

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 89<sup>th</sup> Annual Report of your Bank together with Audited accounts for the year ended 31<sup>st</sup> March 2008.

### Economic Overview

Indian economy, one of the fastest growing economies of the world, witnessed a robust pace during 2007-08 with moderation in growth momentum during the course of the year. As per the revised estimates, the real GDP growth moderated to 9.0% in 2007-08 from 9.6% in the previous fiscal. The moderation in growth is witnessed in industrial and services sectors.

As per the advance estimates for 2007-08, the total food grains production of all major crops would be around 227.9 mn tonnes registering a rise of 4.6% over the previous fiscal 2006-07. Among the non-food category, with the exception of sugarcane, other items are expected to increase over the previous year.

Annual industrial growth during the fiscal gone by was at a 3 year low of 8.50% over 11.6% in 2006-07. Except in case of mining sector, where the growth is very minimal, there has been a decline /negative growth witnessed in manufacturing and electricity sectors. Apart from a high base effect the decline in industrial output growth was due to a host of factors including rising prices of raw materials and other imports including increased imports aided by a strong rupee. The main contributor to the manufacturing slow down was a decline of over 25% in metal products and parts. There has been a decline in infrastructure sector viz electricity and cements, with the exception of coal, where the growth was slightly higher than the previous fiscal 2006-07.

The growth in services sector was at 10.8%. The services sector continues to be the major contributor to the GDP growth. In services sector, the sub-sectors trade, hotel, transport and communication contributed around one third of overall real GDP growth.

The financial markets in India remained largely orderly during the year 2007-08 barring the huge volatility witnessed in mid January 2008 in tune with the trends in international equity markets.

India's balance of payments position was comfortable in 2007-08. Foreign exchange reserves increased by US \$ 110.5 billion during 2007-08 to reach US \$ 309.7 bn as the end of March 2008.

Inflation has eased up till January 2008 and has been on the increase mainly due to food and fuel prices. To control inflation, Reserve Bank of India followed tight money policy. RBI has increased reserve requirements to suck out the excess liquidity from the banking system by hiking the CRR by 150 basis points.

Liquidity in banking system was volatile during most part of the year but largely in surplus due to inflow of capital and softening credit demand. Deposit rates rose by 0.5% p.a. across all tenors during the end of Second quarter in September 2007, after remaining flat for most part of the first two quarters due to credit pick up on the one hand and tightening of monetary policy by the Regulator on the other. Credit demands from commercial banks decreased when compared to the previous fiscal 2006-07.

### Financial Review

The financial performance of your bank during the year 2007-08 is given below:

|                     | Rs.( In cr) |
|---------------------|-------------|
| 1. Deposits         | 12549.99    |
| 2. Gross Advances   | 9568.84     |
| 3. Total Income     | 1289.33     |
| 4. Operating Profit | 307.76      |
| 5. Net Profit       | 208.33      |

### Appropriations

| Transfer to                                 |       |
|---|-------|
| 1. Statutory Reserve                        | 63.00 |
| 2. General Reserve                          | 64.75 |
| 3. (a) Proposed Dividend                    | 64.74 |
| (b) Dividend Tax                            | 11.00 |
| (inclusive of surcharge and Education cess) |       |

### Other highlights

|                                     |         |
|-------------------------------------|---------|
| 1. Net worth                        | 1190.00 |
| 2. Book value per share (in rupees) | 220.60  |
| 3. Earnings per share (in rupees)   | 38.62   |
| 4. Capital Adequacy Ratio           | 12.58%  |

### Awards and Recognition

The Board takes immense pleasure to report that your bank received the following awards during the fiscal 2007-08:

- (1) For the second year in succession the bank was recognized as the Most efficient small bank by the Business To-day – KPMG Survey based on the performance of the fiscal 2006-07.
- (2) Once again the bank has been ranked No.1 among the Old Private Sector banks in a study conducted by Financial Express and Ernst & Young.
- (3) Council For Fair Business Practices, Mumbai has conferred on your bank, the prestigious CFBP Jamnalal Bajaj Award for Fair Business Practices. Your bank has won the award for the first time in the Banking Industry.

### Deposits

During the year the total deposits increased from Rs.9340.29 cr to Rs.12549.99 cr, registering a growth of 34.36% over the last fiscal. The growth of deposits (excluding bank deposits) accounted for 34.12%, which is higher than all schedule banks' total deposit growth rate of 23.99% during the period under review.

Your bank took many initiatives to increase the low cost deposits and to broaden the clientele base. The Bank launched Savings bank mobilization campaign at all its branches and introduced a new product known as 'Freedom Savings Account' providing for multi-city features. Another new trader friendly current account named 'KVB Economy' with multi-city features was also launched.

## DIRECTORS' REPORT

Of the total deposits, savings deposits account for Rs.1672.83 cr (13.33%), demand deposits aggregating Rs.1539.26 cr constitute 12.27% and the time deposits account for 74.40% to reach Rs.7710.84 cr

### **Credit Portfolio**

The credit portfolio recorded an appreciable growth during the fiscal 2007-08. The aggregate advances of the bank increased to Rs.9568.84 cr against Rs.7194.36 cr of the corresponding period as on 31.03.2007 registering a growth of 33%.

### **Recovery**

The credit policy of the bank continued its focus on keeping the level of non-performing assets to the minimal level by maintaining best asset quality. The Bank could ensure recoveries/closure in a fairly good number of high value accounts during the year, by adopting proactive recovery strategies and executing them in a specific time schedule. As a result of the concerted efforts, the gross NPAs and net NPAs were brought down to 2.03% and 0.18% as at the end of March 2008 as against 2.82% and 0.23% respectively as at the end of the previous fiscal.

### **Share Capital**

As at the end of the fiscal, the paid up capital stood at Rs. 53.94 cr as against Rs. 49.49 cr as on 31<sup>st</sup> March 2007. The increase in paid up capital was mainly due to the payment of call money by the shareholders who held partly paid rights shares.

### **Dividend**

Keeping in view the overall performance of the bank, your directors are pleased to recommend 120 % dividend (free of tax in the hands of the shareholders) for the fiscal 2007-08, subject to the approval of the shareholders. The recommended dividend is in tune with the consistent dividend policy pursued by the bank over the years viz annual expectation of the shareholders for growing income and also retaining capital to maintain healthy capital adequacy ratio to support future growth.

### **Capital Adequacy**

The net owned funds of the bank increased from Rs. 1063.16 cr to Rs. 1190.00 cr registering a growth of 11.93%. Your bank's capital adequacy ratio (CAR) stood at a healthy 12.58 %, well above the regulatory minimum of 9.0%.

### **Investments**

During the fiscal 2007-08, the 10-year Government securities yield moved in a range of 7.42-8.32 percent. The Bank sold HTM securities for the book value of Rs.234.40 cr booking a profit of Rs.8.03 cr to encash the opportunities presented by lower yields in the market.

During the year, the Bank had shifted securities from AFS category to HTM category to de-risk the investment portfolio from future interest rate shocks, recognizing depreciation to the tune of Rs.9.89

cr arising out of such shifting. Net profit from sale of investments stood higher at Rs.30.68 cr as against Rs.27.47 cr for the previous fiscal.

The Gross and Net Investments of the bank stood at Rs.3535.67 cr and Rs. 3526.33 cr as at the end of the fiscal 31<sup>st</sup> March 2008, as against Rs.2895.55 cr and Rs.2873.95 cr respectively as at the end of the previous fiscal. The Bank's average yield on investments was 7.93%.

### **Forex Operations**

During the year under review the merchant turnover of the bank was at Rs.8520 cr as against Rs.5306 cr in 2006-07. The gross income from the forex operations was Rs.86.86 cr during the fiscal as against Rs.63.76 cr in 2006-07. Of the total advances, export credit accounted for Rs.631.53 cr.

### **Branch Network and Expansion**

In line with its organic growth plans and further its foothold to potential markets and spread banking facilities to un-banked areas coupled with foraying into new business opportunities, the bank has been opening new branches at centres offering good business potential. The bank has spread its logistical presence into 18 more centres during the fiscal 2007-08 taking the total number of branches to 291 at the end of March, 2008. Your Bank has plans to open more branches during the current fiscal 2008-09.

### **Depository Services**

As a step further towards becoming a financial super market, your bank launched Depository services in select branches across the country and entered into tie up arrangement with IDBI Capital Markets Limited (ICMS) to provide e-broking (on line trading) facility to our customers.

### **Technology Initiatives**

During the period under report the bank had initiated the following technology developments:

Members are aware that the bank was a pioneer among old private sector banks to introduce Core Banking Solutions as early in the year 2002. In view of the changing technological advancements, the bank has to update CBS by opting for a new version of the software which improves quality of customer service and simplify the work flow for the operating staff. Accordingly all the branches and offices of the bank had migrated to Flexcube 6.7 version of software during January 2008.

Your bank is one among the pilot banks in implementing Cheque Truncation System Live. The bank also implemented the following:

- 3 DES in all our ATMs
- Depository participant gateway with suitable back office software
- Security in DRS in line with DC
- Installed CCTV in all the branches as a safety measure

## **DIRECTORS' REPORT**

Your Bank opened an office acting as Registering Authority for issuance of Digital Signature Certificates to its own employees. The Bank entered into tie up arrangement with Tamilnad Mercantile Bank and City Union Bank, COSMOS for visa affiliate membership.

During the period under report, the bank opened 49 ATMs, taking the total of Owned ATMs to 291.

### **Auditors**

The statutory auditors M/s J L Sengupta & Co ( H.O.: Kolkatta), Chennai will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment.

### **Statutory Disclosures**

The provisions of Sec 217 (1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to your bank. However the bank has used information technology extensively for its operations.

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employment) Rules, 1975 is annexed elsewhere in this report.

### **Board of Directors**

The Board in the meeting held on 28<sup>th</sup> March 2008, appointed Shri P T Kuppuswamy, Chairman and CEO of the bank as Managing Director/Chief Executive Officer for a period of three years commencing from 01.06.2008, as his earlier term was till 31<sup>st</sup> May 2008. The appointment is in line with the directive issued by Reserve Bank of India during May 2007 to all private sector banks to have a separate Non-executive Chairman of the Board and a Managing Director / CEO to look after the day to day management of the affairs of the bank.

Directors Sarvashri A S Janarthanan and Dr. V G Mohan Prasad will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Directors Sarvashri G Rajasekaran and K S Ramabadrnan have since resigned. The Board places on record its sincere appreciation for the valuable services rendered by them during their tenure as Directors of the Bank.

