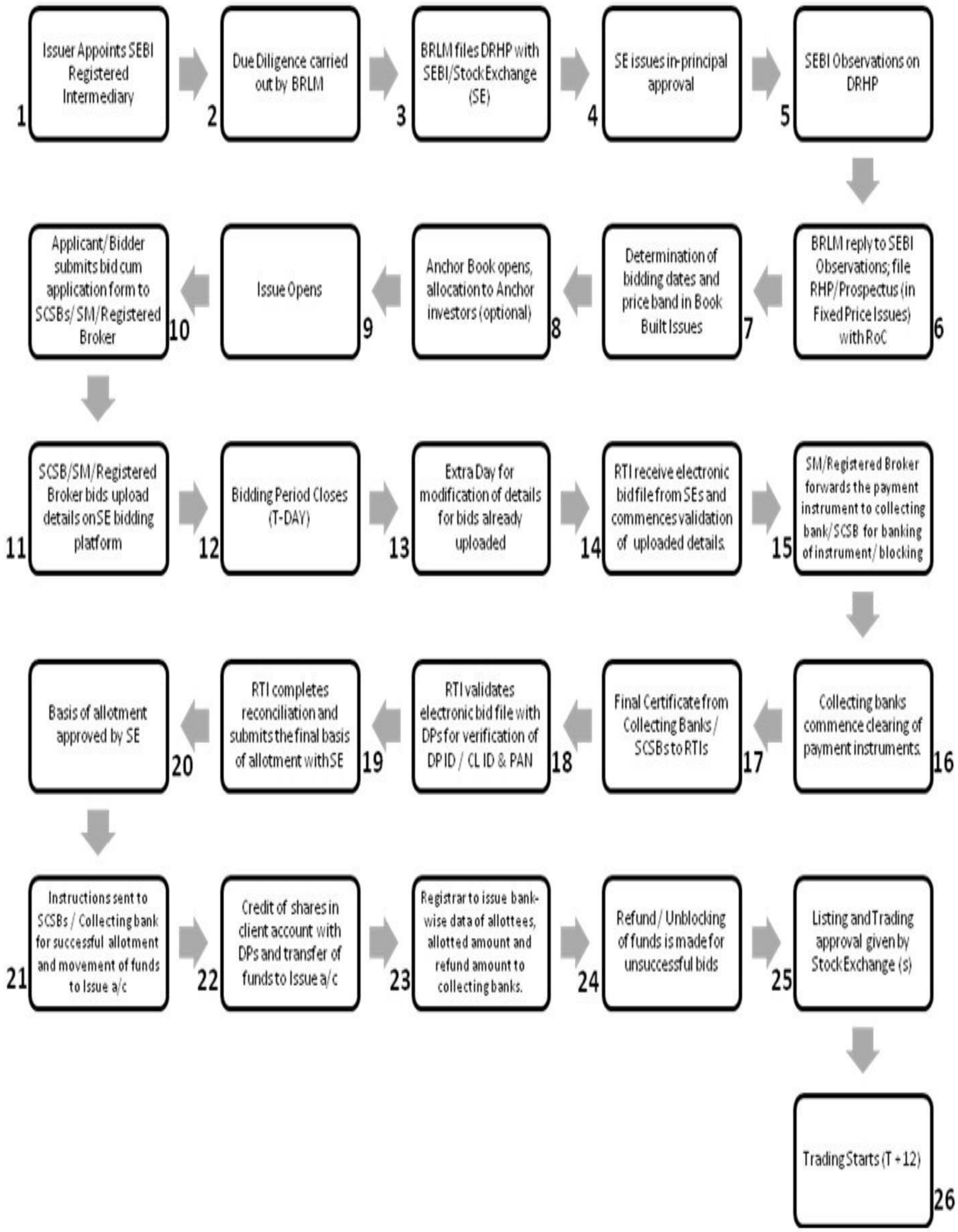
In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLMs, and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  (i) Step 7 : Determination of Issue Date and Price
  (ii) Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.
  (iii) Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
  (iv) Step 12: Issue period closes
  (v) Step 15: Not Applicable


Issuer Appoints SEBI Registered Intermediary
1
Due Diligence carried out by BRLM
2
BRLM files DRHP with SEBI/Stock Exchange (SE)
3
SE issues in-principal approval
4
SEBI Observations on DRHP
5
BRLM reply to SEBI Observations; file RHP/Prospectus (in Fixed Price Issues) with RoC
6
Determination of bidding dates and price band in Book Built Issues
7
Anchor Book opens, allocation to Anchor investors (optional)
8
Issue Opens
9
Applicant/Bidder submits bid cum application form to SCSBs/ SM/Registered Broker
10
SCSB/SM/Registered Broker bids upload details on SE bidding platform
11
Bidding Period Closes (T-DAY)
12
Extra Day for modification of details for bids already uploaded
13
RTI receive electronic bid file from SEs and commences validation of uploaded details.
14
SM/Registered Broker forwards the payment instrument to collecting bank/SCSB for banking of instrument/ blocking
15
Collecting banks commence clearing of payment instruments.
16
Final Certificate from Collecting Banks / SCSBs to RTIs
17
RTI validates electronic bid file with DPs for verification of DP ID / CL ID & PAN
18
RTI completes reconciliation and submits the final basis of allotment with SE
19
Basis of allotment approved by SE
20
Instructions sent to SCSBs / Collecting bank for successful allotment and movement of funds to Issue a/c
21
Credit of shares in client account with DPs and transfer of funds to Issue a/c
22
Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks.
23
Refund / Unblocking of funds is made for unsuccessful bids
24
Listing and Trading approval given by Stock Exchange (s)
25
Trading Starts (T + 12)
26

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta"*. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- FPIs (other than Category III FPIs) bidding in the QIBs category;
- Category III FPIs bidding in the Non Institutional Bidders category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, QFIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	[As specified by the Issuer]
Eligible Employees	[As specified by the Issuer]

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM / APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
IN

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	**SUB-BROKER'S/SUB-AGENT'S STAMP & CODE**
BANK BRANCH SERIAL NO.	**REGISTRAR'S / SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. Category

☐ Retail Individual

☐ Non-Institutional

☐ QIB

6. Investor Status

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family* - HUF
- ☐ Bodies Corporate - CO
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ Non-Resident Indians - NRI (Non-Repatriation basis)
- ☐ National Investment Fund - NIF
- ☐ Insurance Funds - IF
- ☐ Insurance Companies - IC
- ☐ Venture Capital Funds - VC
- ☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) (₹ in words)

☐ **(A) CHEQUE/ DEMAND DRAFT (DD)**

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ **(B) ASBA**

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT

Date : ________, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures)

Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

Stamp & Signature of Banker

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

8

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - NR

FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE
BANK BRANCH SERIAL NO.	REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. Category

☐ Retail Individual

☐ Non-Institutional

☐ QIB

6. Investor Status

NRI	Non Resident Indian (Repatriation basis)
FII	Foreign Institutional Investor
FVCI	Foreign Venture Capital Investor
FIISA	FII Sub Account Corporate / Individual
OTH	Others (Please Specify)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) (₹ in words)

☐ **(A) CHEQUE/ DEMAND DRAFT (DD)**

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ **(B) ASBA**

Bank A/c No.

Bank Name & Branch

I/WE ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT

Date : ____________, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures)

Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Stamp & Signature of Banker

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Please note that refunds, on account of our Bank not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

(i) Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category

(ii) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(iii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

(i) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(ii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(iii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.

(b) Upto 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis [subject to the criteria of minimum and maximum number of anchor investors based on allocation size], to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.

(d) RIIs bidding in the Retail Portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for non-ASBA Bidders:**

(a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.

(b) **For Bids made through a member of the Syndicate:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.

(c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.

(d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

(e) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.

(g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) ASBA Bidders may submit the Bid cum Application Form either

(i) in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or

(ii) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(iii) in physical mode to a member of the Syndicate at the Specified Locations or

(iv) Registered Brokers of the Stock Exchange

(b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.

(h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.

(c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:

(i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.

(ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

(iii) In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

(iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker.

(v) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Issue.

(d) The following details (as applicable) should be quoted while making any queries –

(i) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

(ii) name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or

(iii) In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof

(iv) In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

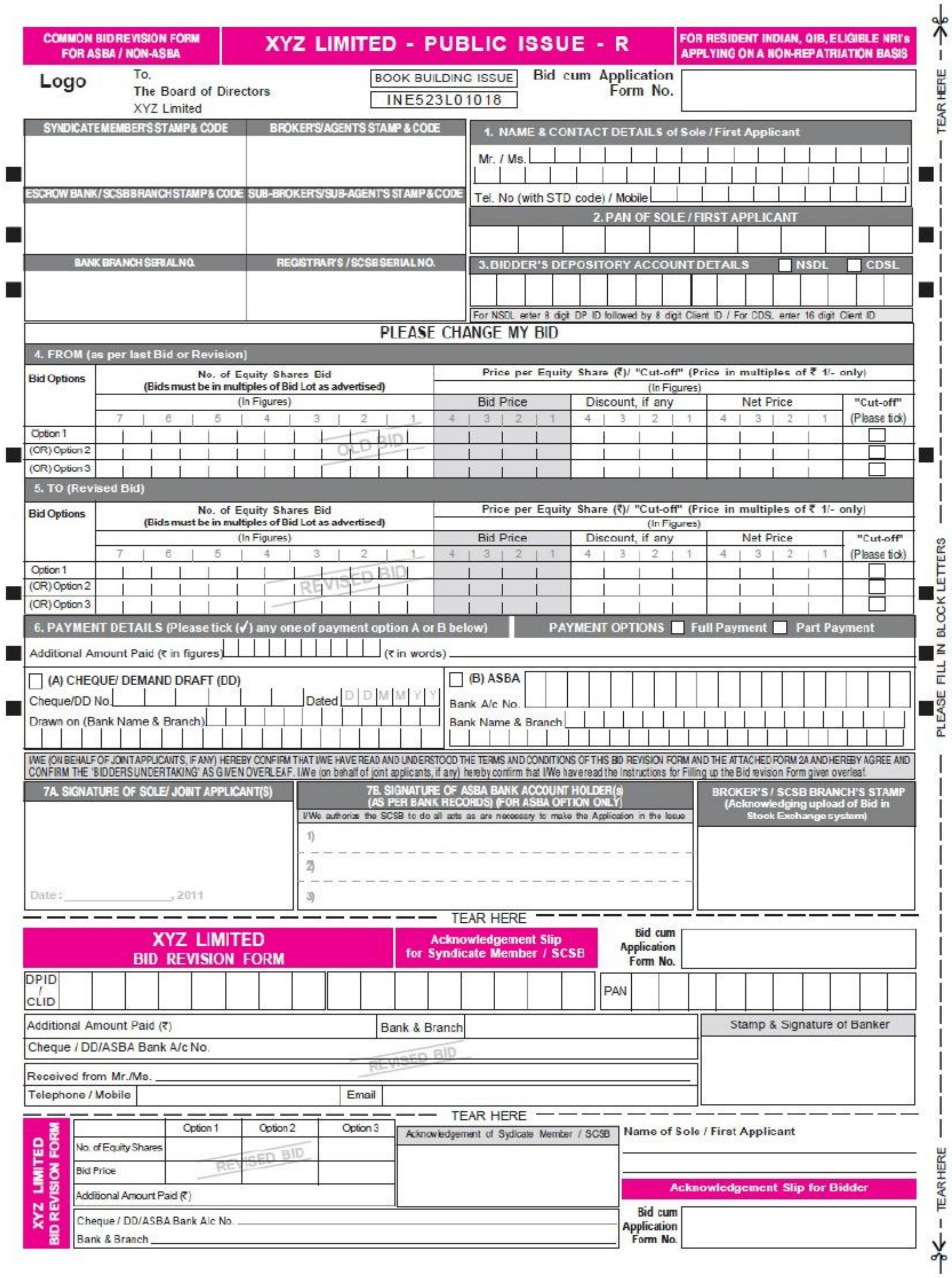
(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:



COMMON BID REVISION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER'S/AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (as per last Bid or Revision)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures): Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures): Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1	REVISED BID				
(OR) Option 2					
(OR) Option 3					

6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) PAYMENT OPTIONS Full Payment Part Payment

Additional Amount Paid (₹ in figures) (₹ in words)

(A) CHEQUE/ DEMAND DRAFT (DD)
Cheque/DD No. Dated D D M M Y Y
Drawn on (Bank Name & Branch)

(B) ASBA
Bank A/c No.
Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid revision Form given overleaf.

7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S)

Date: ______________, 2011

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)
I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue
1)
2)
3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED BID REVISION FORM

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Additional Amount Paid (₹)

Bank & Branch

Stamp & Signature of Banker

Cheque / DD/ASBA Bank A/c No.

REVISED BID

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED BID REVISION FORM

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price	REVISED BID		
Additional Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.
Bank & Branch

Acknowledgement of Sydicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 AND 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 FIELD 6: PAYMENT DETAILS

(a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.

(b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.

(e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT**

(a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Issue size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the

Issue to detect multiple applications:

(i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

(ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

(i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.

(ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

(iii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.

(b) RIIs bidding in the Retail Portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Instructions for non-ASBA Applicants:**

(a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).

(b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

(c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.

(d) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.

(f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 **Payment instructions for ASBA Applicants**

(a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.

(b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the**

following manner:-

Mode of Application	Submission of Bid cum Application Form
Non-ASBA Application	(a) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form (b) To Registered Brokers
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.

(b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.

(c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.

(b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.

(c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.

(d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform

Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to

(i) the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,

(ii) the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,

(iii) the Bid cum application forms accepted but not uploaded by the members of the

Syndicate, the Registered Broker and the SCSBs, or

(iv) With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs; and

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(k) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

(l) Bids/Applications at Cut-off Price by NIIs and QIBs;

(m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(p) Bids/Applications for a Bid/Application Amount of more than ₹ 200,000 by RIIs by applying through non-ASBA process;

(q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

(v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);

(x) ASBA Bids/Applications submitted to a BRLMs at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.

(c) For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer in consultation with the BRLMs may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. **As** the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer in consultation with the BRLMs, subject to compliance with the following requirements:

  (i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;

  (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

  (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

  - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
  - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
  - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 ALLOTMENT TO EMPLOYEE RESERVATION PORTION

(a) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Eligible Employees does not exceed ₹ 200,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion may Bid at Cut-off Price.

(b) Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.

(c) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.

(d) If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiple of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

(e) Only Eligible Employees can apply under Employee Reservation Portion.

7.6 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS) AND NIIs IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.7 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus. If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received in a manner prescribed under the SEBI ICDR Regulations, the Companies Act, 2013 and other applicable laws. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful

Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.

(c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds, on account of our Bank not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

(d) In the case of Bids from Eligible NRIs, FIIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

(a) **NECS—**Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centres specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT—** Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code **("IFSC"),** which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **Direct Credit—** Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(d) **RTGS—** Bidders/Applicants having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Please note that refunds, on account of our Bank not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid

Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres etc Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at rates prescribed under applicable laws if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed

Term	Description
	to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLMs/ Book Running Lead Managers/Lead Managers/ LMs	The Book Running Lead Managers to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Managers should be construed to mean the Lead Managers or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Category III FPI	FPIs who are registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Companies Act	The Companies Act, 1956
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Managers, which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited

Term	Description
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Managers, the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPI(s)	Foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale
Issuer/ Bank / Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Managers
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form

Term	Description
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and Category III FPIs that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs, FIIs and FVCIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the selling shareholders
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Managers and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Managers, finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act after the Pricing Date, containing the Issue Price ,the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than

Term	Description
	the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Managers and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Managers and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI Regulations the main provisions of our Articles relating to, inter alia, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

	Capital	
Authorized Capital		
5	(a)	The Authorized Capital of the Company shall be as stated in clause 5 of the Memorandum of Association.
Issue of preference shares		
	(b)	Subject to the provisions of Section 47 and 55 of the Act, and the provisions of the Banking Regulation Act, any shares in the Company may be issued with such preferred or other special rights, or such restrictions, whether in regard to dividend or repayment of Capital or both, as the Company may from time to time by ordinary resolution determine, and any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed or converted into equity shares on such terms and conditions and in such manner as may be determined by the Company in General Meeting.
Redemption of preference shares		
		Provided that : (i) no such shares shall be redeemed except out of the profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of such redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) where such shares are proposed to be redeemed out of the profits of the company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the Capital Redemption Reserve Account, and the provisions of this Act relating to reduction of share capital of a company shall, except as provided in this section, apply as if the Capital Redemption Reserve Account were paid-up share capital of the company.
Demat/remat of shares		
	(c)	Shares and other securities issued by the Bank from time to time may be issued in dematerialized form pursuant to the Depository Act, 1996. Besides, the Bank shall be entitled to dematerialize its existing shares, rematerialize its shares held in the Depositories.
Right to hold shares in dematerialized form		
	(d)	The Company or an investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statuotry modification thereto or re-enactment thereof.
Reclassification of shares		
	(e)	The Company may from time to time with the approval of shareholders in General Meeting classify and reclassify such shares from the shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such person as may for the time being be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf.
Registers etc.		
6		The Company shall cause to be kept a register and index of members or other security holders in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in physical and dematerialised

		forms in any medium as may be permitted by law including in any form or electronic medium. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.
Closure of Registers		
7		Subject to the provisions of Section 91 of the Act, the Directors shall have power to close the Register of Members or Debenture-holders of the Company.
Inspection of Registers		
8	(a)	The registers and indices maintained pursuant to Section 88 and copies of returns prepared pursuant to Section 92, shall be open for inspection during business hours, of two hours (11.00 am to 01.00 p.m.) on every working day as the board may decide, by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of a fee of ₹ 50 for each inspection.
Taking extracts, copy of Registers		
	(b)	Any such member, debenture holder, security holder or beneficial owner or any other person may require a copy of any such register or entries therein or return on payment of ₹ 10 for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.
Company to furnish copy of Registers		
	(c)	The Company shall send to any Member, Debenture-holder or other persons, on request, a copy of the Register of Members, the Index of Members, the Register and Index of Debenture-holders or any part thereof required under the Act, on payment of such sum as may be prescribed by the Act. The copy shall be sent within the period prescribed by the Act.
Shares , debentures etc are transferable movable property		
9		In accordance with the provisions of the Act, the shares, debentures or other interest of any Member in the Company shall be movable property, transferable in the manner provided in these presents.
Shares to be under control of the Board		
10		Subject to the provisions of the Act and these presents, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportion and on such terms and conditions and either at a premium or at par and at such times or in such other manner as they may from time to time think fit and proper. The Board may also issue depository receipts whether domestic or foreign, with shares as underlying security.
Issue of shares for consideration other than cash		
11		Subject to the provisions of the Act and these presents, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or goods transferred or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up shares and if so issued shall be deemed to be fully paid-up shares or partly paid-up shares.
Unclassified shares		
12		Subject to the provisions of the Act and these presents, any unclassified shares (whether forming part of the original capital or of any increased capital of the Company) may be issued and in particular such shares may be issued with a preferential or qualified right as to dividends and distribution of the assets of the Company in the event of winding up.
Further issue of shares		
13		In addition to and without derogating from the powers for this purpose conferred on the Board under other Articles, the Company may issue securities in accordance with the provisions of Section 42, 55, 71 and 62 and all other applicable provisions of the Act and Rules made thereunder.
Acceptance of shares		
14		Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these presents and every person who thus or otherwise accepts any share(s) and whose name is entered in the Register of Members shall, for the purpose these presents, be a Member.

Share call money as debt due to company		
15		The money (if any) which the Directors shall, on the allotment of any share(s) being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any share(s) allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
Installments on shares to be paid by Registered holder		
16		If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid up to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.
Calls on shares of the same class , to be made on uniform basis		
17		Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class
Company to recognize registered holder as absolute owner of shares		
18		Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and, accordingly, shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
Restrictions on lending company's funds for acquiring its own shares		
19		Except to the extent allowed by Sections 67 and 68 of the Act, no part of the funds of the company shall be employed/ lent for acquiring the shares of the Company.
TRUST NOT TO BE ENTERED ON THE REGISTER		
Trust not to be recognized as member		
20		Except as required by law, no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
COMMISSION AND BROKERAGE		
Payment of commission and brokerage		
21		(a) The company may exercise the powers of paying commissions conferred by sub-Section (6) of Section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section and rules made thereunder (b) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-Section (6) of Section 40 of the Act and the Banking Act. (c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
Payment of brokerage		
22		The Company may also, on any issue of shares, debentures or other securities pay such brokerage as may be lawful and the same shall within the limit prescribed under the Act and the Banking Act.
SHARE CERTIFICATES		
Issue of Share Certificates		
23	(a)	The company shall, unless prohibited by any provision of law or any order of Court, Tribunal or other authority, deliver the certificates of all securities allotted, transferred or transmitted— (i) within a period of two months from the date of allotment, in the case of any allotment of any of its shares; (ii) within a period of one month from the date of receipt by the company of the instrument of transfer or, as the case may be, of the intimation of transmission , in the case of a transfer or transmission of securities;

		(iii) within a period of six months from the date of allotment in the case of any allotment of debenture: Provided that every person subscribing to securities offered by the Bank shall have the option either to receive the share/ security certificates or to hold shares/ securities in a dematerialised form. Provided that where the securities are dealt with in a depository, the company shall intimate the details of allotment of securities to depository immediately on allotment of such securities. Notwithstanding anything contained above, the certificates in respect of all securities allotted, transferred or transmitted will be delivered within such other shorter period as may be required by stock exchanges where the securities of the company are listed
Denomination and delivery of Certificates		
	(b)	In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders;
Certficate to be under seal		
	(c)	Each certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon
Replacement certificates		
24	(a)	The company will not charge any fees for the issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized.
Duplicate certificates		
	(b)	If a certificate is torn or defaced, lost or destroyed, it may be replaced by the issue of a new certificate on payment of a fee not exceeding that which may be agreed upon with the appropriate Stock Exchange and on such terms, if any, as to evidence and indemnity and payment of out of pocket expenses incurred by the company in investigating evidence as the Board thinks fit.
Certificates on sub-division/ consolidation		
	(c)	The company may charge such fees not exceeding that which may be agreed upon with the appropriate Stock Exchange for sub-division and consolidation of certificates and letters of allotment into denominations other than the market lot.
Board's power to refuse sub-division of share certificates		
	(d)	The Directors may, at their absolute discretion, refuse applications for the subdivision of share certificates, debenture or bond certificates into denominations of less than the marketable lot except when such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.
Fractional certificates		
25		(a) If and whenever, as a result of issue of new shares, the consolidation or subdivision of shares, any Member becomes entitled to any fractional part of a share, the Board may subject to the provisions of the Act and these presents and to the directions, if any, of the Company in General Meeting:
Disposal of Fractional certificates		
		(i) issue to such Member fractional certificate or certificates representing such fractional part. Such fractional certificate or certificates shall not be registered, nor shall they bear any dividend until exchanged with other fractional certificates for an entire share. The Directors may, however, fix the time within which such fractional certificates are to be exchanged for an entire share and may extend such time and if at the expiry of such time, any fractional certificates shall be deemed to be cancelled and the Directors shall sell the shares represented by such cancelled fractional certificates for the best price reasonably obtainable; or (ii) sell the shares represented by all such fractional parts for the best price reasonably obtainable.
Sales Proceeds of fractional certificates		
	(b)	In the event of any shares being sold, in pursuance of sub-article (a) (ii) above, the Board shall pay and distribute to and amongst the persons entitled, in due proportion the net sale proceeds thereof.