Place : Chennai  
Date : 06/06/2008

### **Code of conduct**

The code of conduct, as adopted by the Board of Directors, is applicable to the Directors and Senior Management Personnel of the bank. The code is available on the website of the bank and it is hereby confirmed that all those who are governed by the said Code have affirmed the code of conduct as on 31<sup>st</sup> March 2008.

### **Responsibility Statement**

The Board of Directors hereby state that

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2008 and of the profit and loss account for the year ended on that date.
- (iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities;
- (iv) We have prepared the annual accounts on a going concern basis.

### **Acknowledgements**

Your Directors express their sincere thanks to the Reserve Bank of India for its valuable guidance and support. The Directors acknowledge with appreciation the co-operation and assistance extended by the National Stock Exchange of India Ltd., SEBI and other government and regulatory agencies as also the partners in business interests viz ECGC, Bajaj Allianz General Insurance Company Limited, Birla Sunlife Insurance Company Limited, IDBI etc. The Directors also thank the customers and shareholders of the bank for valuable support.

Your Directors would like to take this opportunity to express their deep sense of appreciation for the hard and dedicated work put in by the employees of the bank at all levels and look forward to their continued contribution in our endeavour to be one of the best banks in the country.

For The Karur Vysya Bank Ltd.,  
**P.T. Kuppuswamy**  
Chairman and Chief Executive Officer

## CORPORATE GOVERNANCE

### 1. Bank's Philosophy of Corporate Governance

Your Bank strongly believes that to be a successful organization, it shall not merely be a compliant of the Corporate Governance norms prescribed under the Listing Agreement, it must observe best corporate governance practices viz: accepted norms of ethical behaviour, propriety, fairness and sense of justice and bench marking itself against each such practice on an on going basis. The Board views Corporate Governance in its broad sense, almost like a trusteeship, a philosophy to be professed, a value to be imbibed and an ideology to be ingrained into corporate culture. The bank is committed to attain highest standards of corporate governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement in internal controls and good customer service and sound investor relations. It believes in enhancing shareholders' value through transparency and best business practices.

Bank has been aligning its activities to the customer needs, employee growth and welfare, superior shareholder value and delighting all stakeholders.

The details as to Audit Committee and the Customer Service and Shareholders/Investors Grievance Committee are given elsewhere in the report.

### 2. Board Of Directors

The composition of the Board of the Bank is governed by the Companies Act,1956, the Banking Regulation Act,1949 and the Listing Agreement entered into by the Bank with the Stock Exchange, where the shares of the bank are listed. The Board of the Bank comprises of Executive Chairman and 9 Non-executive directors. Of the non-executive directors, three are from promoter families and the rest are Independent directors.

The directors are professionals with specialization in their respective fields viz Banking, Law, Accounting, Agriculture, Rural Economy, SSI and Business and Finance, thus satisfying the sectoral representation envisaged under the Banking Regulation Act, 1949 and they bring in wide range of skills and expertise.

None of the directors on the Board is a member of more than 10 companies or Chairs more than 5 Committees across all companies in which he is a director. All the Directors have disclosed their Committee positions occupied by them in other companies.

The details of the Directors as to their name, category, sectoral representation as also their attendance in the Board and Committee meetings during the fiscal 2007-08 are furnished below.

| SI No | Name                   | Category of Director               | Sectoral Representation     | No. of Meetings attended during the year 2007-2008 |                              |                           |                             |                             |                           |
|-------|------------------------|------------------------------------|-----------------------------|--|------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
|       |                        |                                    |                             | Board (24 Meetings held)                           | Advances (5 Meetings held) * | S&D (35 Meetings held) ** | RMALM (4 Meetings held) *** | NPAM (2 Meetings held) **** | NC (1 Meeting held) ***** |
| 1     | Shri P T Kuppaswamy    | Chairman & Chief Executive Officer | Banking                     | 23   | 5                            | 29                        | 4                           | 2                           | 1                         |
| 2     | Shri A S Janarthanan   | Promoter Family Non-Executive      | Business & Finance          | 24   | 5                            | 31                        | 4                           | 2                           | 1                         |
| 3     | Shri G Rajasekaran     | Promoter Family Non- Executive     | Business & Finance          | 24   | 5                            | 35                        | 4                           | 2                           | 1                         |
| 4     | Shri K Ramadurai       | Independent Non-Executive          | Accountancy                 | 24   | -                            | -                         | -                           | -                           | -                         |
| 5     | Shri M K Venkatesan    | Promoter Family Non-Executive      | SSI                         | 23   | 5                            | 26                        | 4                           | 2                           | 1                         |
| 6     | Dr. V G Mohan Prasad   | Independent Non-Executive          | Agriculture                 | 14   | -                            | -                         | -                           | -                           | -                         |
| 7     | Shri K S Ramabadrnan   | Independent Non-Executive          | Law                         | 20   | -                            | -                         | 4                           | 2                           | 1                         |
| 8     | Shri K P Kumar         | Independent Non-Executive          | Law                         | 22   | -                            | 15                        | -                           | -                           | -                         |
| 9     | Shri T R Ramanathan    | Independent Non-Executive          | Agriculture & Rural Economy | 24   | 4                            | -                         | -                           | -                           | -                         |
| 10    | Shri M G S Ramesh Babu | Independent Non-Executive          | SSI                         | 20   | -                            | -                         | -                           | -                           | -                         |

- \* Advances - Advances Committee  
 \*\* S & D - Staff & Development Committee  
 \*\*\* RMALM - Risk Management and Asset and Liability Management Committee  
 \*\*\*\* NPAM - NPA Management and Fraud Monitoring Committee  
 \*\*\*\*\* NC - Nomination Committee

## CORPORATE GOVERNANCE

### II. Attendance at Last AGM

All Directors of the bank have attended the last Annual General Meeting held on 20/07/2007.

The details of directorship/membership or Chairmanship of the committees for each director of the bank as on 31st March, 2008 is furnished hereunder:

| Sl.No | Name of the Director   | Directorships in other Companies                                | Memberships and/or Chairperson of committees in other companies |
|-------|------------------------|---|---|
| 01    | Shri P T Kuppuswamy    | NIL   | NIL   |
| 02    | Shri A S Janarthanan   | NIL   | NIL   |
| 03    | Shri G Rajasekaran     | NIL   | NIL   |
| 04    | Shri K Ramadurai       | NIL   | NIL   |
| 05    | Dr. V G Mohan Prasad   | VGM Health Care (P) Ltd.  | NIL   |
| 06    | Shri K S Ramabadran    | NIL   | NIL   |
| 07    | Shri M K Venkatesan    | NIL   | NIL   |
| 08    | Shri K P Kumar         | Gokaldas Exports Ltd  | Audit Committee & Shareholder Grievance Redressal Committee     |
| 09    | Shri T R Ramanathan    | Chairman, Rams Programming Automatic Research Solutions (P) Ltd | NIL   |
| 10    | Shri M G S Ramesh Babu | NIL   | NIL   |

### 3. Audit Committee

Audit Committee of the Board (ACB) was constituted in accordance with the guidelines of the RBI. The terms of reference and its functioning was modified to fall in line with the provisions of the Companies Act, 1956 as also the requirements of the Listing Agreement.

The terms of reference of the ACB, inter-alia, includes the following:

- Overseeing the bank's financial reporting system and disclosure of financial information to ensure the correctness of information and its adequacy.

- Reviewing adequacy of internal control systems and procedures
- Reviewing adequacy of internal audit function and other related matters of internal inspection
- Interacting with Statutory and concurrent auditors.
- Review of quarterly/half yearly and annual financial statements before they are placed before the Board of Directors.

ACB is functioning under the Chairmanship of Director Shri K Ramadurai, a Chartered Accountant. The Committee met 7 times during the fiscal 2007-08.

The names of the present members of the Audit Committee and their attendance at the Audit Committee Meetings during the Financial Year 2007-2008 are given below.

| Sl.No. | Name                      | Designation               | No. of Meetings Present (including as spl. Invitee) |
|--------|---------------------------|---------------------------|---|
| 01     | Shri K Ramadurai          | Chairman of the committee | 7   |
| 02     | Shri G Rajasekaran        | Director                  | 7   |
| 03     | Shri V G Mohan Prasad **  | Director                  | 3   |
| 04     | Shri T R Ramanathan ***   | Director                  | 4   |
| 05     | Shri M G S Ramesh Babu    | Director                  | 6   |
| 06     | Shri K P Kumar ****       | Director                  | 3   |
| 07     | Shri K S Ramabadran ***** | Director                  | 3   |

\*\* Shri V G Mohan Prasad was a member of the committee till 27.12.2007

\*\*\* Shri T R.Ramanathan was a member of the committee till 27.12.2007

\*\*\*\* Shri K P Kumar was a member of the committee since 28.12.2007

\*\*\*\*\* Shri K S Ramabadran was a member of the committee since 28.12.2007

## CORPORATE GOVERNANCE

### 4. Remuneration to Directors

The Chairman and CEO of the Bank was paid Rs. 28,88,642.83 as remuneration for the fiscal 2007-08 as per the terms of appointment approved by the Reserve Bank of India and also by the shareholders of the bank.

Other Directors did not receive any remuneration except sitting fees and other expenses viz travelling, boarding and lodging etc incurred in attending Board/ Committee meetings of the bank.

### 5. Shares held by the Non-executive Directors in the bank

Details of shareholding of each of the non-executive directors of the bank as on 31st March, 2008 are furnished below:

| Sl.No. | Name                  | No.of Shares | Sl.No. | Name                     | No.of Shares |
|--------|-----------------------|--------------|--------|--------------------------|--------------|
| 1      | Shri. A.S.Janarthanan | 366116       | 6      | Shri. K.P.Kumar          | 9800         |
| 2      | Shri. G.Rajasekaran   | 136529       | 7      | Shri. V.G.Mohan Prasad   | 24688        |
| 3      | Shri. M.K.Venkatesan  | 109853       | 8      | Shri. T.R.Ramanathan     | 24300        |
| 4      | Shri. K.Ramadurai     | 1666         | 9      | Shri. M.G.S. Ramesh Babu | 58222        |
| 5      | Shri. K.S.Ramabadran  | 6509         |        |                          |              |

### 6. Board Procedures

The Board met on 24 occasions on various dates as detailed herein covering all months during the fiscal 2007-08.

|            |            |            |            |            |            |            |            |
|------------|------------|------------|------------|------------|------------|------------|------------|
| 27.04.2007 | 23.05.2007 | 29.06.2007 | 05.09.2007 | 29.10.2007 | 30.11.2007 | 29.01.2008 | 08.03.2008 |
| 28.04.2007 | 15.06.2007 | 20.07.2007 | 06.09.2007 | 30.10.2007 | 28.12.2007 | 30.01.2008 | 28.03.2008 |
| 22.05.2007 | 28.06.2007 | 21.07.2007 | 02.10.2007 | 29.11.2007 | 29.12.2007 | 07.03.2008 | 29.03.2008 |

### 7. Shareholders

Directors Sarvashri A.S.Janarthanan and Dr. V.G.Mohan Prasad retire by rotation and are seeking the approval of the shareholders for their re-appointment.

Pursuant to the Listing Agreement pertaining to Corporate Governance a brief resume including their expertise in specific functional areas, their directorships and the membership in Committees of the Board/s of other companies are furnished hereunder:

| Sl.No | Name of the Director Sarvashri | Appointment/ Re-appointment     | Brief Resume   | Other Directorships        |
|-------|--------------------------------|---------------------------------|--|----------------------------|
| 01    | A.S.Janarthanan                | Re-appointment Promoter Family. | He is a post graduate in Arts. Belongs to the Promoter Family. He is engaged in the business of distribution of Petroleum Products as also 'Exide' Batteries and Finance. He is the President of Karur District Petroleum Dealers Association and a member of the Federation of All India Petroleum Dealers Association. He has made significant contribution to the growth of the Bank. | NIL                        |
| 02    | V.G.Mohan Prasad               | Re-appointment                  | Dr.V.G.Mohan Prasad is a Doctor by profession and engaged in agriculture. He is an M.D., D.M., F.C.C.P., M.I.A.S.L. He represents majority sector agriculture.   | V G M Health Care (P) Ltd. |

### 8. Customer Service and Shareholders / Investors Grievance Committee

Shri A S Janarthanan, a non-executive director, is the Chairman of the Customer Service and Shareholders/Investors Grievance Committee. The Committee has the following directors as its members:

|                     |          |
|---------------------|----------|
| Shri.P.T.Kuppuswamy | Chairman |
| Shri.G.Rajasekaran  | Director |
| Shri M.K.Venkatesan | Director |
| Shri K Ramadurai    | Director |

## CORPORATE GOVERNANCE

### The terms of reference of the Committee include:

- to consider share transfers /transmissions apart from the delegation of power to the Chairman of the bank to consider the shares transfers.
- to look into the redressal of shareholders' complaints relating to share transfers and transmissions, non receipt of dividends and annual reports, etc.
- to look into the redressal of grievances of customers of the Bank in connection with the services extended by the Branches/offices.

During the fiscal, the committee met once and all the members of the committee attended the meetings.

There were 214 complaints in all, pertaining to the transfer of shares, non-receipt of dividend warrants and Balance Sheets, non receipt of rights application forms, Bonus share certificate etc and all the complaints have been redressed.

### 9. COMMITTEES OF THE BOARD

In compliance with regulatory requirements and for operational needs, the Board had constituted several Committees apart from Audit and Customer Service & Shareholders and Investors Grievance Committees.

The details as to the members of the Committees as on 31st March, 2008 are furnished hereunder.

|  |   |
|--|---|
| <p><b><i>Advances Committee</i></b></p> <p><b>Sarvashri</b></p> <p>(1) P T Kuppuswamy</p> <p>(2) A S Janarthanan</p> <p>(3) G Rajasekaran</p> <p>(4) M K Venkatesan</p> <p>(5) T R Ramanathan</p>  | <p><b><i>Staff and Development Committee</i></b></p> <p><b>Sarvashri</b></p> <p>(1) P T Kuppuswamy</p> <p>(2) A S Janarthanan</p> <p>(3) G Rajasekaran</p> <p>(4) M K Venkatesan</p> <p>(5) K P Kumar</p>   |
| <p><b><i>Risk Management and Asset Liability Management Committee</i></b></p> <p><b>Sarvashri</b></p> <p>(1) P T Kuppuswamy</p> <p>(2) A S Janarthanan</p> <p>(3) G Rajasekaran</p> <p>(4) M K Venkatesan</p> <p>(5) K.S. Ramabadran</p> | <p><b><i>NPA Management and Fraud Monitoring Committee</i></b></p> <p><b>Sarvashri</b></p> <p>(1) P T Kuppuswamy</p> <p>(2) A S Janarthanan</p> <p>(3) G Rajasekaran</p> <p>(4) M K Venkatesan</p> <p>(5) K S Ramabadran</p>  |
| <p><b><i>Nomination Committee:</i></b></p> <p><b>Sarvashri</b></p> <p>(1) P T Kuppuswamy</p> <p>(2) K Ramadurai</p> <p>(3) K P Kumar</p> <p>(4) T R Ramanathan</p> <p>(5) M G S Ramesh Babu</p>  | <p>The Nomination Committee met on one occasion to scrutinize the declaration and undertakings furnished by the Directors seeking appointment/reappointment and decided their eligibility for appointment or reappointment as Directors of the Bank based on qualification, expertise, track record, integrity and other fit and proper criteria.</p> |

## CORPORATE GOVERNANCE

### 10. ANNUAL GENERAL MEETINGS

Information relating to last three Annual General Meetings together with the details as to special resolutions passed is furnished herebelow:

| Name of the Meeting | Day, Date And Time of Meeting     | Venue  | Special Resolutions Transacted   |
|---------------------|-----------------------------------|--|--|
| 86th AGM            | Thursday 21.07.2005<br>10.15 A.M. | Regd. & Central Office,<br>Erode Road, Karur | Amendment to Articles of Association U/s 31 of the Companies Act, 1956 by incorporation of new Article No.3 in the place of existing Article no. 3 for increasing the Authorised Share Capital from Rs.50 crs to Rs.100 crs and incorporating a new Article in the place of existing Article 26 para 1 for increasing the qualification shares of a director to 500 equity shares. |
| 87th AGM            | Thursday 27.07.2006<br>10.30 A.M. | Regd. & Central Office,<br>Erode Road, Karur | 1. To increase the borrowing powers U/s 293(1)(d) of the Companies Act, 1956 up to a limit not exceeding the 5 times the paid up capital and free reserves.  |
|                     |                                   |  | 2. To incorporate a new Article no : 26 (a) by amending Articles of Association of the Bank to bring in the decision of Nomination Committee as final.   |
|                     |                                   |  | 3. To offer Rights Equity shares to the shareholders in the ratio of 1:2 at a price of Rs 70/- per share ( face value of Rs 10/- per share with a premium of Rs 60/- per share)  |
| 88th AGM            | Friday 20.07.2007<br>10.00 A.M.   | Regd. & Central Office,<br>Erode Road, Karur | NIL  |

### 11. Disclosure

The bank has not entered into any materially significant transactions during the year under review, which would have potential conflict of interest between the Bank and its promoters, directors, management and/or their relatives etc. other than normal course of business.

The Bank has complied with the regulatory requirements of the RBI, Stock Exchanges and SEBI and other statutory authorities on matters concerning its business and the Capital market during the last three years. There was no penalty or stricture imposed on the Bank by the above mentioned authorities.

### 12. Means of Communication

- The Board of the bank took on record the unaudited financial results subjected to a "Limited Review" by the Statutory Auditors for the first, second and third quarters within one month after the end of every quarter for which the accounts were related and audited financial statements for the fourth quarter. After adoption, the results were announced immediately to the National Stock Exchange where the shares of the Bank are listed. The results were also announced to the Bombay Stock Exchange, where the shares of the Bank are under 'permitted category'.
- The unaudited as well as the audited financial results were showcased on the website of the Bank viz: [www.kvb.co.in](http://www.kvb.co.in). Pursuant to Clause 51 of the Listing Agreement the information required were also filed on the special website [www.sebidifar.nic.in](http://www.sebidifar.nic.in) within the time specified by SEBI.

- The quarterly, half yearly and annual results are published mostly in leading news papers such as: The Business Line, Business Standard and in Tamil vernacular newspaper 'Dinamalar' within the time frame stipulated under the Listing Agreement with the Stock Exchange.

### 13. General Shareholder Information

#### Annual General Meeting

- Date : 24.07.2008
- Time and Venue : 10.15 A.M.  
The Registered Office of the Bank, Erode Road, Karur – 639 002
- Financial year : 01.04.2007 to 31.03.2008
- Date of the Book Closure : 18.07.2008 to 24.07.2008 (Both days inclusive)
- Dividend Payment Date : 24.07.2008
- Listing on Stock Exchanges : The Equity shares of the Bank are listed on National Stock Exchange of India Limited. The shares are being traded as a permitted security in Bombay Stock Exchange.
- Market Price Data : High and Low prices of equity shares of the bank during each month during the financial year are furnished hereunder.



**CORPORATE GOVERNANCE**

| Month          | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| April 2007     | 274.00    | 235.25   |
| May 2007       | 295.00    | 255.65   |
| June 2007      | 315.00    | 284.00   |
| July 2007      | 359.00    | 313.00   |
| August 2007    | 344.90    | 292.00   |
| September 2007 | 350.05    | 320.50   |
| October 2007   | 394.40    | 297.70   |
| November 2007  | 360.00    | 316.50   |
| December 2007  | 445.00    | 334.00   |
| January 2008   | 550.00    | 340.00   |
| February 2008  | 487.00    | 396.10   |
| March 2008     | 430.00    | 328.00   |

**Equity performance in comparison to NSE nifty during 01.04.2007 to 31.03.2008**



**The Registrar and Share Transfer Agent**

M/s SKDC Consultants Ltd., No.11, Street No.1, S.N. Layout, Tatabad, Coimbatore 641 012 (Ph No(s) 0422-6549995/2499803) are the Registrars and the Share Transfer Agent for both the Physical and the Demat segment of equity shares of the bank.

The shareholders are requested to correspond only with the Registrar on any matter relating to both Physical and Demat segment of shares.