Transfer of fractional shares by sale		
	(c)	For the purpose of giving effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and the purchaser shall not be bound to see to the application of purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the same.
CALLS		
Calls on shares		
26		The Board may from time to time by a resolution passed at a meeting of the Board of Directors, (and not by circular resolution) make such calls as they think fit upon the Members in respect of all monies unpaid on the shares held by them, respectively, and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the Bank or other person and at the times and places appointed by the Board. A call may be made payable by installments. Subject to the provisions of the Companies Act, 2013, the option or right to call of shares shall not to be given to any person or persons without the sanction of the company in General Meeting.
Calls when made		
27		A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.
Notice of call		
28		Not less than 14 days' notice of every call shall be given, specifying the time and place of payment, provided that before the time for payment of such call, the Board may by notice in writing to the Members revoke or postpone the same.
Extension of time of call		
29		The Board may from time to time, at their discretion, extend the time fixed for the payment of any call by such Member(s) for such cause as the Board may deem fit, but no Member(s) shall be entitled to such extension save as a matter of grace and favour. A call may be revoked at the discretion of the Board.
Amounts payable at fixed times or by installments, as call		
30		If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the nominal amount of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
Interest on call amount		
31		If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being or the allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest on the same at such rate as the Board shall fix from time to time from the day appointed for the payment thereof to the date of actual payment, but the Board may, in their absolute discretion, waive payment of such interest wholly or in part.
Adjustment of monies due to member, against calls or otherwise		
32		Any money due from the company to a member may, without the consent of such member , be applied by the company whether wholly or in part, towards payment of any money due from him either singly or jointly with any other person / s to the company for calls or otherwise
Decree or partial payment not to preclude forfeiture		
33		Neither a judgment nor a decree in favour of the Company for calls or other monies due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.
Interest on calls in advance		
34		The Board may, if they think fit, solicit payment of and receive from any Member

		willing to advance the same, all or any part of the monies due upon the shares held by him beyond the sums actually called up, and upon the monies so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the Member paying such sum in advance and the Board agree upon and the Board may at any time repay the amount so advanced upon giving to such Member one month's notice in writing. Members shall not be entitled to claim any interest on voluntary and unsolicited advance payment of calls, if any, made by them.
Calls paid in advance not entitled for dividend		
35		Any amount paid up in advance of calls on any share will not entitle the holder of the share to participate in respect thereof, in a dividend subsequently declared or to participate in profits.
No privilege of membership until calls are duly paid		
36		No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him whether alone or jointly with any person, together with interest and expenses, if any.
Evidence in legal action by company against shareholders for recovery of share monies		
37		On the trial or hearing of any action or suit brought by the Company against any Member or his legal representatives for the recovery of any monies claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member, in respect of whose shares the monies are sought to be recovered, is entered in the Register of Members as a Member/one of the Members at or any subsequent date on which the monies sought to be recovered are claimed to have become due on the shares and that the resolution making the call is duly recorded in the Minutes book and the notice of such call was duly given to the Member, holder or joint-holder or his legal representatives sued in pursuance of these presents. It shall not be necessary to prove the appointment of Directors who made such call, nor that the quorum of Directors was present at the Board at which any such call was made nor that the Meeting at which any such call was made had been duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
FORFEITURE, SURRENDER AND LIEN		
Notice must be given if call or installment not paid		
38		If any Member fails to pay the whole or any part of any call or installment or any money due in respect of any share(s) either by way of principal or interest on or before the day appointed for the payment of the same, the Board may at any time thereafter during such time as the call or installment or any part thereof or other monies remaining unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the share(s) by transmission requiring him to pay such call or installment or such part thereof or other monies as remaining unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.
Period of notice and contents		
39		The notice shall name a day not being less than 14 days from the date of the notice and the place or places on and at which such call or installment or such part or other monies as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the share(s) in respect of which the call was made or installments is payable will be liable to be forfeited.
In default of payment, shares may be forfeited		
40		If the requisition of any such notice as aforesaid is not complied with, any of the share(s) in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses or the money due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share(s) and not actually paid before the forfeiture.
Entry of forfeiture in the Register of Members		
41		When any share(s) shall have been so forfeited, an entry of the forfeiture with the date thereof shall be made in the Register of Members.

Disposal of forfeited shares		
42		Any share(s) so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.
Power to annul forfeiture		
43		The Board may at any time before any share(s) so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.
Effect of forfeiture		
44		The forfeiture of share(s) shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the share(s) and all other rights incidental to the share(s), except only such of those rights as by these presents are expressly saved.
Member liable to pay to Company all dues on the shares irrespective of forfeiture.		
45		Any Member whose share(s) has/have been forfeited shall cease to be a member in respect of the forfeited shares , but shall, notwithstanding the forfeiture, remain liable to pay to the Company all calls, instalments, interest, expenses and other monies owing upon or in respect of such shares at the time of the forfeiture together with further interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so; but his liability shall cease if and when the company shall have received payment in full of all such monies in respect of the shares .
Evidence of forfeiture		
46		A duly verified declaration in writing under the hand of any Director or the Secretary or such other person as may be authorised from time to time that the call in respect of share(s) was made and that the forfeiture of share(s) was made, by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.
Title of purchaser / allottee of forfeited shares.		
47		The Company may receive consideration, if any, given for the share(s) on any sale, re-allotment or other disposition thereof and the person to whom such share(s) is sold, re-allotted or disposed of may be registered as the holder of the share(s) and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share(s) be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share(s).
Cancellation of share certificates of forfeited shares		
48		Upon sale, re-allotment or other disposal under the provisions of these presents, the certificate or certificates originally issued in respect of the relative share(s) shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled automatically and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of such share(s) to the person(s) entitled thereto.
Forfeiture of shares for nonpayment of calls at fixed times		
49		The provisions of these Articles as to the forfeiture shall apply in the case of non-payment of any sum which by terms of issue of share(s) become payable at a fixed time, as if the same had been payable by virtue of a call duly made or notified.
Company' lien on shares		
50		The Company shall have no lien on its fully-paid shares. In the case of partly paid-up shares, the Company shall have a first and paramount lien on every share for all monies that are called or remain payable together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of non-payment of calls. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
Enforcing of lien by sale		
51		For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, but no sale shall be made unless the sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such Member or the person (if any) entitled by

		transmission to the shares and default shall have been made by him in payment of the sum presently payable for 14 days after such notice.
Application of sales proceeds of share		
52		The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue (if any) paid to the Member or the person (if any) entitled by transmission to the shares so sold; Provided that the amount so paid to such Member or person shall not exceed the amount received by the Company from such Member or person towards such shares.
Surrender of shares by members		
53		Subject to the provisions of the Act, the Board may accept surrender of any share(s) from or any Member desirous of surrendering, on such terms as they think fit.
TRANSFER AND TRANSMISSION OF SHARES		
Transfer not to be registered except on production of instrument of transfer/common form of transfer		
54		A common form of transfer shall be used. A company shall not register a transfer of securities of the company, other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer/common form of transfer as prescribed in the Rules made under sub-Section (1) of Section 56 of the Act, duly stamped, dated and executed by or on behalf of the transferor and the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the company by the transferor or the transferee within a period of sixty days from the date of execution, along with the certificate relating to the securities, or if no such certificate is in existence, along with the letter of allotment of securities: Provided that where the instrument of transfer/ common form of transfer has been lost or the instrument of transfer/ common form of transfer has not been delivered within the prescribed period, the company may register the transfer on such terms as to indemnity as the Board may think fit. No instrument of transfer/ common form of transfer shall be necessary as regards transfer of shares or other securities held in dematerialized form and such transfers shall be registered in accordance with the applicable regulations of the Depositories Act, 1996;
Waiving of instrument of transfer		
		Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.
This article does not apply to transmission cases		
		Nothing in this Article shall prejudice the power of the company to register, on receipt of an intimation of transmission of any right to securities by operation of law from any person to whom such right has been transmitted.
Transfer by legal representative		
55		A transfer any security or other interest in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Application for registration of transfer		
56	(a)	An application for the registration of a transfer of any share(s), debenture(s) or any other securities or other interest of a Member in the Company may be made either by the transferor or by the transferee.
Transfer of partly paid shares		
	(b)	Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered, unless the Company gives notice as per Rules to the Act, of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
Service of notice to the transferee in the case of partly paid shares		
	(c)	For the purpose of sub-article (b) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the

		address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Prior RBI approval necessary for acquisition of shares in certain cases		
	(d)	Acquisition of shares by a person/group which could take in the aggregate his/ her/ its holding to a level of 5 per cent or more of the total paid-up capital of the Bank (or such other percentage as may be prescribed by Reserve Bank of India from time to time) should be effected by such buyer(s) after obtaining prior approval of Reserve Bank of India.
Board's power to refuse registration of transfer		
57		The Board of Directors may refuse to register the transfer of any shares to the name of the transferee on any one or more of the following grounds : (a) That the instrument of transfer/common form transfer is not proper or has not been duly stamped and executed or comprises more than one class of shares or that the certificate relating to the shares has not been delivered to the Company or that any other requirement under the Law relating to the registration of such transfer has not been complied with. (b) That the transfer is in contravention of any law. (c) That the transfer is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interest of the Company or to the public interest and / or is in contravention of any statutory / regulatory guidelines, instructions or advices, as may be considered by the Board as 'sufficient cause' for refusal to be recorded in writing, in which event the concerned stock exchange shall be taken into confidence, when so required, as to the reasons for such rejection. (d) That the transfer is prohibited by any Order of the Court , Tribunal or other authority under any law for the time being in force.
Company's power to refuse transfer		
58		Nothing in these presents shall prejudice the powers of the Company to refuse to register the transfer of any shares.
Company to recognize transferee as member only upon registration of transfer		
59		The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register of Members in respect thereof.
Board may refuse to register transfer		
60		(a) Notwithstanding anything contained in Articles 54, 55 and 56 but subject to the provisions of Section 58 of the Act and the Rules and Regulations made there under and other applicable laws and the Banking Regulation Act, the Board may, at their absolute and uncontrolled discretion, decline to register or acknowledge any transfer of shares and by giving reasons for such refusal and in particular may so decline in respect of the shares upon which the Company has a lien or whilst any monies in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not be affected by the fact that the proposed transferee is already a Member; Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. (b) Without prejudice to the foregoing provisions and without limiting in any manner the generality of the above provisions, the Board may, at their absolute and uncontrolled discretion, refuse to register the transfer of any shares or other securities of the Company being shares or securities issued by the Company, in favour of any transferee whether individual, firm, group, constituent of a group, Body Corporate or Bodies Corporate under the same management or otherwise and whether in his or its own name or in the name of any other person if the total nominal value of the shares or other securities intended to be so transferred is not less than, or together with the total nominal value of any shares or other securities already held in the Company by such individual, firm, group, constituent of a group, Body Corporate or Bodies Corporate under the same management or otherwise will not be less than five per cent of the paid-up equity share capital of the Company (or such other limit as may be prescribed by the Reserve Bank of

India from time to time) or, if the Board is satisfied that as a result of the proposed transfer of any shares or securities or block of shares or securities of the Company, a change in the composition of the Board of Directors or change in the controlling interest of the Company is likely to take place and that such change would be prejudicial to the interest of the Company or to the public interest. For the purpose of this Article, the Board shall be entitled, inter alia, to rely upon this Article to form its own opinion as to whether such registration of transfer of any of its shares or other securities being not less than five per cent of the paid-up equity share capital of the Company, should be refused or not.

(c) Notwithstanding anything to the contrary, the restrictive provisions contained in the preceding sub-article (b) may not apply to the transfer of any shares or other securities made to and representing the own investment of any of the following :

(i) public financial institutions within the meaning of Section 2 (72) of the Act;
(ii) public sector banks;
(iii) multilateral agencies, foreign banks and institutions; and
(iv) public sector mutual funds being mutual funds sponsored, promoted or managed by a public financial institution or a public sector bank.

Notice of refusal of transfer

61 If the Company refuses to register the transfer of any shares, it shall, within two months from the date on which the instrument of transfer is delivered to the Company, send to the transferee and the transferor notice of the refusal.

Transfer to minor etc

62 Subject to the provisions of the Act, no transfer shall be made to a person who is of unsound mind. The Board may at their absolute discretion approve a minor, becoming a Member of the Company on such terms as the Board may stipulate.

Custody of transfer deeds

63 The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer which the Board may decline to register shall on demand be returned to the persons depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period as may be prescribed.

Title to shares of deceased member

64 The executors or administrators of a deceased Member or a holder of a Succession Certificate or other legal representative in respect of shares of a deceased Member where he was a sole or only surviving holder shall be the only person whom the Company will be bound to recognize as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognize such executors, administrators or holder unless such executors or administrators shall have first obtained probate or Letters of Administration or such holder is the holder of a Succession Certificate or other legal representation as the case may be, from a court of competent jurisdiction;

Provided that in any case where the Board, at their absolute discretion, thinks fit, may dispense with production of probate or Letters of Administration or Succession Certificate or other legal representation and under Article 65 register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased Member as a Member.

"Transmission Clause".

65 Any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board shall require, either be registered as a Member in respect of such shares or may subject to the regulations as to transfer contained in these presents transfer such shares to some other person. This Article is in these presents referred to as the "Transmission Clause".