**CORPORATE GOVERNANCE**
**Distribution of shareholding as on 31.03.2008**

| No. of Shares (Category) | No. of Shares |          |          |       | No. of Shareholders |       |       |       |
|--------------------------|---------------|----------|----------|-------|---------------------|-------|-------|-------|
|                          | Physical      | Demat    | Total    | %     | Physical            | Demat | Total | %     |
| Upto 250                 | 631309        | 1245066  | 1876375  | 3.48  | 9105                | 18234 | 27339 | 67.75 |
| 251-500                  | 697295        | 1232400  | 1929695  | 3.58  | 1897                | 3379  | 5276  | 13.07 |
| 501-1000                 | 746280        | 1728723  | 2475003  | 4.59  | 1006                | 2330  | 3336  | 8.27  |
| 1001-2000                | 903432        | 2131842  | 3035274  | 5.63  | 628                 | 1488  | 2116  | 5.24  |
| 2001-3000                | 421449        | 1387295  | 1808744  | 3.35  | 169                 | 559   | 728   | 1.80  |
| 3001-4000                | 346759        | 1056599  | 1403358  | 2.60  | 98                  | 306   | 404   | 1.00  |
| 4001-5000                | 254265        | 783868   | 1038133  | 1.92  | 57                  | 174   | 231   | 0.57  |
| 5001-10000               | 591515        | 2420637  | 3012152  | 5.58  | 85                  | 349   | 434   | 1.08  |
| 10001 & above            | 2620922       | 34741813 | 37362735 | 69.27 | 89                  | 402   | 491   | 1.22  |
| Total                    | 7213226       | 46728243 | 53941469 | 100   | 13134               | 27221 | 40355 | 100   |
| % to Total               | 13.37         | 86.63    | 100      |       | 32.55               | 67.45 | 100   |       |

**Dematerialisation of Bank's Shares**

The Bank's scrip was put on compulsory demat segment with effect from 26.03.2001 and is being traded in dematerialised form. As on 31.03.2008, 86.63% of our paid up share capital has been dematerialised as detailed herebelow:

|   |   |              |
|---|---|--------------|
| No. of shares dematerialised as on 31.03.2008 | : | 46728243     |
| Percentage to paid up capital                 | : | 86.63%       |
| STOCK CODE                                    | : | KARURVYSYA   |
| ISIN NO.                                      | : |              |
| Fully paid shares of Rs.10/- each             | : | INE036D01010 |
| Partly paid shares of Rs.5/- each             | : | IN9036D01034 |

**LOCATION OF THE REGISTERED OFFICE**

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

**Address for Communication:**

The Karur Vysya Bank Limited,  
 Regd. and Central Office,  
 Post Box No.21, Erode Road,  
 Karur 639 002, Tamil Nadu  
 Phone : 04324-226520,225521-25  
 Fax : 04324-225700  
 E-Mail : kvbshares@kvbmail.com, kvb\_sig@kvbmail.com  
 Website : www.kvb.co.in

**Compliance Status of Clause 49 of the Listing Agreement**

The bank has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A certificate to this effect from the Bank's Statutory Auditors M/s J L Sengupta & Co., Chartered Accountants, is annexed.

As regards the Non-mandatory requirements, the Bank has also formulated a "Whistle Blower" mechanism to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy.

**STATEMENT PURSUANT TO SEC 217(2A) OF THE COMPANIES ACT, 1956 & THE CAOMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975**
**FORMING PART OF THE REPORT OF THE DIRECTORS**

| Name                 | Qualification                | Age in Years | Designation Nature of Duties         | Remuneration Received (Rs)   | Experience No. of years | Date of Commencement of employment | Last employment |
|----------------------|------------------------------|--------------|--------------------------------------|--|-------------------------|------------------------------------|-----------------|
| Shri P.T. Kuppaswamy | B.Com.,<br>A.C.A.,<br>A.C.S. | 64           | Chairman and Chief Executive Officer | Pay 24,00,000.00<br>Banks Contribution to PF 2,88,000.00<br>Perquisites 2,00,642.83<br><b>Total 28,88,642.83</b> | 38                      | 09.07.2001                         | Canara Bank     |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and Developments

The financial system in India consists of three markets viz: Financial markets, Money markets and Capital markets. Financial markets include scheduled and non-scheduled commercial banks, co-operative banks etc. Indian banking system has a large geographic and functional coverage offering financial facilities to a large section of the people.

With the deregulatory measures, there emerged dynamic, profit and margin conscious vibrant Indian banking. The banks are in a process of rapid transformation. Reforms are continuing and banking to-day has transformed into a technology intensive and customer module with a focus on convenience. The sector is set to witness universal banking, a financial supermarket, providing a suite of services from retail to corporate banking and industrial lending to investment banking. The changes that are taking place in the economic conditions as well as the continuous deregulation are causing ripples on the banking sector trying to graduate from a completely regulated sellers market to a completely deregulated customers market.

### Opportunities and Threats

The financial system in the advanced countries witnessed turmoil and volatility during the year 2007-08. Though the turbulence in the global markets has not affected the system as deep in those countries, yet it is making waves in our system too. In view of the volatility and turbulence abroad the domestic corporate would be looking for funding from within. The country is poised for a strong growth prospects as evidenced by industrial resurgence, increasing internationalization and deeper penetration of financial services, proposal for heavy investments in infrastructure by the Central and

State Governments. The sluggish growth witnessed during the year is unlikely to have any impact on agriculture sector where the structural shift is taking place.

The country's economic pace is driving banking sector to growth from all spheres such as Consumer finance, Rural banking, and robust industrial outlook and increasing internationalization. There has been increasing affluence and growth of middle income group and high income groups. 58% of the population is in the working age group of 15-59 years.

As per the 2001 survey and other estimates, nearly 70% and above are non-customers of TV, Two wheelers, Refrigerators etc. There is a huge potential from these groups for retail banking. Banks have to focus their product level marketing on non-consumption people where the opportunities are huge. Targeting them will not only boost the current demand but also will create replacement and up gradation buyers of tomorrow.

The Government has been focusing increasingly on rural sector and hence the potential is high for banks as the penetration of credit and financial products are comparatively less in the sector.

Deregulation of the banking industry together with decontrol in interest rates has led to the entry of many players in the field. Reduced credit off take in the sluggish economy has resulted in many banks vying for the same pie. With the deregulated interest rate regime, interest margin is bound to go down. Hence efforts must be made to reduce cost through increased volume of business. Consistent efforts must be made to adopt and practice innovative strategies for management of funds/mobilization.

In a competitive environment, there is bound to be a diffused customer loyalty. Retention of the existing customers calls for customized service with quick and efficient service delivery.

### Segmentwise and Productwise performance

The segment wise performance of the bank, both in Deposits and Advances is furnished below

| Deposits | Rs. (in cr) | Advances                                | Rs. (in cr) |
|----------|-------------|---|-------------|
| Demand   | 1539.26     | Cash Credits, Overdrafts & Demand Loans | 4885.61     |
| Savings  | 1672.83     | Bills Purchased & Discounted            | 713.87      |
| Term     | 9337.90     | Term Loans                              | 3969.36     |
| Total    | 12549.99    | Total                                   | 9568.84     |

During the year the total deposits of the bank increased by Rs.3209.70 cr from Rs. 9340.29 cr as on March 31, 2007 to reach Rs. 12549.99 cr as on March 31,2008, registering a growth of 34.36 %. The savings bank deposits encouragingly rose by Rs. 312.97 cr (23.01%) from Rs. 1359.86 cr as on March 31, 2007 to Rs. 1672.83 cr as on March 31, 2008. The Demand deposits registered a growth of Rs. 311.11 cr from Rs.1228.15 cr as at the end of March 2007 to Rs.1539.26 cr as at the end of March, 2008, thus recording a growth of 25.33%. The term deposits grew by an impressive 38.29% over the previous fiscal to reach Rs.9337.90 cr as at the end of the reporting period.

The cost of deposits increased from 5.95% in 2006-07 to 7.13 % in 2007-08.

The growth in advances on y-o-y basis was 33.00 % during the fiscal ended 31st March 2008. The yield on advances increased to 11.24 % from 10 % of previous year. Pursuant to the guidelines issued by RBI on Accounting Standard - 17 (Segment Reporting), the Bank has identified four business segments viz treasury, corporate/wholesale banking / retail banking and other banking operations. The results of the four business segments are furnished elsewhere in the report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook

The Indian economy has been witnessing growth projections over the past few years, though there has been sluggishness in 2007-08. It is still likely to experience healthy growth in absolute terms and is one of the fastest growing economies of the world. The continued good performance of the economy once again promises good potential for the business growth.

As stated earlier, the continued plan projections for the infrastructure and the thrust on rural economy by the Government at the Centre and State promises bright growth for the banks.

### Mission and Business strategy

#### Our Mission

- Adapt technology to introduce innovative products and services as well as increase the value of products on an on-going basis and provide them at reasonable rates.
- Expand branch network to reach the top business centers, besides unbanked and under banked areas in the country;
- Strengthen the financials through effective deployment of funds and ensuring financial discipline while adhering to the regulator's guidelines
- Update the knowledge and skills of the human capital to provide quality customer support.

We have embarked upon a wide range of initiatives to sustain our position in the industry. Some of the initiatives include:

- Leveraging branch net work and continuous marketing efforts to mobilize low cost deposits.
- Focusing on fee based income to compensate the thin spread
- Improving asset quality in tune with Basel II norms
- Going in for wide range of initiatives within the organization by involving human resources, process and technology to reduce the cost
- Introducing products that are best suited to the growing customer needs

### Risks and concerns

Risk is inherent in any business and more so in the business of banking as the fundamental economic function of banking organization is to assume and manage risk. Risk management system already put in place enables the management to identify, assess and monitor the credit, market and operational risks proactively. In the light of the ever changing and highly competitive environment, it is essential that banks develop robust risk management policies and procedures which are very clear and responsive to the changes. In your bank, Risk Management and Asset Liability Management Committee of executives of the bank formulates policy guidelines. A high level committee of directors oversees the function of the Executive Committee.

Your Bank has fully geared itself to implement Basel II norms which will apply to the bank effective from 31st March 2009.

### Internal control and systems adequacy

Your bank has a well defined system of periodical and surprise internal inspection for the branches and offices of the bank commensurate with its size. The internal inspection is supplemented by concurrent audit of bank's branches covering 76 branches. Bank has a well documented Revenue Audit, Information Systems Audit, stock audit and Rural audit. During the year 2007-08, all the branches of the bank were covered under general and periodical inspection. The bank has also put in place risk based internal audit in compliance with the RBI directives. The various audits are made to ensure that the internal control measures formulated and put in place by the bank are being strictly implemented by the branches and offices. IS Audit takes care of the audit of the computerized operations.

The Audit Committee of the Board reviews the performance of the Internal Audit Department and its functions. It also reviews the effectiveness of controls and compliance aspects.

### Financial performance with respect to operational performance

The bank posted a 30.20% increase in net profits touching Rs.208.33 cr for the fiscal 2007-08 as against Rs.160.01 cr achieved during the previous year 2006-07. The bank posted a 30.69% growth in total income due to the increase in income from advances, investments and non-interest income.

The net interest income of the bank i.e. net of interest income over interest expenses increased by 5.73 % i.e. from Rs.347.11 cr in the previous fiscal 2006-07 to Rs. 366.99 cr in 2007-08.

### Human Resources and Industrial Relations

The total manpower strength of the bank stood at 3580 as on 31st March 2008 as compared to 3286 as at the end of March 2007. The bank laid considerable emphasis on upgrading the skills and knowledge of its personnel during the year. The basic approach to training centered around identifying priority areas, attuning the training process to the bank's corporate goal as also the quality. The bank is imparting training to its employees both in house and at various training institutions in specified and special areas such as Risk management, Treasury management, Marketing, Information and Technology etc. Training courses are being constantly re-designed to enable the employees to handle effectively all the assignments, perform the assigned functions in the best manner in the highly competitive technology oriented customer-driven environment.

During the year under report the bank has imparted training to 1999 employees both under in house programmes and through external agencies.

The Industrial relations remained cordial.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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**To the members of the Karur Vysya Bank Limited**

We have examined the compliance of conditions of Corporate Governance by the Karur Vysya Bank Limited for the year ended on 31st March, 2008 as stipulated in clause 49 of the Listing Agreement of the said Bank with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

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

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **M/s J L Sengupta & Co**  
Chartered Accountants

**S R ANANTHAKRISHNAN**  
Partner  
M.No. 18073

Place : Chennai  
Date : 06/06/2008

## AUDITORS' REPORT TO SHAREHOLDERS

1. We have audited the attached Balance sheet of The Karur Vysya Bank Limited, Karur as at 31st March, 2008 and also the annexed Profit and Loss Account of the Bank and the Cash Flow Statement for the year ended on that date in which are incorporated the returns of 8 Offices/Branches audited by us and 320 Offices/Branches (including Extension Counters/Satellite Branches) audited by Branch Auditors. These financial statements are the responsibilities of the Banks' Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Balance sheet and the Profit and Loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.
4. The reports on the accounts of the Branches audited by Branch Auditors have been dealt with in preparing our report in the manner considered necessary by us.
5. We report that:
  - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
  - (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (c) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank.
- (d) The Balance Sheet and Profit and Loss Account of the Bank dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our Opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, in so far as they apply to the Banks.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis, give a true and fair view:
  - i. in the case of the said Balance Sheet, of the state of affairs of the Bank as at 31st March 2008;
  - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
  - iii. in the case of the Cash Flow Statement, of the cash flow of the Bank for the year ended on that date.

For **M/s J L Sengupta & Co**  
Chartered Accountants

**S R ANANTHAKRISHNAN**  
Partner  
M.No. 18073

Place : Chennai  
Date : 06/06/2008

**BALANCE SHEET AS AT 31st MARCH 2008**

|  |          | (000's omitted)         |                         |
|--|----------|-------------------------|-------------------------|
| CAPITAL & LIABILITIES                                  | SCHEDULE | AS ON 31.03.2008<br>Rs. | AS ON 31.03.2007<br>Rs. |
| Capital  | 1        | 53,94,14                | 49,48,84                |
| Reserves & Surplus                                     | 2        | 1136,05,89              | 1013,66,67              |
| Deposits   | 3        | 12549,99,29             | 9340,29,29              |
| Borrowings   | 4        | 328,34,06               | 228,52,30               |
| Other Liabilities and Provisions                       | 5        | 514,69,25               | 447,03,68               |
| <b>TOTAL</b>   |          | <b>14583,02,63</b>      | <b>11079,00,78</b>      |
| <br>   |          |                         |                         |
| ASSETS   |          |                         |                         |
| Cash and Balances with Reserve Bank of India           | 6        | 1099,40,31              | 595,11,17               |
| Balances with Banks and Money at call and short notice | 7        | 87,16,88                | 176,83,94               |
| Investments  | 8        | 3526,33,19              | 2873,94,70              |
| Advances   | 9        | 9421,52,73              | 7040,47,57              |
| Fixed Assets   | 10       | 109,40,57               | 96,69,55                |
| Other Assets   | 11       | 339,18,95               | 295,93,85               |
| <b>TOTAL</b>   |          | <b>14583,02,63</b>      | <b>11079,00,78</b>      |
| Contingent Liabilities                                 | 12       | 7514,99,30              | 4400,86,73              |
| Bills for collection                                   |          | 662,45,75               | 590,60,43               |

**P.T.KUPPUSWAMY**  
Chairman

**ATHI S. JANARTHANAN**  
Director

**G. RAJASEKARAN**  
Director

**A.S. Vasudevan**  
Deputy General Manager

Place : Chennai  
Date : 6th June 2008

**K. RAMADURAI**  
Director

**V.G. MOHAN PRASAD**  
Director

**M.K. VENKATESAN**  
Director

**R. Kannan**  
Company Secretary

**K.S. RAMABADRAN**  
Director

**K.P. KUMAR**  
Director

**T.R. RAMANATHAN**  
Director

**M.G.S.RAMESH BABU**  
Director

For **J.L.Sengupta & Co.,**  
Chartered Accountants  
**(S.R.ANANTHAKRISHNAN)**  
PARTNER  
M. No. 18073

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

(000's omitted)

|                                 | SCHEDULE | Year Ended<br>31.03.2008<br>Rs. | Year Ended<br>31.03.2007<br>Rs. |
|---------------------------------|----------|---------------------------------|---------------------------------|
| <b>I INCOME</b>                 |          |                                 |                                 |
| Interest earned                 | 13       | 1134,03,34                      | 867,39,89                       |
| Other Income                    | 14       | 155,29,72                       | 119,15,08                       |
| <b>TOTAL</b>                    |          | <b>1289,33,06</b>               | <b>986,54,97</b>                |
| <b>II EXPENDITURE</b>           |          |                                 |                                 |
| Interest expended               | 15       | 765,35,21                       | 520,28,53                       |
| Operating expenses              | 16       | 216,21,85                       | 192,48,47                       |
| Provisions and Contingencies    |          | 99,42,90                        | 113,77,26                       |
| <b>TOTAL</b>                    |          | <b>1080,99,96</b>               | <b>826,54,26</b>                |
| <b>III PROFIT</b>               |          |                                 |                                 |
| Net Profit for the year         |          | 208,33,10                       | 160,00,71                       |
| Amount Transferred From IFR     |          | NIL                             | 70,84,75                        |
| Profit brought forward **       |          | 135,65                          | 94,33                           |
| <b>TOTAL</b>                    |          | <b>209,68,75</b>                | <b>231,79,79</b>                |
| <b>IV APPROPRIATIONS</b>        |          |                                 |                                 |
| Transfers to                    |          |                                 |                                 |
| Statutory Reserve               |          | 63,00,00                        | 48,10,00                        |
| Capital Reserve                 |          | 3,71,05                         | NIL                             |
| Investment Reserve              |          | 1,37,88                         | NIL                             |
| Revenue & Other Reserves        |          | 64,75,00                        | 119,25,00                       |
| Proposed Dividend               |          | 64,74,07                        | 53,94,14                        |
| Dividend Tax                    |          | 11,00,27                        | 9,16,73                         |
|                                 |          | 208,58,27                       | 230,45,87                       |
| BALANCE OF PROFIT               |          | 1,10,48                         | 1,33,92                         |
| <b>TOTAL</b>                    |          | <b>209,68,75</b>                | <b>231,79,79</b>                |
| Significant Accounting Policies | 17       |                                 |                                 |
| Notes on Accounts               | 18       |                                 |                                 |

\*\* includes Excess provision of Rs. 1,73,943/- transferred from proposed Dividend for the year 2006-2007

**P.T.KUPPUSWAMY**  
Chairman

**ATHI S. JANARTHANAN**  
Director

**G. RAJASEKARAN**  
Director

**A.S. Vasudevan**  
Deputy General Manager

Place : Chennai  
Date : 6th June 2008

**K. RAMADURAI**  
Director

**V.G. MOHAN PRASAD**  
Director

**M.K. VENKATESAN**  
Director

**R. Kannan**  
Company Secretary

**K.S. RAMABADRAN**  
Director

**K.P. KUMAR**  
Director

**T.R. RAMANATHAN**  
Director

**M.G.S.RAMESH BABU**  
Director

For **J.L.Sengupta & Co.,**  
Chartered Accountants  
**(S.R.ANANTHAKRISHNAN)**  
PARTNER  
M. No. 18073