Refusal of transmission

66 The Board shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an

		ordinary transfer presented for registration.
Evidence of transmission to be verified		
67		Every transmission of a share shall be verified in such manner as the Board may require and the Company may refuse to register any transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Board, at their discretion, shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Board to accept any indemnity.
Fee on transfer/transmission		
68	(a)	No fee shall be charged for transfer , transmission of shares/other securities.No fee shall be charged for registering probate , succession certificate, letter of administration, certificate of death or marriage , power of attorney or similar other documents.
Board's power to suspend registration of transfer/ transmission		
	(b)	Subject to the provision of Section 91 of the Act, the registration of transfer / transmission may be suspended at such times and for such periods as the Board may from time to time determine.
Company not liable for disregard of a Notice against registration of transfer		
69		The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by the apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.
INCREASE, REDUCTION AND ALTERATION OF CAPITAL		
Power to increase capital		
70		Subject to the provisions of said Acts, the Company may from time to time increase its share capital by such sums to be divided into shares of such amount, as may be specified in the resolution issuing new shares.
Conditions as to issue of new shares		
71		Subject to the provisions of the Act and these presents, the new shares (except such of them as shall be unclassified shares subject to the provisions of Article 12) shall be issued upon such terms and conditions and with such rights and privileges annexed and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of the assets of the Company.
Further issue of capital, offer and disposal		
72		Subject to the provisions of the Act and these presents, the new shares (resulting from an increase of capital as aforesaid) may be issued or disposed of by the Company in General Meeting or by the Board under their powers in accordance with the provisions of Articles 10, 11, 12, 13 and the following provisions:- (a) (i) Such new shares may be offered to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer. (ii) The offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined; (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in aforesaid clause shall contain a statement of this right; (iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of

		them in such manner which is not dis¬advantageous to the shareholders and the company; Provided that the right of the renouncees for the share allotment shall be subject to the right of refusal by the Board under Article 57 (b), (c) and (d) of these Regulations in the same manner as applicable to transfer of shares, and further subject to other terms and conditions, if any, whatsoever as may be decided by the Company in General Meeting or by the Board of Directors and stipulated in the terms of issue. (b) Nothing in clause (ii) of article (a) above shall be deemed; (i) to extend the time within which the offer should be accepted; or (ii) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
Issue of shares under the employees' stock option scheme		
		(c) The new shares may be offered to employees under a scheme of employees' stock option, subject to special resolution passed by the Company and on satisfying other conditions as prescribed by the Act and the Rules, Guidelines and other regulations made in this regard under any of the laws.
Further issue of shares		
		(d) The new shares may also be offered to any persons, whether such persons include persons mentioned in clause (a) and (c) of this Article, if it is authorised by a special resolution, either for cash or for consideration other than cash, if the price of such share is determined by the Valuation Report of a Registered Valuer, and such other conditions as prescribed by the Act and the Rules, Guidelines and other regulations made in this regard under any of the laws are satisfied. (e) Nothing in this article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company
Status of new shares vis-à-vis original shares		
73		Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
Power to sub- divide, consolidate, cancel shares		
74		Subject to the provisions of Section 61 of the Act and Rules thereto, the company may alter the condition of shares as contained in its Memorandum and Articles of Association as follows : (a) increase its authorised share capital by such amount as it thinks expedient (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
Buy back of shares		
75		Subject to the provisions of the Act and the Rules and regulations as may be issued/notified by competent authority, the Company may buy back its own shares or other securities.
Reduction of share capital		
76		The Company may, reduce its share capital in accordance with relevant statutory provisions that may be in force at the time of reduction.
MODIFICATION OF CLASS RIGHTS		

Variation of rights of any class of share holders		
77		Where at any time the Share Capital is divided into different classes of shares, the rights attached to the shares of any class, unless otherwise provided by the terms of issue of the shares of that class, may be varied in accordance with relevant provisions of the Act and Rules made there under: Provided that the rights attached to the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
JOINT-HOLDERS		
Joint holders		
78		Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these presents:
Maximum three persons as joint holders		
	(a)	The Company shall be entitled to decline to register more than three persons as the joint-holders of any share.
Jointly and severally liable on the shares		
	(b)	The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
Title of survivors. Estate of the deceased share holder remains liable on the shares		
	(c)	On the death of any such joint-holder, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
Receipt of one joint holder is effectual discharge		
	(d)	Any one of such joint-holders may give effectual receipts for any dividends or other monies payable in respect of such share.
Delivery of certificates / documents on the first named holder		
	(e)	Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notice from the Company and any notice given to such person shall be deemed notice to all the joint holders.
Votes of joint holders		
	(f)	Any one of two or more joint-holders may vote at any meeting, either personally or by attorney or by proxy, in respect of such share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then, that one of such persons so present whose name stands first or higher (as the case may be) in the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to be present at the meeting, provided always that a joint-holder present at any meeting personally shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of a deceased Member in whose (deceased Member's) sole name any share stands shall, for the purpose of this clause, be deemed joint-holders.
BORROWING POWERS		
Board's power to borrow		
79		Subject to the relevant provisions of the said Acts, the Board of Directors may from time to time, by a resolution passed at a meeting of the Board, borrow monies and may generally raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or promissory notes or any other instruments by creating any mortgage or charge or other security on the undertaking or the whole or any part of the property or undertaking of the Company, both present and future :
Restrictions on Board's power to borrow		
		Provided that the Board shall not borrow monies, where monies to be borrowed together with the monies borrowed by the Company, apart from temporary loans obtained in its

		ordinary course of business and except as otherwise provided hereafter, shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, except with the sanction of the company in General Meeting: Provided, further, that : (a) nothing contained hereinabove shall apply to any sums of monies borrowed by the Company from any other banking companies or from the Reserve Bank of India, State Bank of India or any other bank established by or under any law for the time being in force; (b) acceptance by the Company in the ordinary course of business of deposits of monies shall not be deemed to be borrowing of monies by the Company for the purpose aforesaid. Provided, further, that the Company shall not create: (a) charge upon any unpaid capital of the Company; and (b) a floating charge on the undertaking or any property of the Company or any part thereof unless the creation of such floating charge is certified in writing by the Reserve Bank of India as provided in the Banking Act.
Bonds, debentures etc are under control of the Board		
80		(a) Any bonds, debentures, debenture stock or other debt securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Debt securities may be made assignable free from any equities		
81		Debentures, debenture stock, bonds or other debt securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Mode of issuance of debt securities		
82		Subject to the provision of the said Acts, any bonds, debentures, debenture stock or other debt securities may be issued at such price and with any special privileges as to redemption, surrender, drawing, allotment of shares, appointment of Directors or otherwise.
Register of Charges		
83		The Board shall cause a proper register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to registration of mortgages and charges and in regard to inspection to be given to creditors or Members of the Register of Charges and of copies of instruments creating charges. Such sum as may be prescribed by the Act shall be payable by any person other than a creditor or Member of the Company for each inspection of the Register of Charges.
MEETINGS		
Annual General Meeting		
84		The Company shall, in each year, hold, in addition to any other meetings, a general meeting which shall be styled as its "Annual General Meeting" in accordance with the provisions of Section 96 of the Act.
Extraordinary General Meetings		
85		All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings
Calling of Extraordinary General Meetings and requirements		
86		The Board of Directors may, whenever they think fit, and shall, on the requisition of such number of Members of the Company as is specified in sub-article (c) of this Article forthwith proceed and call an Extraordinary General Meeting of the Company and in case of such requisition the following provisions shall apply: (a) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company or by electronic means.

		(b) The requisition may consist of several documents in like form, each signed by one or more requisitionists. c) The number of Members entitled to requisition a meeting with regard to any matter shall be such number of them as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter. (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-article (c) above shall apply separately in regard to each such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub-article is fulfilled. (e) If the Board does not, within 21 days from the date of the receipt of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than 45 days from the date of the receipt of the requisition, the meeting may be called and held by the requisitionists themselves or by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in sub-article (c) above, whichever is less. However, for the purpose of this sub-article, the Board shall, in the case of a meeting at which a resolution is to be proposed as a Special Resolution, give such notice thereof as is required by the Act. (f) A meeting called under sub-article (e) above by the requisitionists or any of them: (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board, but (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition; Provided that nothing contained in clause (ii) of sub-article (f) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period. (g) Where two or more persons hold any share or interest in the Company jointly, a requisition or a notice calling a meeting, signed by one or some only of them shall, for the purposes of this Article have the same force and effect as if it had been signed by all of them. (h) Any reasonable expense incurred by the requisitionists by reason of the failure of the Board to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
Notice period of General Meetings		
87		(a) A General Meeting of the Company may be called by giving not less than 21 day's notice in writing or through electronic mode subject to the Act and Rules made there under (b) A General Meeting may be called after giving shorter notice than that specified in sub-article (a) above if consent is accorded thereto in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting. Provided that where any Members of the Company are entitled to vote only on some resolution or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this sub-article in respect of the former resolution or resolutions and not in respect of the latter.
Contents of Notice		
88	(a)	Every notice of a meeting of the Company shall specify the place, date and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
Service of Notice to members etc		
		(b) Notice of every meeting of the Company shall be given: (i) to every Member of the Company, in any manner authorised by Section 20 of the Act, or in such other manner as may be permitted by the Central Government.

		(ii) to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and (iii) to the Auditor or Auditors for the time being of the Company in the manner authorised by Section 20 of the Act or in such other manner as may be permitted by the Central Government in the case of any Member or Members of the Company and (iv) To every Director of the Company. (c) The accidental omission to give notice to or the non-receipt of notice by any Member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
Ordinary and Special businesses at General Meetings		
89		(a) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with the exception of business relating to: (i) the consideration of financial statements, and reports of the Board of Directors and Auditors; (ii) the declaration of a dividend; (iii) the appointment of Directors in the place of those retiring; and (iv) the appointment of and the fixing of remuneration of the Auditors. (b) In the case of any other meeting, all business shall be deemed special.
Explanatory statement to be annexed to Notice; and its contents		
		(c) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, financial or otherwise, if any, in respect of each items therein, of every Director and the Manager, if any, every other Key Managerial Personnel (KMP), and relatives of Directors, Managers and Key Managerial Personnel; and any other information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decision thereon Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other Company, the extent of shareholding interest in that other Company of every Promoter, Director, Manager, if any, and every other key managerial personnel of the first mentioned Company shall also be set out in the statement if the extent of such shareholding is not less than 2 (Two) per cent of the paid-up share capital of that Company. (d) Where any item of business refers to any document, which is to be considered at the meeting, the time and place where such document can be inspected shall be specified in the statement aforesaid.
Ordinary and Special Resolutions		
90		(a) A resolution shall be an ordinary resolution if the notice required under the Act has been duly given and it is required to be passed by the votes cast, whether on a show of hands, or electronically or on a poll, as the case may be, in favour of the resolution, including the casting vote, if any, of the Chairman, by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy or by postal ballot, exceed the votes, if any, cast against the resolution by members, so entitled and voting. (b) A resolution shall be a Special Resolution when: (i) the intention to propose the resolution as a Special Resolution has been duly specified in the notice calling the General Meeting or other intimation given to the Members of the resolution; (ii) the notice required under the Act has been duly given of the General

		Meeting; and (iii) the votes cast in favour of the resolution (whether on a show of hands, or on a poll, or electronically, as the case may be), by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, or by postal ballot, are not less than three times the number of the votes, if any, cast against the resolution by Members so entitled and voting.
Resolutions requiring special notice		
91		(a) Where, by any provision contained in the Act or in these presents, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the company by such number of members holding not less than one percent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, or as may be prescribed by the Act from time to time, has been paid-up and the company shall give its members notice of the resolution as per the provisions of Section 115 of the Act and Rules thereto. (b) The company shall immediately after receipt of the notice, give its members notice of the resolution at least seven days before the meeting, exclusive of the day of dispatch of notice and day of the meeting, in the same manner as it gives notice of any general meetings .
Board's power to postpone or cancel General Meetings called but not commenced		
92		(a) The Board shall have power for proper reasons and in the interest of the company, to postpone any General Meeting called or convened but not actually commenced, by giving due notice of postponement to those entitled to receive the meeting notice. Further, no business shall be transacted at the postponed meeting other than the business of the original meeting which is postponed. If any fresh business is transacted at the postponed meeting, all Statutory / Regulatory provisions as are applicable in the case of an original meeting with respect to those business, shall be complied with. (b) The Board shall have power to cancel a General Meeting (other than an Annual General Meeting or an Extra Ordinary General Meeting called on requisition by members), called or convened but not actually commenced, by giving due notice of cancellation to those entitled to receive the meeting notice. (c) Any exercise of power by the Board under the above sub-clauses to postpone or cancel a General Meeting as the case may be, shall not be deemed to prejudice the rights and obligations of any member or other interested parties.
PROCEEDINGS AT GENERAL MEETING		
Quorum		
93		(a) The quorum for general meeting shall be 30 (Thirty) members personally present No business shall be transacted at any General Meeting unless the requisite quorum be present when the Meeting proceeds to business.
Business confined to election of chairman while Chair is vacant		
94		No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman of General Meeting		
95		(a) The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company. (b) If there be no Chairman or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting, or is unwilling to act, the Managing Director shall be entitled to act as the Chairman of such meeting failing which the Non-Rotational Directors present may choose one of their number to act as Chairman of the meeting and in default of their doing so, the Members present shall choose one of the Directors to take the Chair and if no Directors present be willing to take the Chair, the Members present shall choose one of their number to be the Chairman of the meeting.
Adjournment of meeting when quorum not present		
96		If within half an hour from the time appointed for the General Meeting, a quorum be not present, the meeting, if convened on the requisition of shareholders, shall be dissolved and in any other case, shall stand adjourned to the same day in the next week, at the same time and place or to such other date and to such other day and at such other time and place as the Directors may determine. If at such adjourned meeting also, a quorum, be not present within half an hour from the time appointed for holding the meeting, the