**SCHEDULES**

|  | AS ON<br>31.03.2008<br>Rs. | AS ON<br>31.03.2007<br>Rs. |
|--|----------------------------|----------------------------|
| (000's omitted)                            |                            |                            |
| <b>SCHEDULE 1 - CAPITAL</b>                |                            |                            |
| <b>Authorised Capital</b>                  |                            |                            |
| 10,00,00,000 Equity Shares of Rs. 10 each  | <u>100,00,00</u>           | <u>100,00,00</u>           |
| <b>Issued Capital:</b>                     |                            |                            |
| 5,39,99,352 Equity Shares of Rs.10/- each  | <u>53,99,94</u>            | <u>53,99,94</u>            |
| <b>Subscribed &amp; Paid up Capital:</b>   |                            |                            |
| 5,39,41,369 Equity Shares of Rs.10/- each  | <u>53,94,14</u>            | <u>53,94,13</u>            |
| Add:                                       |                            |                            |
| Allotment of shares kept in abeyance:      | <u>1</u>                   |                            |
| 100 Equity shares of Rs.10/- each          | <u>53,94,15</u>            |                            |
| Less: Calls unpaid                         | <u>1</u>                   | <u>4,45,29</u>             |
| <b>TOTAL</b>                               | <u>53,94,14</u>            | <u>49,48,84</u>            |
| <b>SCHEDULE 2 - RESERVES AND SURPLUS</b>   |                            |                            |
| <b>I Statutory Reserve</b>                 |                            |                            |
| Opening Balance                            | <u>348,03,31</u>           | <u>299,93,31</u>           |
| Addition during the year                   | <u>63,00,00</u>            | <u>48,10,00</u>            |
|  | <u>411,03,31</u>           | <u>348,03,31</u>           |
| <b>II Capital Reserve</b>                  |                            |                            |
| Opening Balance                            | <u>6,67,16</u>             | <u>6,67,16</u>             |
| Addition during the year                   | <u>3,71,05</u>             | <u>Nil</u>                 |
|  | <u>10,38,21</u>            | <u>6,67,16</u>             |
| <b>III Share Premium</b>                   |                            |                            |
| Opening Balance                            | <u>93,01,13</u>            | <u>29,89,61</u>            |
| Addition during the year                   | <u>26,71,72</u>            | <u>81,10,51</u>            |
| Deduction during the year                  | <u>NIL</u>                 | <u>17,99,00</u>            |
|  | <u>119,72,85</u>           | <u>93,01,12</u>            |
| <b>IV General Reserve</b>                  |                            |                            |
| Opening Balance                            | <u>564,61,16</u>           | <u>445,36,16</u>           |
| Addition during the year                   | <u>64,75,00</u>            | <u>119,25,00</u>           |
| Deduction during the year                  | <u>36,93,00</u>            | <u>Nil</u>                 |
|  | <u>592,43,16</u>           | <u>564,61,16</u>           |
| <b>V Investment Reserve :</b>              |                            |                            |
| Opening Balance                            | <u>Nil</u>                 | <u>Nil</u>                 |
| Addition during the year                   | <u>1,37,88</u>             | <u>Nil</u>                 |
| Deduction during the year                  | <u>Nil</u>                 | <u>Nil</u>                 |
|  | <u>1,37,88</u>             | <u>Nil</u>                 |
| <b>VI Investment Fluctuation Reserve :</b> |                            |                            |
| Opening Balance                            | <u>Nil</u>                 | <u>70,84,75</u>            |
| Addition during the year                   | <u>Nil</u>                 | <u>Nil</u>                 |
| Deduction during the year                  | <u>Nil</u>                 | <u>70,84,75</u>            |
|  | <u>Nil</u>                 | <u>Nil</u>                 |
| <b>VII Balance of Profit :</b>             | <u>1,10,48</u>             | <u>1,33,92</u>             |
| <b>TOTAL</b>                               | <u>1136,05,89</u>          | <u>1013,66,67</u>          |

**SCHEDULES**

|  | AS ON<br>31.03.2008<br>Rs. | AS ON<br>31.03.2007<br>Rs. |
|--|----------------------------|----------------------------|
|  |                            | (000's omitted)            |
| <b>SCHEDULE 3 - DEPOSITS</b>                         |                            |                            |
| A I. Demand Deposits :                               |                            |                            |
| i) From Banks  | 13,36,59                   | 9,46,62                    |
| ii) From Others                                      | <u>1525,88,99</u>          | <u>1218,68,64</u>          |
|  | <u>1539,25,58</u>          | <u>1228,15,26</u>          |
| II. Savings Bank Deposits                            | <u>1672,83,16</u>          | <u>1359,86,51</u>          |
| III. Term Deposits                                   |                            |                            |
| i) From Banks  | 471,35,50                  | 442,37,86                  |
| ii) From Others                                      | <u>8866,55,05</u>          | <u>6309,89,66</u>          |
|  | <u>9337,90,55</u>          | <u>6752,27,52</u>          |
| <b>TOTAL OF I, II &amp; III</b>                      | <u>12549,99,29</u>         | <u>9340,29,29</u>          |
| B Deposits of Branches :                             |                            |                            |
| i) In India  | 12549,99,29                | 9340,29,29                 |
| ii) Outside India                                    | Nil                        | Nil                        |
| <b>TOTAL</b>   | <u>12549,99,29</u>         | <u>9340,29,29</u>          |
| <b>SCHEDULE 4 - BORROWINGS</b>                       |                            |                            |
| I Borrowings in India                                |                            |                            |
| i) Reserve Bank of India                             | 75,00,00                   | 58,25,00                   |
| ii) Other Banks                                      | 126,35,56                  | 27,05                      |
| iii) Other Institutions and Agencies                 | <u>23,29,02</u>            | <u>87,52,81</u>            |
|  | <u>224,64,58</u>           | 146,04,86                  |
| II Borrowings outside India                          | 103,69,48                  | 82,47,44                   |
| <b>TOTAL</b>   | <u>328,34,06</u>           | <u>228,52,30</u>           |
| Secured Borrowings included in<br>I and II above     | NIL                        | 59,93,95                   |
| <b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b> |                            |                            |
| I Bills Payable                                      | 191,15,55                  | 173,06,93                  |
| II Inter Office Adjustments (Net)                    | NIL                        | NIL                        |
| III Interest Accrued                                 | 48,88,02                   | 45,70,30                   |
| IV Deferred Tax                                      | 2,88,00                    | 5,12,00                    |
| V Others (including provisions)                      | <u>271,77,68</u>           | <u>223,14,45</u>           |
| <b>TOTAL</b>   | <u>514,69,25</u>           | <u>447,03,68</u>           |

**SCHEDULES**

|  | AS ON<br>31.03.2008<br>Rs. | AS ON<br>31.03.2007<br>Rs. |
|--|----------------------------|----------------------------|
| (000's omitted)  |                            |                            |
| <b>SCHEDULE 6 - CASH AND BALANCES<br/>WITH RESERVE BANK OF INDIA</b>             |                            |                            |
| I Cash in Hand<br>(Including Foreign Currency Notes)                             | 174,82,71                  | 129,86,76                  |
| II Balances with Reserve Bank of India<br>In Current Account                     | 924,57,60                  | 465,24,41                  |
| <b>TOTAL</b>   | <u>1099,40,31</u>          | <u>595,11,17</u>           |
| <b>SCHEDULE 7 - BALANCES WITH BANKS<br/>AND MONEY AT CALL &amp; SHORT NOTICE</b> |                            |                            |
| I <b>In India</b>  |                            |                            |
| i) Balances with Banks :   |                            |                            |
| a) In Current Accounts   | 50,68,29                   | 35,39,42                   |
| b) In Other Deposit Accounts   | 33,33,73                   | 139,69,13                  |
| ii) Money at Call and Short Notice with Banks                                    | Nil                        | Nil                        |
|  | <u>84,02,02</u>            | <u>175,08,55</u>           |
| II <b>Outside India</b>  |                            |                            |
| In Current Accounts  | 3,14,86                    | 1,75,39                    |
| <b>TOTAL</b>   | <u>87,16,88</u>            | <u>176,83,94</u>           |
| <b>SCHEDULE 8 - INVESTMENTS</b>  |                            |                            |
| I <b>Investments in India in</b>   |                            |                            |
| i) Government Securities   | 3035,16,62                 | 2408,99,77                 |
| ii) Other Approved Securities  | 21,33,37                   | 21,33,37                   |
| iii) Shares  | 63,20,69                   | 38,86,15                   |
| iv) Debentures and Bonds   | 218,40,11                  | 246,84,79                  |
| v) Mutual Fund Units & Others  | 188,22,40                  | 157,90,62                  |
| <b>TOTAL</b>   | <u>3526,33,19</u>          | <u>2873,94,70</u>          |
| Gross Investments in India   | 3535,67,11                 | 2895,54,84                 |
| Less : Provision for Investment  |                            |                            |
| Depreciation and impairment  | 9,33,92                    | 21,60,14                   |
| Net Investments in India   | <u>3526,33,19</u>          | <u>2873,94,70</u>          |
| II <b>Investments outside India</b>  | Nil                        | Nil                        |

**SCHEDULES**

|                                   |  | (000's omitted)   |                   |
|-----------------------------------|--|-------------------|-------------------|
|                                   |  | <b>AS ON</b>      | <b>AS ON</b>      |
|                                   |  | <b>31.03.2008</b> | <b>31.03.2007</b> |
|                                   |  | <b>Rs.</b>        | <b>Rs.</b>        |
| <b>SCHEDULE 9 - ADVANCES</b>      |  |                   |                   |
| A                                 | i) Bills purchased and discounted                          | 708,19,82         | 332,82,83         |
|                                   | ii) Cash Credits, Overdrafts and Loans repayable on Demand | 4849,23,07        | 3820,19,07        |
|                                   | iii) Term Loans  | 3864,09,84        | 2887,45,67        |
|                                   | <b>TOTAL</b>   | <u>9421,52,73</u> | <u>7040,47,57</u> |
| B                                 | i) Secured by tangible assets (incl. Book Debts)           | 7845,42,25        | 6085,23,47        |
|                                   | ii) Covered by Bank / Government guarantees                | 290,57,99         | 318,53,16         |
|                                   | iii) Unsecured   | 1285,52,49        | 636,70,94         |
|                                   | <b>TOTAL</b>   | <u>9421,52,73</u> | <u>7040,47,57</u> |
| C                                 | I Advances in India  |                   |                   |
|                                   | i) Priority Sector   | 3176,13,25        | 2671,48,68        |
|                                   | ii) Public Sector  | 1725,57,88        | 503,37,89         |
|                                   | iii) Banks   | 25,08             | 38,76             |
|                                   | iv) Others   | 4519,56,52        | 3865,22,24        |
|                                   | <b>TOTAL</b>   | <u>9421,52,73</u> | <u>7040,47,57</u> |
| C                                 | II Advances Outside India                                  | Nil               | Nil               |
|                                   | <b>TOTAL</b>   | <u>9421,52,73</u> | <u>7040,47,57</u> |
| <b>SCHEDULE 10 - FIXED ASSETS</b> |  |                   |                   |
| I                                 | <b>Premises :</b>  |                   |                   |
|                                   | At cost as on 31st March of the preceding year             | 67,40,05          | 66,66,79          |
|                                   | Addition during the year                                   | 52,46             | 73,26             |
|                                   |  | <u>67,92,51</u>   | <u>67,40,05</u>   |
|                                   | Deduction during the year                                  | NIL               | NIL               |
|                                   |  | <u>67,92,51</u>   | <u>67,40,05</u>   |
|                                   | Depreciation to date                                       | 18,58,74          | 16,65,52          |
|                                   |  | <u>49,33,77</u>   | <u>50,74,53</u>   |
| II                                | <b>Building under construction</b>                         | 89                | 89                |
| III                               | <b>Other Fixed Assets :</b>                                |                   |                   |
|                                   | (Including Furniture & Fixtures)                           |                   |                   |
|                                   | At cost as on 31st March of the preceding year             | 152,21,13         | 132,44,33         |
|                                   | Addition during the year                                   | 32,10,74          | 19,96,58          |
|                                   |  | <u>184,31,87</u>  | <u>152,40,91</u>  |
|                                   | Deduction during the year                                  | 32,35             | 19,78             |
|                                   |  | <u>183,99,52</u>  | <u>152,21,13</u>  |
|                                   | Depreciation to date                                       | 123,93,61         | 106,27,00         |
|                                   |  | <u>60,05,91</u>   | <u>45,94,13</u>   |
|                                   | <b>TOTAL</b>   | <u>109,40,57</u>  | <u>96,69,55</u>   |

**SCHEDULES**

|                                   |  | (000's omitted)   |                   |
|-----------------------------------|--|-------------------|-------------------|
|                                   |  | AS ON             | AS ON             |
| <b>SCHEDULE 11 - OTHER ASSETS</b> |  | <b>31.03.2008</b> | <b>31.03.2007</b> |
|                                   |  | Rs.               | Rs.               |
| I                                 | Inter Office Adjustments (Net)                           | 26,43,29          | 15,61,81          |
| II                                | Interest Accrued   | 106,96,38         | 89,28,49          |
| III                               | Tax paid in advance /<br>Tax deducted at source          | 32,87,01          | 22,13,21          |
| IV                                | Stationery and Stamps                                    | 3,61,59           | 2,76,79           |
| V                                 | Deferred Tax   | 8,67,00           | Nil               |
| VI                                | Non Banking Assets acquired in<br>satisfaction of claims | 1,04,52           | 1,06,43           |
| VII                               | Others   | 159,59,16         | 165,07,12         |
| <b>TOTAL</b>                      |  | <b>339,18,95</b>  | <b>295,93,85</b>  |

**SCHEDULE 12 - CONTINGENT LIABILITIES**

|              |  |                          |                          |
|--------------|--|--------------------------|--------------------------|
| I            | Claims against the Bank not<br>acknowledged as debts   | 5,32,47                  | 5,47,11                  |
| II           | Liability on account of outstanding<br>a) Forward Exchange Contracts<br>b) Derivatives               | 3764,46,23<br>1847,40,04 | 1278,40,55<br>2064,61,85 |
| III          | Guarantees given on behalf of<br>Constituents in India   | 841,41,44                | 581,64,72                |
| IV           | Acceptances, Endorsements and<br>other Obligations   | 1056,39,12               | 470,72,50                |
| V            | Other items for which the Bank<br>is contingently liable/Bills of exchange<br>rediscounted with IDBI | Nil                      | Nil                      |
| <b>TOTAL</b> |  | <b>7514,99,30</b>        | <b>4400,86,73</b>        |

**SCHEDULE 13 - INTEREST EARNED**

|              |   | Year Ended        | Year Ended       |
|--------------|---|-------------------|------------------|
|              |   | 31.03.2008        | 31.03.2007       |
|              |   | Rs.               | Rs.              |
| I            | Interest / discount on advances/bills   | 858,16,02         | 621,11,27        |
| II           | Income on Investments   | 263,26,53         | 218,35,48        |
| III          | Interest on balances with Reserve Bank<br>Of India and other inter-bank funds | 11,15,82          | 27,79,41         |
| IV           | Others  | 144,97            | 13,73            |
| <b>TOTAL</b> |   | <b>1134,03,34</b> | <b>867,39,89</b> |

**SCHEDULES**

|   | Year Ended<br>31.03.2008<br>Rs. | Year Ended<br>31.03.2007<br>Rs. |
|---|---------------------------------|---------------------------------|
| (000's omitted)   |                                 |                                 |
| <b>SCHEDULE 14 - OTHER INCOME</b>                                 |                                 |                                 |
| I Commission, Exchange and Brokerage                              | <b>118,65,62</b>                | 93,92,61                        |
| II Profit/Loss on sale of investments-Net                         | <b>30,67,53</b>                 | 27,46,61                        |
| III Profit/Loss on Revaluation on Investment                      | (-) <b>27,63,15</b>             | (-) 27,03,32                    |
| IV Profit on sale of land, buildings and other assets             | <b>3,52</b>                     | 11,13                           |
| V Profit on exchange transactions - Net                           | <b>18,10,07</b>                 | 11,94,51                        |
| VI Miscellaneous Income   | <b>15,46,13</b>                 | 12,73,54                        |
| <b>TOTAL</b>  | <b>155,29,72</b>                | 119,15,08                       |
| <b>SCHEDULE 15 - INTEREST EXPENDED</b>                            |                                 |                                 |
| I Interest on Deposits  | <b>753,10,78</b>                | 506,94,15                       |
| II Interest on Reserve Bank of India/<br>Inter-bank borrowings    | <b>8,50,69</b>                  | 10,18,87                        |
| III Others  | <b>3,73,74</b>                  | 3,15,51                         |
| <b>TOTAL</b>  | <b>765,35,21</b>                | 520,28,53                       |
| <b>SCHEDULE 16 - OPERATING EXPENSES</b>                           |                                 |                                 |
| I Payments to and Provisions<br>for employees                     | <b>101,78,44</b>                | 92,70,16                        |
| II Rent, Taxes and Lighting                                       | <b>19,61,52</b>                 | 15,70,78                        |
| III Printing and Stationery                                       | <b>3,08,55</b>                  | 3,15,34                         |
| IV Advertisement and Publicity                                    | <b>7,33,95</b>                  | 9,40,72                         |
| V Depreciation on Bank's Property                                 | <b>19,59,84</b>                 | 22,00,81                        |
| VI Directors' fees, allowances and expenses                       | <b>54,30</b>                    | 43,94                           |
| VII Auditors' fees and expenses<br>(includes for branch auditors) | <b>55,89</b>                    | 43,97                           |
| VIII Law Charges  | <b>57,66</b>                    | 38,37                           |
| IX Postages, Telegrams, Telephones, etc.                          | <b>7,23,35</b>                  | 7,50,88                         |
| X Repairs and maintenance   | <b>6,28,81</b>                  | 4,19,16                         |
| XI Insurance  | <b>10,13,68</b>                 | 8,52,91                         |
| XII Other Expenditure   | <b>39,45,86</b>                 | 28,01,43                        |
| <b>TOTAL</b>  | <b>216,21,85</b>                | 192,48,47                       |

## SCHEDULES

### SCHEDULE 17

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. GENERAL

The accompanying financial statements are prepared on historical cost basis and on accrual basis of accounting, unless otherwise stated and in conformity with the requirements of relevant statutes, guidelines issued by Reserve Bank of India and practices prevailing in the banking industry in India.

##### 2. FOREIGN EXCHANGE TRANSACTIONS

- 2.1 Monetary assets and liabilities have been translated at the exchange rates announced by FEDAI at the close of the year.
- 2.2 Income and Expenditure items have been translated at the exchange rates prevailing on the date of transactions.
- 2.3 Profit or loss on pending forward exchange contracts is accounted for by way of revaluation at the appropriate forward rates prevailing at the close of the year as advised by FEDAI.
- 2.4 Foreign Currency guarantees, acceptances, endorsements and other obligations are stated at the exchange rates prevailing on the date of transactions.

##### 3. INVESTMENTS

- 3.1. Investments are categorized into three categories – (i) Held to Maturity, (ii) Held for Trading and (iii) Available for sale, with sub- classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiary and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits etc., in accordance with the guidelines issued by Reserve Bank of India.
- 3.2. The category under which the investments would be classified is decided at the time of acquisition.
- 3.3. Shifting of securities among the categories are accounted at the least of the acquisition cost / book value / market price prevailing on the date of shifting and depreciation, if any, on such shifting is fully provided for.
- 3.4. Investments classified under HTM category are carried at acquisition cost except in cases where the acquisition cost is higher than the face value, in which case the premium is amortized over the remaining period to maturity.
- 3.5. Investments classified under HFT and AFS categories are marked to market at regular intervals as per the quotations put out by FIMMDA from time to time and net depreciation within each sub-classification is recognized and provided for, while net appreciation is ignored.

##### 4. DERIVATIVES

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

##### 5. ADVANCES

Advances are classified as Performing and Non-performing Assets and Provisions therefor are made as per the prudential norms prescribed by Reserve Bank of India. Advances shown in the Balance Sheet are net of provisions.

##### 6. FIXED ASSETS

- 6.1. Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off.
- 6.2. Depreciation has been provided on diminishing balance method at the rates specified in the schedule XIV of the Companies Act, 1956 except on Computers. On Computers, including software, depreciation has been provided on straight-line method @ 33.33% as advised by the Reserve Bank of India.

##### 7. DEFERRED TAX ACCOUNTING

Deferred Tax Assets are recognized in the books of accounts to the extent of their future reversibility. Deferred Tax Liabilities are recognized fully in the year of accrual.

##### 8. REVENUE/EXPENDITURE RECOGNITION

- 8.1 Interest income on all advances other than non-performing assets is recognized on accrual basis. In respect of non-performing assets, the interest income is recognized on cash basis.
- 8.2 Commission (including commission received on insurance business), exchange, brokerage and locker rent are accounted on cash basis.
- 8.3 Expenditure is generally accounted on accrual basis.

##### 9. EMPLOYEE BENEFITS

Provision for Gratuity, Pension and other defined employee benefits are made on accrual basis as per Actuarial valuation done at the year-end and short term benefits are accounted for as and when the liability becomes due in accordance with the guidelines contained in Accounting Standard 15 (Revised 2005) issued by ICAI.

##### 10. NET PROFIT

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

## SCHEDULES

Provision for Taxes,  
 Provision for Standard Assets and Non Performing Assets,  
 Provision for Depreciation on investments, and  
 Other usual and necessary provisions.

### SCHEDULE 18

NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### 1. INTER-BRANCH TRANSACTIONS

Inter branch/Office accounts reconciliation has been completed upto 31.03.2008 and all the Inter branch entries have been reconciled upto 31.03.2008.

#### 2. BALANCING OF BOOKS

The books of accounts have been balanced and tallied in all branches of the Bank up to 31st March 2008. The reconciliation of accounts with other Banks has been completed up to 31st March 2008.

#### 3. INVESTMENTS

In line with the extant guidelines of Reserve Bank of India, the Bank has shifted certain securities from AFS category to HTM category and provided depreciation to the tune of Rs.9.89 crore arising out of shifting of securities.

#### 4. COMPLIANCE WITH ACCOUNTING STANDARDS

4.1 Net Profit or loss for the period, Prior Period Items and Changes in Accounting Policies (AS-5)

There are no material prior period income and expenditure included in the Profit & Loss account, which requires a disclosure as per AS-5.

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

Income / Expenditure items recognized on cash basis were either not material or did not require disclosure under AS-9 (Revenue Recognition).