		Members present shall be a quorum and may transact the business for which the meeting was called.
Adjournment of meeting		
97		(a) The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time, and from place to place. (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (c) When a meeting is adjourned for more than 30 days, notice of the adjourned meeting shall be given as in the case of an original meeting. (d) Save as aforesaid and as provided in Section 103 of the Act, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned Meeting.
Proof of resolution passed by show of hands		
98		(a) At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded as per the Act or the voting is carried out electronically, be decided on a show of hands. (b) A declaration by the Chairman of the meeting of the passing of a resolution or otherwise by show of hands under sub clause (a) and an entry to that effect in the books containing the minutes of the meeting of the company shall be conclusive evidence of the fact of passing of such resolution or otherwise.
Demand for poll		
99		(a) Subject to Section 109 of the Act and the Rules made there under, before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy : (i) and having not less than one-tenth of the total voting power or (ii) holding shares on which an aggregate sum of not less than five lakh rupees or such higher amount as may be prescribed by the Act and Rules thereto from time to time, has been paid-up; or (b) The demand for a poll may be withdrawn at any time by the person who made the demand.
Time of taking poll		
100		(a) If found necessary, if a poll is demanded on the election of a Chairman or on a question of adjournment of meeting, it shall be taken forthwith and without adjournment. (b) A poll demanded on any other question shall be taken at such time not being later than 48 hours from the time when the demand was made, as the Chairman may direct.
Right of member to use his votes differently		
101		On a poll taken at a meeting of the Company, a Member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Scrutineers at poll		
102		(a) Where a poll is to be taken, the Chairman of the Meeting shall appoint such number of persons, as he deems necessary, to scrutinize the poll process and votes given on the poll and to report thereon to him. (b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of the scrutineer arising from such removal or from any other cause. (c) Of the two scrutineers appointed under this Article, one shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided that such a Member is available and willing to be appointed.
Manner of taking poll and result thereof		
103		(a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken. (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Chairman's casting vote in case of equality of votes		
104		In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a Member.
Demand for poll not to prevent transaction of other businesses		
105		The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the item on which the poll has been demanded.
Minutes of General Meetings		
106		The Company shall cause Minutes of all proceedings of General Meetings to be entered in books kept for that purpose. The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat. All appointments of officers made at any of the meetings shall be included in the Minutes of the meeting. Any such Minutes, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or in the event of death or inability of that Chairman, by a Director duly authorised by the Board for the purpose, shall be evidence of the proceedings.
Inspection of Minutes Book		
107		The books containing Minutes of proceedings of General Meetings of the Company or of a resolution passed by postal ballot shall be kept at the Registered Office of the Company and shall be open to the inspection of any Member without charge, between 11 a.m. and 1 p.m. on all business days.
Members' right to obtain Minutes		
108		Any member shall be entitled to be furnished, within seven working days or such other period as prescribed by the Act and Rules thereto from time to time, after he has made a request in that behalf to the company, with a copy of any minutes of any general meeting, on payment of Rs10 (Rupees Ten Only) or such other amount as prescribed by the Act and Rules thereto from time to time, for each page or part of any page .
Participation of members in meetings through electronic mode		
109		The members may also participate in meetings through electronic mode if and when the said facility is provided by the company, subject to the Rules and Regulations as may be notified by the Central Government from time to time.
VOTES OF MEMBERS		
Entitlement to votes		
110		Subject to the provisions of Section 47 of the Act : (a) every member of the company holding equity share capital therein, shall have a right to vote on every resolution placed before the company; and (b) his voting right on a poll shall be in proportion to his share in the paid-up equity share capital of the company. Provided that the voting rights shall be subject to ceiling on total voting rights as prescribed by the Reserve Bank of India from time to time under the Banking Act. Provided that the Member may cast his vote on physical ballot or through electronic mode as stipulated under the Act and Rules thereto.
Votes of joint holders		
111		In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
Voting by members of unsound mind		
112		A Member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
Voting by corporate members		
113		A Body Corporate (whether a company within the meaning of the Act or not) may, if it is a Member, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company in accordance with the provisions of Section 113 of the Act. The production at the meeting , of a copy of such resolution duly signed by one Director of such Body Corporate or by a member of its governing body and certified by him as being a true copy of the

		resolution shall be accepted by the Company as sufficient evidence of the validity of his appointment.
Votes in respect of shares of deceased members		
114		Any person entitled under the Transmission Clause to transfer any shares may vote at the General Meetings in respect thereof as if he was the registered holder of such shares provided that atleast 48 hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Proxy		
115		(a) Any Member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting. (b) In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member.
Manner of voting		
116		Votes may be given either personally or by attorney or by proxy or, in the case of a Body Corporate, by a representative duly authorised as aforesaid.
Execution of proxy and format thereof		
117		Every instrument of proxy whether for a specified meeting or otherwise shall be in writing under the hand of the appointer or his attorney authorised in writing or if such appointer is a Body Corporate, under its Common Seal or the hand of an officer or an attorney duly authorised by it and shall, as nearly as circumstances will admit, be in the form specified in the Rules made under Section 105 of the Act.
Deposit of proxy etc and their inspection		
118		No person shall act as proxy unless the instrument of his appointment and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall have been deposited at the Office atleast 48 hours before the time for holding the meeting at which the person named in the instrument of proxy proposes to vote and in default the instrument appointing the proxy shall not be treated as valid. No attorney shall be entitled to vote unless the power of attorney or other instrument appointing him as attorney or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than 48 hours before the time of the meeting at which the attorney proposes to vote or is deposited at the Office not less than 48 hours before the time of such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the Member or the attorney atleast seven days before the date of a meeting require him to produce the original Power of Attorney or authority and unless the same is thereupon deposited with the Company not less than 48 hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Directors, at their absolute discretion, excuse such non-production and deposit. Every Member entitled to vote at a meeting of the Company or on any resolution to be moved there at shall be entitled during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days notice in writing of the intention so to inspect is given to the Company.
Custody of the instrument		
119		If any such instrument of appointment be confined to the object of appointing a proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Board may determine, in the custody of the Company and if embracing other objects, a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.
Validity of votes given by proxy notwithstanding death of member etc		
120		A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in

		respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office of the Company before the meeting.
Objection to validity of votes		
121		No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.
Chairman to decide on validity of votes		
122		The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
Pari passu rights of members of the same class		
123		Any Member whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other Members of the same class.
No voting right on share having dues or subject to lien		
124		No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has exercised, any right of lien
		DIRECTORS
Number of Directors		
125		The number of directors of the company shall not be less than five and more than12 (twelve) until otherwise determined by the company in general meeting. Not less than fifty one percent of the total number of directors shall be persons who satisfy the conditions laid down in Section 10A of the Banking Regulation Act, 1949.
First Directors		
126		The First Directors of the Company shall be : 1. Shri. Chakkola Palu Lonappen 2. Shri. Alangattukaren Devassy Kuriappen 3. Shri. Maliammavu Lona Mathew 4. Shri. Kattukaren Varunny Ouseph 5. Shri. Chalissery Anthony Mani 6. Shri. Chettupuzhakkaren Kunjuvareed Varied 7. Shri. Injodikkaren Inasu Iyyappen 8. Shri. Chalakkal Rappai Iyyunni 9. Shri. Attokaren Pyloth Varunny 10. Shri. Maliakkal Devassy Pyloth 11. Shri. Erinjery Varunny Ouseph
Retiring Directors		
127		Subject to the provisions of the Act, (i) Not less than Two thirds of the total number of directors shall be persons whose period of office is liable to determination by retirement of directors by rotation and shall be appointed by the company in general meeting. Total number of directors for this purpose shall not include independent directors, whether appointed under the Act or any other law for the time being in force
Non –Rotational Directors		
		(ii) The remaining number of directors including the Chairman, Managing Director and whole time director, but not exceeding one-third of the total number of directors, may be appointed by the Board of directors and shall not be liable to retirement by rotation of directors, nor taken into account in determining the retirement of directors by rotation. The directors including the Chairman, Managing Director and whole time Director so appointed by the Board shall be persons who possess one or more of the qualifications specified in Section 10 A (2)(a) of the Banking Regulation Act, 1949.
Termination of appointment of Non Rotational Directors		
		Provided that subject to covenants, if any, the Board shall have power to terminate the appointment of any non- rotational director appointed by the Board under this sub-clause, before the expiry of his term of appointment.

No qualification shares for Directors'		
128		No director shall be required to hold any qualification shares in the Bank.
Appointment of additional director		
129		The Board shall have power at any time and from time to time, to appoint a person as an additional director, provided the number of the directors and the additional director together shall not at any time exceed the maximum strength fixed for the Board by the Articles. Such person shall hold office only up to the date of the next annual general meeting of the company, but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
Appointment of director in casual vacancy		
130		Subject to the provisions of Section 161 of the Act and Rules made there under any statutory amendment or modification thereto, if the office of any director appointed by the company in General Meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board of Directors at a meeting of the Board.
Appointment of alternate director		
131		Subject to the provisions of Section 161 of the Act and any statutory amendment or modification thereto, the Board shall have power at any time and from time to time to appoint a person as Alternate Director to Act for a director during the latter director's absence for a period of not less than three months from India. Subject to the provisions of Section 161 of the Act and Rules made there under and any statutory amendment or modification thereto, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement.
Payment of sitting fees and expenses to directors		
132		(a) Every director including Chairman but excluding the managing director or the whole time director attending meetings of the Board of Directors or of their Committees, shall be entitled to and be paid such sitting fee per sitting of the Board of Directors or of their Committees as the Board may from time to time determine within the ceiling, if any, prescribed under the Act or Rules made there under. They shall also be entitled to and be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of the Board of directors or of their Committees or in connection with the business and affairs of the company. No director who is in service of the government or Regulatory Body shall be entitled to receive any sitting fees , allowances or remuneration under this article or other provisions of these presents except as authorised by the Government / Regulatory Body.
Payment of remuneration to directors for extra services rendered		
		(b) If any director other than the Managing Director shall be called upon to advise the company as an expert or be called upon to perform extra services for the company, the company shall pay to such director such special remuneration as the Board shall deem fit in accordance with statutory provisions.
Disqualifications for appointment and continuing to hold appointment as director		
133		No person shall be qualified to be a Director if his appointment is in contravention of any law or guideline in force or if by amendment of any law or guideline, his continuance in office is in contravention of such law or guideline, he shall immediately vacate his office; on such vacation he shall not be entitled to any compensation.
How Directors to act in the absence of quorum		
134		Subject to the provisions of the Act, the continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company and for no other purpose.
Vacation of office of the director		
135		The office of a director shall become vacant in case — (a) he incurs any of the disqualifications specified in Section 164 of the Act; (b) he absents himself from all the meetings of the Board of Directors held during a

		period of twelve months with or without seeking leave of absence of the Board; (c) he acts in contravention of the provisions of Section 184 of the Act relating to entering into contracts or arrangements in which he is directly or indirectly interested; (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184 of the Act; (e) he becomes disqualified by an order of a court or the Tribunal; (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months: Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court; (g) he is removed in pursuance of the provisions of the Act; (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company. (i) he resigns office by notice in writing addressed to the Company or to the Board; (j) he is disqualified from being appointed or continuing to hold appointment as a Director under any of the provisions of the said Acts, Rules, Regulations and Guidelines
ROTATION OF DIRECTORS		
Proportion of directors to retire by rotation		
136		At every Annual General Meeting of the Company, one third of such Directors for the time being as are liable to retire by rotation as per article 127(i) or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.
Determination of directors to retire by rotation		
137		The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall (unless they otherwise agree among themselves) be determined by lot.
Retiring director eligible for re-election		
138		A retiring Director shall be eligible for re-election.
Company to fill up vacancy		
139		The Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by appointing the retiring Director or some other person in his place.
Deemed re- appointment of the retiring director		
140		If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place, and if at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless: (i) at that meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the meeting and lost; (ii) the retiring Director has, by a notice in writing addressed to the Company or the Board of Directors, expressed his unwillingness to be so re-appointed; (iii) he is not qualified or is disqualified for appointment; (iv) a Resolution, whether Special or Ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act. (v) Section 162 shall be applicable to any such appointment.
Appointment of directors to be voted on individually		
141		(a) At a general meeting of a company, a motion for the appointment of two or more persons as directors of the company by a single resolution shall not be moved unless a proposal to move such a motion has first been agreed to at the meeting

		without any vote being cast against it. (b) A resolution moved in contravention of sub-article (a) above shall be void whether or not any objection was taken at the time to its being so moved. (c) For the purposes of this Article, a motion for approving a person's appointment or for nominating a person for appointment as a Director shall be treated as a motion for his appointment.
Right of persons other than retiring directors, to stand for directorship		
142	(a)	Subject to the provisions of the said Acts and these presents, a person who is not a retiring director shall, subject to the provisions of the Act, be eligible for appointment to the office of a director at any general meeting, if he, or some member intending to propose him as a director, has, not less than fourteen days before the meeting, left at the registered office of the company, a notice in writing under his hand signifying his candidature as a director or, as the case may be, the intention of such member to propose him as a candidate for that office, along with the deposit of such amount as prescribed by the Act and Rules thereto which shall be refunded to such person or, as the case may be, to the member, if the person proposed gets elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution.
Company to inform members, of the candidature or proposal		
	(b)	The company shall, at least seven days before the general meeting, inform its members of the candidature of a person for the office of a director or the intention of a member to propose such person as a candidate for that office- (i) by serving individual notices, on the members through electronic mode to such members who have provided their email addresses to the company for communication purposes, and in writing to all other members; and (ii) by placing notice of such candidature or intention on the website of the company, if any Provided that it shall not be necessary for the company to serve individual notices upon the members as aforesaid, if the company advertises such candidature or intention, not less than seven days before the meeting atleast once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and circulating in that district, and atleast once in English language in an English newspaper circulating in that district
Appointment and retirement of directors, to be in compliance with Law		
	(c)	The Board shall ensure that the appointment ofDirectors ofthe Company in General Meeting and appointment of the Non-rotational Directors, and their retirement shall be in accordance with the provisions of the said Acts.
Consent of candidate for directorship , to be filed with the Company		
	(d)	Every person who has been appointed to hold the office of a director shall on or before the appointment furnish to the company a consent in writing to act as such.
Removal of directors		
143		(a) Subject to the provisions of Section 169 of the Act, the Company may by Ordinary Resolution remove a Director before the expiry of his period of office after giving him a reasonable opportunity of being heard. Nothing in this sub-clause shall be taken as derogating from any power to remove a director which may exist in these presents apart from this sub-clause. (b) Special Notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed. (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned, and the Director (whether or not he is a Member of the Company) shall be entitled to be heard on the resolution at the meeting. (d) Where notice has been given of a resolution to remove a director under this Article and the director concerned makes with respect thereto representation in writing to the company and requests its notification to members of the company, the company shall, if the time permits it to do so,— (i) in any notice of the resolution given to members of the company, state the fact of the representation having been made; and

		(ii) send a copy of the representation to every member of the company to whom notice of the meeting is sent (whether before or after receipt of the representation by the company), and if a copy of the representation is not sent as aforesaid due to insufficient time or for the company's default, the director may without prejudice to his right to be heard orally require that the representation shall be read out at the meeting.
Filling up of vacancy caused by the removal of director		
		(e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, be filled by the appointment of another Director in his stead, by the meeting at which he is removed, provided Special Notice of the intended appointment has been given under sub-article (b) above. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
Prohibition on re¬appointment of removed director, by the Board		
		(f) If the vacancy is not filled under sub-article (e) of this Article, it may be filled as a casual vacancy in accordance with the provisions of the Act Provided that the Director who was removed from office shall not be reappointed as a Director by the Board of Directors.
CHAIRMAN MANAGING DIRECTOR WHOLE-TIME DIRECTOR – EXECUTIVE DIRECTOR		
Board to appoint Chairman, Managing Director, Whole time Director, Executive director		
144	(a)	Subject to the provisions of the said Acts and these presents, the Board of Directors of the Company shall be entitled to appoint from time to time, one or more of the Non-Rotational Directors to act as Part-time Chairman OR a Managing Director or Managing Director(s) and/or Whole-time Director or Whole-time Director(s) of the Company for such term not exceeding five years at a time as the Board of Directors may think fit, but shall be eligible for re-appointment. Subject to provisions of any contract between him / them and the Company, the Board may also remove or dismiss him or them from office and appoint another in his / their place. The Managing Director shall be the Chief Executive Officer of the company under its whole time employment, and shall be entrusted with the management of the whole of the affairs of the Company.Subject to the provisions of the said Acts and these presents, the Part time Chairman or the Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation but he shall be subject to the provisions of any contract between him and the Company and be subject to the same provisions as to disqualification, removal, vacation or resignation of office of director as are applicable to the other Directors of the Company and he shall ipso facto and immediately cease to be Part time Chairman or Managing Director if he ceases to hold the office of Director from any cause.
Remuneration of part time Chairman, Managing Director etc		
	(b)	The remuneration of the Part-time Chairman, Managing Director or Whole-time Director shall (subject to Section 197 of the Act and other applicable provisions of the said Acts and these Articles and of any contract between him and the Company) be fixed by the Board, from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits or by any or all these modes or any other mode not expressly prohibited by the Act.
Payment of remuneration shall be subject to shareholders' approval in General Meeting		
	(c)	Subject to the provisions of the said Acts payment of remuneration to the Part time Chairman or Managing Director or Whole time Director shall be subject to approval of the Company in General Meeting.
Functions and role of Managing Director		
	(d)	Subject to the superintendence, control and direction of the Board, the day-today management of the Company shall be in the hands of the Managing Director, with power to the Board to distribute such day-to-day management functions in any manner as deemed fit by the Board, subject to the provisions of the said Acts and these presents, and shall have the general direction, management and superintendence of the whole business of the company with power to do all Acts, matters and things deemed necessary, proper and expedient for carrying on the business of the company and generally to exercise all such powers and authorities of the company as are not by the Companies Act or by these regulations expressly directed to be exercised only by the

		Board of Directors or by the company in general meeting.
Terms of appointment of part time chairman		
	(e)	The Part time chairman of the Board may be paid remuneration for the performance of duties attached to his office, and allowed payment of incidental expenses as may reasonably be incurred by him in the execution of his duties, subject to and in accordance with the provisions of the Act, the Banking Regulation Act, 1949 and other applicable Regulations. The tenure, terms and conditions of appointment of part time chairman may be decided by the Board of Directors subject to the provisions of this article.
Appointment of Executive Director		
	(f)	Subject to the provisions of these Articles, the Act and the Banking Regulation Act, 1949, one or more of the non-rotational directors appointed under Article 127(ii) of these articles, apart from the Chairman, Managing Director/ Whole time Director, may be appointed in the whole-time employment of the company to assist the Managing Director/ Whole time Director in the management of the company's affairs, in the designation of Executive Director or such other designation and on such terms and conditions as may be decided by the Board.
Delegation of powers by Part-time chairman/ Managing Director		
145		The Part-time Chairman or the Managing Director may, with the sanction of the Board, delegate all or any of his powers to such Managers, Secretaries and other delegates as the Board may think fit and shall have power to grant such Managers, secretaries and other delegates such power of attorney as the Board may think expedient and such powers at pleasure to revoke.
		PROCEEDINGS OF DIRECTORS' MEETINGS
Meetings of directors		
146		The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit:
Periodicity of meeting		
		Provided, however, the company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.
Convening of Board Meeting and on requisition		
147		The Chairman may at any time and the Manager, Secretary or such other officer of the Company as may be authorised by the Board, shall upon the requisition of one- third number of members of the Board as are in office, convene a meeting of the Board. If, within 15 days of the requisition in writing to convene a meeting of the Board, the chairman or the authorised official fails to convene the meeting, the requisitionists themselves may convene a meeting of the Board.
Notice of Meetings		
148		A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means. Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that atleast one independent director, if any, shall be present at the meeting: Provided further that in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by atleast one independent director, if any
Quorum		
149		Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two Directors, whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum; Provided that where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be

		the quorum during such time. For the purposes of this Article: (i) "total strength" shall not include directors whose places are vacant; (ii) "interested Director" means a director within the meaning of sub-Section (2) of Section 184 of the Act.
Adjournment of meetings for want of quorum		
150		(a) If a meeting of the Board could not be held for want of quorum, then, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place. (b) The provisions of Article 146 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that Article could not be held for want of a quorum.
Board's power to delegate to committees.		
151		The Board may subject to the provisions of the Act, delegate any of their powers to Committees consisting of Directors and/or such other person or persons as they think fit, and they may from time to time revoke and substitute such delegation. Any Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of its appointment but not otherwise, shall have the force and the effect as if done by the Board.
Meetings of committees		
152		The meetings and proceedings of any such Committee shall be governed by the provisions of these presents for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under Article 151.
Meetings to be presided by Chairman		
153	(a)	All meetings of the Board shall be presided over by the Chairman if present, but if at any meeting of Board, the Chairman be not present, at the time appointed for holding the same, then and in that case the Managing Director shall be entitled to be the Chairman of such meeting, failing which the Board shall choose one among them, then present to preside at the meeting.
Manner of taking decisions at Board Meetings		
	(b)	Subject to the provisions of Sections 203 of the Act, any question arising at any meeting of the Board shall be decided by a majority of votes and in case of equality of votes, the Chairman shall have second or casting vote.
Exercising of Board's Powers		
154		The meeting of the Board of Directors for the time being at which quorum is present, shall be able to exercise all or any of the authorities, powers and discretion which by or under the Act or these presents are vested in or exercisable by the Board of Directors generally.
Powers to be exercised only at Board Meetings		
155		The Board shall exercise the following powers on behalf of the Company, and it shall do so only by means of resolutions passed at its meetings: (a) to make calls on shareholders in respect of money unpaid on their shares; (b) to authorise buy-back of securities under Section 68 of the Act; (c) to issue securities, including debentures, whether in or outside India; (d) to borrow monies; (e) to invest the funds of the company; (f) to grant loans or give guarantee or provide security in respect of loans; (g) to approve financial statement and the Board's report; (h) to diversify the business of the company; (i) to approve amalgamation, merger or reconstruction; (j) to take over a company or acquire a controlling or substantial stake in another company; (k) to make political contributions;

		(l) to appoint or remove key managerial personnel (KMP); (m) to take note of appointment(s) or removal(s) of one level below the Key Management Personnel; (n) to appoint internal auditors and secretarial auditor; (o) to take note of the disclosure of director's interest and shareholding; (p) to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company; (q) to invite or accept or renew public deposits and related matters; (r) to review or change the terms and conditions of public deposit; (s) to approve quarterly, half yearly and annual financial statements or financial results as the case may be. Provided that the Board may, by a resolution passed at a meeting, delegate to any committee of directors, the managing director, the manager or any other principal officer of the company or in the case of a branch office of the company, the principal officer of the branch office, the powers specified in clauses (d) to (f) on such conditions as it may specify: Provided further that the acceptance by the bank in the ordinary course of its business of deposits of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise, or the placing of monies on deposit by the bank with another banking company on such conditions as the Board may prescribe, shall not be deemed to be a borrowing of monies or, as the case may be, a making of loans by a bank within the meaning of this Section. Nothing in clause (d) shall apply to borrowings by the bank from other banking companies or from the Reserve Bank of India, the State Bank of India or any other banks established by or under any Act. In respect of dealings between the company and its bankers, the exercise by the company of the power specified in clause (d) shall mean the arrangement made by the company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day-to-day operation on overdraft, cash credit or other accounts by means of which the arrangement so made is actually availed of.
Powers to be exercised with the consent of the company in General Meeting		
156		(a) Subject to the provisions of Section 180 of the Act, The Board of Directors of a company shall exercise the following powers only with the consent of the company by a special resolution, namely: (i) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings. (ii) to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation. (iii) to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business: Provided that the acceptance by the bank, in the ordinary course of its business, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, shall not be deemed to be borrowing of monies by the bank within the meaning of this clause. For the purposes of this clause, the expression "temporary loans"means loans repayable on demand or within six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature;

		(iv) to remit, or give time for the repayment of, any debt due from a director. (b) The Board shall contribute to bona fide charitable and other funds, to any political party and to the National Defence Fund or any other Fund approved by the Central Government for the purpose of national defence etc. in accordance with the provisions of Section 181, 182 and 183 of the Act.
Acts of Board / committees valid not withstanding defect in appointment of directors		
157		All acts done by any meeting of the Board or of a Committee thereof or by any person acting as a Directors, shall be valid notwithstanding that it may be afterwards discovered that the appointment of any one or more of such Directors or of any person acting as aforesaid, was invalid by reason of defect or disqualification or had terminated by virtue of any provision contained in the Act or these presents. Provided that nothing in this Article shall be deemed to give validity to acts done by a Directors after his appointment has been shown to the Company to be invalid or to hace terminated.
Passing of Resolution by circulation		
158		(a) No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors, or members of the committee, as the case may be, at their addresses registered with the company in India by hand delivery or by post or by courier, or through electronic means, and has been approved by a majority of the directors or members, who are entitled to vote on the resolution. Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board (b) A resolution under sub-clause (a) shall be noted at a subsequent meeting of the Board or the committee thereof, as the case may be, and made part of the minutes of such meeting.
Reconstitution of the Board so as to conform to Law		
159	(a)	If the requirements as to the constitution of the Board as laid down in any of the said Acts are not fulfilled at any time, the Board shall reconstitute such Board so as to ensure that such requirements are fulfilled.
Determination of directors to retire for the purpose of re-constitution of the Board		
	(b)	If, for the purpose of reconstituting the Board under sub-article (a) above, it is necessary to retire any Director or Directors, such Director/s shall be those who have been longest in office, whether continuously or otherwise since their initial appointment to the Board, and as between persons who have been initially appointed on the same day, the Director/s to retire for the purpose of this article shall be determined by lot and such decision shall be binding on every Director. The non-rotational Director/s, if any, on the Board shall be excluded for the purpose of determination of retirement of Director/s under this article
Board's proceedings valid despite certain events.		
	(c)	No act or proceeding of the Board of Directors of the Company shall be invalid by reason only of any defect in the composition thereof or on the ground that it is subsequently discovered that any of its Members did not fulfil the requirements of this Article.
Chairman of Committees		
160		(a) A Committee may elect a chairman of its meetings (b) If no such chairman is elected, or if at any meeting the chairman is not present at the time appointed for holding the meeting, the members present may choose one of their numbers to be the chairman of the meeting.
Adjournment and manner of taking committee decisions		
161		(a) A committee may meet and adjourn as it thinks it in accordance with the provisions of the Act. (b) Question arising at any meeting of committee shall be determined by a majority of votes of members present, and in case of equality of votes, the chairman of the meeting shall have a second or casting vote.
Meetings through electronic mode		

162		The directors may also participate in their meetings through electronic mode
POWERS OF BOARD OF DIRECTORS		
General powers of the company vested in the Board		
163		(a) Subject to the provisions of the said Acts, the Board of Directors shall be entitled to exercise all such powers and to do all such acts and things, as the Company is authorised to exercise and do; Provided that the Board shall not exercise any power to do any act or thing which is directed or required, by any act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in any Act or in the Memorandum or Articles of the Company or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting. (b) No regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
Specific powers given to Board		
164		Without prejudice to the general powers conferred by the last preceding Article and the other powers conferred by these presents but subject, however, to the provisions of the Act, the Memorandum and these presents, it is hereby expressly declared that the Board shall have the following powers:
To pay costs of incorporation		
	(a)	To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
Seal abroad		
	(b)	To have an Official Seal for use abroad.
Acquiring properties, rights etc		
	(c)	To purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.
To pay for property, rights etc. acquired		
	(d)	At their discretion to pay for any property or rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, debenture stock or other securities of the Company and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
To insure properties.		
	(e)	To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
To open bank accounts		
	(f)	To open accounts with any bank or bankers or with any company, firm or individual and to pay money into and draw money from any such account from time to time as the Board may think fit.
To secure contracts by mortgage		
	(g)	To the extent permissible under the said Acts, to secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they think fit.
To attach conditions for transfer of shares in certain cases		
	(h)	To attach to any shares issued as the consideration or part of the consideration for any contract with or property acquired by the Company or in payment for services rendered

		to the Company, such conditions as to the transfer thereof as they think fit.
To accept surrender of shares		
	(i)	To accept from any Member, on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.
To appoint trustees of property		
	(j)	To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such acts and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.
To institute and conduct legal proceedings		
	(k)	To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debt due or of any claims or demands by or against the Company.
To refer to arbitration		
	(l)	To refer any claim or demand by or against the Company to arbitration and observe and perform the awards.
To act in matter of bankruptcy		
	(m)	To act on behalf of the Company in all matters relating to bankruptcy and insolvency.
To give receipts / discharges		
	(n)	To make and give receipts, releases and other discharges for monies payable to the Company and for the claims and demands of the Company.
To determine company's authorised signatory		
	(o)	To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents.
To invest company's monies		
	(p)	To invest and deal with any of the monies of the Company whether or not immediately required for the purposes thereof, upon such securities and in such manner as they may think fit and from time to time to vary or realize such investments.
To execute mortgage of company's property		
	(q)	To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on.
To give interest in particular business or transaction		
	(r)	To give to any Director, officer or other person employed by the Company an interest in any particular business or transaction or otherwise or a share in the general profits of the Company and such interest, commission or share of profits shall be treated as a part of the working expenses of the Company: Provided that the share of general profits of the Company payable to the Directors or to the officers of the Company or such other person shall not exceed the limits prescribed under the Act. Provided, further, that this limitation or restriction shall not be applicable to any distribution of a general bonus to employees of the Company.
To provide for the welfare of employees etc		
	(s)	To provide for the welfare of employees or ex-employees of the Company or its predecessors in business and the spouse, widow or widower, father (including stepfather), mother (including stepmother), brother (including stepbrother), sister (including stepsister), son (including stepson), daughter (including stepdaughter), son's widow, daughter's widower, deceased son's children, deceased daughter's children or the dependents of such employees or ex-employees by building or contributing to the building of houses or dwellings or by grant of money, pensions, allowances, bonus or other payments or by building or contributing to the building of houses or dwelling or by creating and from time to time subscribing or contributing to provident funds and

		other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and to subscribe or contribute to or otherwise assist charitable, benevolent, national and/or other institutions or objects.
To subscribe to charitable funds		
	(t)	Subject to the provisions of the Act and these presents to subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for any exhibition or to any institution, club, society or fund.
To establish reserve funds of various nature		
	(u)	The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as they may think proper for depreciation or to a Depreciation Fund or as reserve or to a Reserve Fund or Sinking Fund or any Special Fund to meet contingencies or to repay preference shares or debentures or for payment of dividends or for equalizing dividends or for repairing, improving, extending and maintaining any part of the property of the Company or for such other purposes as the Board may, in their absolute discretion, think conducive to the interests of the Company; and the Board may invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by the Act) as the Board may think fit and from time to time deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board (subject to such restrictions as aforesaid), in their absolute discretion, think conducive to the interests of the Company notwithstanding that the matters to which the Board applies or upon which they expend the same, or any part thereof may be matters to or upon which the capital monies of the Company might rightly be applied or expended; and the Board may divide the reserve or any fund into such special funds and transfer any sum from one fund to another as the Board may think fit and may employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of preference shares or debentures and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power, however, to the Board, at their discretion, to pay or allow to the credit of such fund interest at such rate as the Board may think proper.
To appoint officers etc		
	(v)	To appoint and, at their discretion, remove or suspend such committee or committees of experts, technicians or advisers or such manager(s), officer(s), clerk(s), employee(s) and agent(s) for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries and emoluments and require security in such instances and to such amounts as they may think fit and also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India and the provisions contained in sub-article (y) and (z) of this Articles following shall be without prejudice to the general powers conferred by this sub-article.
To ensure compliance of local laws		
	(w)	To comply with the requirements of any local law which, in their opinion, it shall, in the interest of the Company, be necessary or expedient to comply with.
To establish local Boards etc		
	(x)	From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration. And from time to time and at any time, but subject to the provisions of Section 179 of the Act and these presents to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board and to authorize the members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation. Any such delegate may be authorised by the Board to sub delegate all or any of the powers, authorities and discretions, for the time being, vested in them.
To appoint attorneys		

	(y)	At any time and from time to time but subject to the provisions of Section 179 of the Act and these presents by Power of Attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment (if the Board thinks fit) may be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any company or the Members, Board , nominees or managers of any company or firm or otherwise in favour of any fluctuating body or any persons whatsoever whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit.
Delegation of powers		
	(z)	Subject to the provisions of the Act and these presents, to delegate the powers, authorities and discretions vested in the Directors to any person, firm, company or fluctuating body of persons as aforesaid.
Sub delegation of powers		
	(aa)	Any such delegate or attorney as aforesaid may be authorised by the Board to sub delegate all or any of the powers, authorities and discretions for the time being vested in him.
To enter into contracts etc		
	(ab)	Subject to the provisions of the Act, to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
To give indemnities and guarantees		
	(ac)	Subject to the provisions of the Act, to give in the name and on behalf of the Company such indemnities and guarantees as may be necessary.
To vary or repeal by-laws, regulations etc		
	(ad)	From time to time to make, vary and repeal any by-law, regulations and other rules, guidelines or instructions for regulating the business of the Company, its officials, the employees and other persons having dealings with the Company.
Appointment of other Whole time Executives		
	(ae)	To appoint one or more whole time executives, who may be designated as Executive Director(s) without being member(s) of the Board, or any other managerial personnel by whatever name called, on such terms and conditions and for such purposes as the Board may decide from time to time
Residuary and ancillary powers		
	(af)	And generally to do, sanction and authorize all such matters and things as may be necessary to be done, authorised or sanctioned in or about the general business and affairs of the company or in or about the execution of all or any of the powers hereinbefore conferred on the directors
Provisions of the Act to be complied with by the Directors/ Board		
165		The Board / Directors shall comply with the provisions of. Sections 92, 185, 188, 184, 170 and 189 of the Act.
		MINUTES
Minutes of Board / committee meetings		
166		The Company shall cause Minutes of all proceedings of every meeting of the Board of Directors and all Committees of the Board to be duly entered in a book or books for that purpose maintained in such form and manner as may be permitted in law from time to time, including but not limited to loose leaf volumes with their pages consecutively numbered The Minutes shall contain: (i) a fair and correct summary of the proceedings at the Meeting; (ii) the names of the Directors present at the meeting of the Board of Directors or of any Committee of the Board; (iii) all decisions taken by the Board and Committees of the Board and all appointments of officers and Committee of Directors; (iv) all resolutions and proceedings of meetings of the Board and the Committees of the Board; and (v) in the case of each resolution passed at a meeting of the Board or Committee of

		the Board, the names of the Directors, if any, dissenting from or not concurring in the Resolution.
Signing of minutes and evidential effect		
167		Any Minutes of any meeting of the Board or of any Committee of the Board, shall be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting and such Minutes shall for all purposes whatsoever be prima facie evidence of the actual passing of the resolutions recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meeting at which the same shall appear to have taken place.
		RESTRICTIONS REGARDING INSPECTION
Inspection of books etc		
168		The Board shall from time to time determine whether and to what extent and at what time and places and under what conditions and regulations the accounts and books of the company or any of them shall be open to the inspection of members other than directors. No member other than a director shall have any right of inspecting any account or books or documents of the company except as conferred by law or authorised by the Board or the company in general meeting.
		THE SEAL
Safe custody of the Seal.		
169	(a)	The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Directors shall provide for the safe custody of the Seal.
To be affixed on the authority of a resolution		
	(b)	The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf.
Witnessing and signing		
	(c)	A deed or instrument to which the seal is required to be affixed except the share certificate , shall be sealed in the presence of and signed by at least one director and the secretary or such other person as the Board may appoint for the purpose
		ESTABLISHMENT OF RESERVE FUND
Transfer of profits to statutory Reserve		
170		The Company shall create a Reserve Fund and shall, out of the profit of each year as disclosed in the profit and loss account prepared under Section 29 of the Banking Regulation Act, 1949 and before any dividend is declared, transfer to the reserve fund such sum of money, as is prescribed in Section 17 of the Banking Regulation Act, 1949.
Creation of special Reserves		
171		In addition to the reserve fund mentioned in the preceding regulation, the Board may, before recommending any dividend, set aside out of the profits of the company such sums of money as it thinks fit proper as a reserve which shall at the discretion of the Board be applicable for any purpose to which the profits of the company may be properly applied including provision for meeting contingencies or equalizing dividends and pending such application, may at the discretion of the Board be either employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may from time to time think fit.
Carry over of undistributed profits		
172		The Board may also carry forward any profits which it may think prudent not to distribute as dividend without setting aside as a reserve.
		DIVIDENDS
Distribution of profits		
173		Subject to the provisions of the Act, the Memorandum and these presents, the profits of the Company, shall be divisible among the Members in proportion to the amount of capital paid-up on the shares held by them, respectively.
No dividend on calls in advance paid		
174		Capital paid up in advance of calls shall not, confer a right to dividend or to participate in profits.
Dividend in proportion to amount paid up on shares		
175		The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share where a larger amount is paid up or credited as paid up on some shares than on others as per the provisions of the Acts.
Company in General Meeting may declare dividend		

176		Subject to the provisions of the said Acts, the Company in General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may fix the time for payment.
No larger dividend than recommended by Board		
177		No larger dividend shall be declared than is recommended by the Board but the Company in General Meeting may declare a smaller dividend. Subject to the provisions of the Act, no dividend shall be payable except out of the profits of the year or any other undistributed profits. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive
Interim dividend		
178		Subject to the provisions of the said Acts and these presents, the Board may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies. Such interim dividend may be declared at any time and shall be set off against the final dividend for the relevant period.
Retention of dividends		
179		Subject to the provisions of the said Acts, the Board may retain the dividends payable in respect of which any person is, under the Transmission Clause, entitled to become a Member or which any person under that Clause is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.
Set off of dividend against monies due to company		
180		Subject to the provisions of the said Acts, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.
Dividend on shares pending registration of transfer		
181	(a)	Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding anything contained in any other provision of the Act:
Right to dividend does not pass pending registration of transfer		
	(b)	Except as provided under sub article (a) above, any transfer of shares shall not pass the right to any dividend declared thereon, before the registration of the transfer in the company's/ Depository's records is effected
Dividend how remitted		
182		Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, in case of joint-holders, to that one of them first named in the Register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost by the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.
Unclaimed Dividends		
183	(a)	Subject to the provisions of Section 205A of the Act, if the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special Unpaid Dividend account to be opened in that behalf in any scheduled bank
Transfer of unclaimed dividends to Investor Education and Protection Fund		
	(b)	Any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund established under the Act.
Forfeiture of unclaimed dividend		
	(c)	No unclaimed dividend shall be forfeited till the claim thereto becomes barred by law
Dividend and call together		
184		Any General Meeting declaring a dividend may make a call on the Members in respect of monies unpaid on shares for such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made

		payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Members, be set off against the call.
Dividend to be paid in cash		
185		No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserve of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.
	CAPITALISATION	
Capitalization of reserve or Reserve Fund		
186	(a)	Any General Meeting may resolve that any monies, investments or other assets forming part of the undivided profits standing to the credit of the reserve or Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized subject to compliance of law: (i) by the issue and distribution as fully paid-up shares, debentures, debenture stock, bonds or other obligations of the Company; or (ii) by crediting shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon; or (iii) Partly as specified in (i) above or partly as specified in (ii) above; subject that a Securities Premium Account and a capital redemption reserve may, for the purposes of this regulation , only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares. Such issue and distribution under (i) above and such payment to the credit of unpaid share capital under (ii) above shall be made to, among and in favour of the Members or any class of them or any of them entitled thereto and in accordance with their respective rights and interest and in proportion to the amount of capital paid-up on the shares held by them, respectively, in respect of which such distribution under (i) or payment under (ii) above shall be made on the footing that such Members become entitled thereto as capital. The Board shall give effect to any such resolution and apply such portion of the profits or reserve or Reserve Fund or any other fund on account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under (i) above or, as the case may be for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under (ii) above: Provided that no such distribution or payment shall be made unless recommended by the Board and, if so recommended, such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalized sum.
Board to give effect to the General Body resolution, and settle difficulties, if any		
	(b)	For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and, in particular, they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any Members on the footing of the value so fixed and may vest any such cash, shares, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangements for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or otherwise as they may think fit. Subject to the provisions of the Act and these presents, in cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalization may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares, respectively. When deemed

		requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which shall have been issued prior to such capitalization and such appointment shall be effective.
Capitalization of profits or reserves for issue of bonus shares		
	(c)	The Company may capitalise its profits or reserves for the purpose of issuing fully paid bonus shares in accordance with the provisions of Section 63 of the Act.
ACCOUNTS		
Accounts and their maintenance		
187		The Company has to duly comply with the provisions of Companies Act with respect to the maintenance of books of account and other relevant books and papers and financial statements for every financial year including its branch office or offices
Laying of Accounts and Reports before General Body		
188		Once atleast in every calendar year, the Board shall lay before the Company in Annual General Meeting a Profit and Loss Account for financial year of the Company immediately preceding the financial year in which such meeting is held and a Balance Sheet containing a summary of the assets and liabilities of the Company made up as at the end of the last working day of that financial year or in case where an extension of time has been granted for holding the meeting up to such extended time and every such Balance Sheet, shall as required by Section 134 of the Act, be accompanied by a report (to be attached thereto) of the Directors as to the state and condition of the Company and as to the amount (if any) which they recommend to be paid out of the profits by way of dividend and the amount (if any) set aside by them for the Reserve Fund, general reserve or Reserve Account shown specifically in the Balance Sheet or to be shown specifically in a subsequent Balance Sheet.
Form and contents of Balance Sheet etc		
189		Every Balance Sheet and Profit and Loss Account of the Company shall give a true and fair view of the state of affairs of the Company or its branch office and shall, subject to the provisions of Section 129 of the Act and to the extent they are not inconsistent with the Act, be in the forms set out in the Third Schedule of the Banking Act or as near thereto as circumstances admit.
Authentication of Balance Sheet , Accounts, Copies to be sent to members etc.		
190		The Balance Sheet and the Profit and Loss Account shall be signed by at least four Directors including the Chairman and the Managing director where there is one, and two other directors, the Chief Financial Officer and the Company Secretary or such other person/s authorised by the Board. The Balance Sheet and the Profit and Loss Account shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with provisions of this Article and before they are submitted to the Auditors for their Report thereon. The Auditors' Report shall be attached to the Balance Sheet and the Profit and Loss Account or there shall be inserted at the foot of the Balance Sheet and the Profit and Loss Account a reference to the Report. A copy of such Balance Sheet and the Profit and Loss Account so audited together with a copy of the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet shall not less than 21 days before the meeting at which the same are to be laid before the Members of the Company, be subject to the provisions of Section 136 of the Act, sent to every trustee for the holders of any debenture and to all persons other than such Members or Trustees, being so entitled.
Copies of Balance sheet and Accounts to be filed with Registrar		
191		After the financial statements, including the consolidated financial statement, along with all the documents which are required to be attached to such financial statements under the Act have been laid before the Company at a General Meeting, shall be filed with the Registrar within thirty days of the date of Annual General Meeting.
AUDIT		
Accounts to be audited every year		
192		Atleast once in every year or such other period as the Board may stipulate, the Accounts of the Company shall be balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors to be appointed as required by the said Acts.
Appointment of Auditors		
193		The appointment and the removal of Auditors and the person who may be appointed as Auditors shall be as provided in Sections 139, 140, 141 and 142 of the Act and the

		relevant provisions of the Banking Regulation Act, 1949. All Appointments, including the filling of casual vacancy of an auditor shall be made after taking into account the recommendations of Audit Committee.
Audit of branches		
194		The audit of the branch office, if any, of the Company shall be in the manner provided by Section 143 (8) of the Act.
Remuneration of Auditors		
195		The remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting or by the Board of Directors, if so authorised by the Company in General Meeting except that the remuneration of any Auditors appointed to fill any casual vacancy, may be fixed by the Board of Directors.
		LEGAL ACTION
Authority in legal processes and proceedings		
196		In all legal proceedings in any court of law, legal or quasi-judicial proceedings in any Consumer Disputes Redressal Forums, Tribunals or other statutory forums, Managing Director and other officials of the company who hold power of attorney or are authorised by Board Resolutions to act on behalf of the Company, shall have the powers severally to represent the company and sign all pleadings and accept all processes, until revoked or unless otherwise decided by the Board
		WINDING UP
Applicability of provisions of the said Acts		
197		For winding up of the Company, the provisions contained in the Banking Act will apply and the provisions of the Act will also apply to the extent to which they are not varied or inconsistent with the Banking Act.
		SECRECY CLAUSE
Members not entitled for secret information		
198	(a)	No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Board, will be inexpedient in the interest of the Company to communicate the same.
Director, Manager etc to observe secrecy and if necessary, to give declaration		
	(b)	Every director, manager, secretary, agent, auditor, officer or other employees or servants of the company and every share holder or other person who gains access to the books and other papers of the company or to the company's premises, where goods pledged to the company are kept, shall, if so required by the Board of Directors, before entering upon such duties or gaining access to the places aforesaid, sign a declaration pledging himself to observe strict secrecy regarding all transactions of the company with its customers and all information obtained in the course of his duties or while in the premises aforesaid, respecting all transactions of the company and such other matters as the Managing Director or the Board of Directors may declare expedient to be kept undisclosed in the interest of the company and shall by a like declaration bind himself not to use any of the said information, matters and things in any manner prejudicial to the interest of the company.
		INDEMNITY AND RESPONSIBILITY
Directors' and others' right to indemnity		
199	(a)	Subject to the provisions of the Act, every Director of the Company, officer (whether Managing Director, Manager, Secretary or other officer) or employee or any person employed by the Company as Auditor shall be entitled to be protected or indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, officer, other employee or Auditor may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, officer, other employee or Auditor or in any way in the discharge of his duties.
Indemnity / Protection from liability arising from legal action		
	(b)	Subject as aforesaid every Director, officer, other employee or Auditor of the Company shall be entitled to be protected or indemnified against any liability incurred by him in defending any proceedings whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged in connection with any application under Section 463 of the Act in which relief is granted to him by the court or the Tribunal.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Bank or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Bank. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on Working Days from the Bid Opening Date until the Bid Closing Date.

Material Contracts

1. Issue Agreement dated March 30, 2015, among our Bank and the BRLMs.

2. Agreement dated March 28, 2015, among our Bank and Registrar to the Issue.

3. Escrow Agreement dated [•], among our Bank, the BRLMs, the Escrow Collection Banks, the Registrar to the Issue and the Syndicate Members.

4. Syndicate Agreement dated [•], among our Bank, the BRLMs and the Syndicate Members.

5. Underwriting Agreement dated [•] among our Bank, the BRLMs and the Syndicate Members.

6. Tri-partite agreement dated April 12, 2010, among NSDL, our Bank and S.K.D.C. Consultants Limited.

7. Tri-partite agreement dated March 20, 2003, among CDSL, our Bank and S.K.D.C. Consultants Limited.

8. Resolution of the Shareholders passed at the AGM held on September 29, 2014.

9. Letter (DBOD no. 1767/08.36.001/2012-13) from the RBI dated July 31, 2012.

10. Letter (DBOD no. 3366/08.36.001/2014-15) from the RBI dated September 4, 2014.

11. Letter (DBOD.3366/08.36.001/2014-15) from the RBI dated September 4, 2014.

12. Resolution of the Board of Directors dated November 13, 2013.

13. Resolution of the Shareholders passed at the AGM held on September 28, 2012.

14. Order no. DBOD.PSBD No.16721/16.05.03/2012-13 dated May 23, 2013 of the RBI appointing Mr. K. Neethi Ragavan as an additional director.

15. Resolution of the Board of Directors dated September 23, 2013.

16. Order no. DBR.PSBD No.13535/16.05.008/2014-15 dated March 13, 2015 of the RBI appointing Mr. V. G. Venkatachalapathy as an additional director.

17. Resolution of the Board of Directors dated March 30, 2015.

18. Resolution of the Board of Directors dated September 29, 2014.

19. Resolution of the Shareholders passed at a meeting held on September 23, 2013.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our certification of incorporation dated November 26, 1920 under the Indian Companies Act, 1913 and fresh certificate of incorporation dated April 14, 1987 under the Companies Act, 1956.

3. Resolution of the Board of Directors dated December 2, 2014 authorising the Issue.

4. Resolution of the Shareholders passed at the EGM held on February 19, 2015 authorising the Issue.

5. Resolution of the Board of Directors dated March 30, 2015, approving this Draft Red Herring Prospectus.

6. Report of the Auditors dated March 30, 2015 on the restated audited financial statements beginning at page F-1.

7. Statement of Tax Benefits from the Auditors dated March 30, 2015.

8. Copies of annual reports of our Bank for Fiscal Years 2010, 2011, 2012, 2013 and 2014.

9. Consent of the Auditors to include their reports on the restated audited financial statements and the statement of tax benefits, in the form and context in which they appear in this Draft Red Herring Prospectus.

10. Consents of the BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Refund Bank(s), Directors of our Bank, Company Secretary and Compliance Officer, legal counsels, as referred to, in their respective capacities.

11. In-principle listing approvals dated [●] and [●] received from the NSE and the BSE, respectively.

12. Due diligence certificate dated March 30, 2015 to SEBI from the BRLMs.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

In accordance with Section 27 of the Companies Act, 2013, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of the Prospectus with the RoC, reference shall be made to the shareholders of our Bank for the same.

DECLARATION

DECLARATION BY OUR BANK

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contract (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. S.Santhanakrishnan	
Mr. Ajay Lal	
Mr. T. S. Anantharaman	
Mr. Bobby Jos C.	
Mr. C. K. Gopinathan	
Mr. K. Subrahmanya Sarma	
Mr. Sumeer Bhasin	
Ms. Radha Unni	
Mr. S. Ramakrishnan	
Mr. M. Madhavan Nambiar	
Mr. K. Neethi Ragavan	
Mr. V. G. Venkatachalapathy	

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR BANK

Mr. P. V. Antony(Chief Financial Officer)

Date: March 30, 2015
Place: Chennai