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

During the financial year 2007-08, the Bank has adopted Accounting Standard 15 (Revised 2005) 'Employee Benefits' as under:

- (i) In respect of Contributory Plan, viz., Provident Fund, the Bank pays fixed contribution at pre-determined rates to a separate Trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.
- (ii) In respect of Defined Benefit Plans, viz., Gratuity and Pension, provision has been made based on actuarial valuation as per the guidelines.
- (iii) In respect of other employee benefits such as Leave encashment and Medical leave, provisioning requirement has been ascertained as per actuarial valuation.
- (iv) While aggregate current year obligation of Rs.7.01 crore on ii) and iii) above has been charged to Profit and Loss Account, the transitional liability of Rs.36.93 crore has been adjusted against the opening balance in 'General Reserve'.

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

#### Expenses recognized in Profit and Loss Account (In Crore)

| Particulars  | Gratuity | Pension |
|--|----------|---------|
| Current Service Cost                               | 1.93     | 0.55    |
| Interest cost on benefit obligation                | 2.44     | 2.81    |
| Expected return on plan assets                     | (2.57)   | (2.77)  |
| Net actuarial gain / (loss) recognised in the year | 1.25     | 1.69    |
| Expenses recognised in the Profit and Loss Account | 3.06     | 2.29    |

#### Changes in the present value of the defined benefit obligation (In Crore)

| Particulars   | Gratuity | Pension |
|---|----------|---------|
| Present value of obligation as at 1.4.2007                      | 31.92    | 37.27   |
| Interest cost   | 2.44     | 2.81    |
| Current Service Cost  | 1.93     | 0.55    |
| Benefits paid   | (2.75)   | (4.19)  |
| Net actuarial gain / (loss) on obligation                       | ( 0.60)  | 2.30    |
| Present value of the defined benefit obligation as at 31.3.2008 | 32.95    | 38.75   |



**SCHEDULES**
**Changes in the Fair Value of Plan assets**
**(In Crore)**

| Particulars                               | Gratuity | Pension |
|---|----------|---------|
| Fair value of plan assets as at 1.4.2007  | 31.92    | 37.27   |
| Expected Return on plan assets            | 2.57     | 2.77    |
| Contribution by employer                  | 1.58     | 1.89    |
| Benefit Paid                              | (2.75)   | (4.19)  |
| Actuarial gain / (loss)                   | (1.85)   | 0.61    |
| Fair value of plan assets as at 31.3.2008 | 31.47    | 38.35   |

**4.3 Segment Reporting (AS-17)**
**Part A: Business segments**
**(In Crore)**

| SI.No. | Particulars                               | Year Ended 31.03.2008 (Audited) |
|--------|---|---------------------------------|
| (a)    | <b>Segment Revenue</b>                    |                                 |
|        | 1. Treasury Operations                    | 299.34                          |
|        | 2. Corporate/Wholesale Banking Operations | 351.53                          |
|        | 3. Retail Banking Operations              | 635.68                          |
|        | 4. Other Banking Operations               | 2.78                            |
|        | <b>Total</b>                              | <b>1289.33</b>                  |
| (b)    | <b>Segment Results</b>                    |                                 |
|        | 1. Treasury Operations                    | 85.31                           |
|        | 2. Corporate/Wholesale Banking Operations | 93.00                           |
|        | 3. Retail Banking Operations              | 199.68                          |
|        | 4. Other Banking Operations               | 2.56                            |
|        | <b>Total</b>                              | <b>380.55</b>                   |
| (c)    | Unallocated Income/Expenses               | 72.79                           |
| (d)    | Operating Profit                          | 307.76                          |
| (e)    | Income Taxes                              | 99.90                           |
| (f)    | Other Provisions                          | -0.47                           |
| (g)    | Net Profit                                | 208.33                          |
| (h)    | Other Information                         |                                 |
|        | <b>Segment Assets</b>                     |                                 |
|        | 1. Treasury Operations                    | 3562.82                         |
|        | 2. Corporate/Wholesale Banking Operations | 4250.90                         |
|        | 3. Retail Banking Operations              | 5170.63                         |
|        | 4. Other Banking Operations               | 0.00                            |
|        | 5. Unallocated Assets *                   | 1598.68                         |
|        | <b>Total</b>                              | <b>14583.03</b>                 |
| (i)    | <b>Segment Liabilities</b>                |                                 |
|        | 1. Treasury Operations                    | 1126.23                         |
|        | 2. Corporate/Wholesale Banking Operations | 5839.37                         |
|        | 3. Retail Banking Operations              | 7102.73                         |
|        | 4. Other Banking Operations               | 0.00                            |
|        | 5. Unallocated Liabilities                | 514.70                          |
|        | <b>Total</b>                              | <b>14583.03</b>                 |

\* Cash, bank balances and RBI balances have been included

## SCHEDULES

### Part B: Geographic segments

There is only one segment i.e., Domestic Segment.

#### Notes:

- (i) As per the Reserve Bank of India guidelines on enhancement of disclosures relating to Segment Reporting under AS-17, the reportable segments have been divided into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations effective 31st March 2008.
- (ii) Comparative figures for the previous year are not furnished, as effective date is 31st March 2008.
- (iii) Cash in hand, Balance with RBI and other inter-bank funds are included in Un-allocated assets.

### 4.4 Related Party Transactions (AS-18)

| Key Management Personnel | Designation | Item         | Amount (in Rupees) |
|--------------------------|-------------|--------------|--------------------|
| Shri. P.T. Kuppuswamy    | Chairman    | Remuneration | 28,88,643/-        |

### 4.5 Earning Per Share (AS-20)

| S.No. | Particulars       | 2007-08 | 2006-07 |
|-------|-------------------|---------|---------|
| 1     | Basic EPS (Rs.)   | 38.62   | 32.80   |
| 2     | Diluted EPS (Rs.) | N.A     | N.A.    |

| Computation of Basic EPS |                               |          |          |
|--------------------------|-------------------------------|----------|----------|
| S. No.                   | Particulars                   | 2007-08  | 2006-07  |
| A                        | Net Profit (Rs. in Crore)     | 208.33   | 160.01   |
| B                        | Weighted number of shares     | 53941469 | 48777713 |
| C                        | Basic EPS (A/B) (Rs.)         | 38.62    | 32.80    |
| D                        | Nominal Value per share (Rs.) | 10.00    | 10.00    |

### 4.6 ACCOUNTING FOR TAXES ON INCOME (AS-22)

4.6.1 In respect of income tax, the assessment has been completed up to AY 2005-06. Appeals are pending with Income Tax Appellate Tribunal and Commissioner of Income Tax (Appeals) for various years. No provision is considered necessary for the disputed income tax on the basis of favourable decisions.

4.6.2 The Bank has complied with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

The components of Deferred Tax for the year are as follows:

#### Deferred Tax Liabilities

(Rs. in Crore)

|   | Particulars                  | As on 31.03.2008 | As on 31.03.2007 |
|---|------------------------------|------------------|------------------|
| 1 | Depreciation on Fixed Asset  | 0.10             | 0.00             |
| 2 | Interest accrued but not due | 2.78             | 7.48             |
|   | <b>TOTAL</b>                 | <b>2.88</b>      | <b>7.48</b>      |

## SCHEDULES

### Deferred Tax Assets

(Rs. in Crore)

|   | Particulars                    | As on31.03.2008 | As on31.03.2007 |
|---|--------------------------------|-----------------|-----------------|
| 1 | Depreciation on Fixed Asset    | 0.00            | 1.59            |
| 2 | Provision for leave encashment | 8.67            | 0.77            |
|   | TOTAL                          | 8.67            | 2.36            |

During the year the Bank has accounted separately the deferred tax assets and deferred tax liabilities in the books as against the practice of accounting only net deferred tax liability and ignoring net deferred tax asset in previous years. The impact of this change in the accounting policy is included in the above disclosure.

### 4.7. INTANGIBLE ASSETS (AS-26)

Depreciation on software is calculated on straight-line method at 33.33% in compliance with Accounting Standard 26.

## 5. Disclosures required by Reserve Bank of India:

### 5.1. Capital Adequacy

(Rs. in Crore)

|      | Items   | 2007-08 | 2006-07 |
|------|---|---------|---------|
| i)   | CRAR (%)  | 12.58%  | 14.51%  |
| ii)  | CRAR - Tier I capital (%)                             | 12.11%  | 14.04%  |
| iii) | CRAR - Tier II Capital (%)                            | 0.47%   | 0.47%   |
| iv)  | Amount of subordinated debt raised as Tier-II capital | NIL     | NIL     |

### 5.2 Investments

(Rs. in Crore)

|     | Items  | 2007-08 | 2006-07 |
|-----|--|---------|---------|
| (1) | Value of Investments   |         |         |
|     | (i) Gross Value of Investments   |         |         |
|     | (a) In India   | 3535.67 | 2895.54 |
|     | (b) Outside India,   | Nil     | NIL     |
|     | (ii) Provisions for Depreciation @                                     |         |         |
|     | (a) In India   | 9.34    | 21.60   |
|     | (b) Outside India,   | Nil     | NIL     |
|     | (iii) Net Value of Investments   |         |         |
|     | (a) In India   | 3526.33 | 2873.94 |
|     | (b) Outside India.   | Nil     | NIL     |
| (2) | Movement of provisions held towards depreciation on investments.       |         |         |
|     | (i) Opening balance  | 16.68   | 47.06   |
|     | (ii) Add: Provisions made during the year                              | Nil     | 15.42   |
|     | (iii) Less: Write-off/ write-back of excess provisions during the year | 12.88   | 45.80   |
|     | (iv) Closing balance   | 3.80    | 16.68   |

@ Includes Provision for Non Performing Investments amounting to Rs.5.54 crore for 2007-08 and Rs. 4.92 crore for 2006-07.

**SCHEDULES**
**5.3 Repo Transactions**

(Rs. in Crore)

|  | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | As on March 31,2008 |
|--|-------------------------------------|-------------------------------------|---|---------------------|
| Securities sold under repos              | NIL                                 | NIL                                 | NIL                                       | NIL                 |
| Securities purchased under reverse repos | Nil                                 | 400.00                              | 51.21                                     | Nil                 |

**5.4 Non-SLR Investment Portfolio**
**5.4.1 Issuer composition of Non SLR investments**

(Rs. in Crore)

| No. | Issuer  | Amount        | Extent of private placement | Extent of below investment grade securities | Extent of unrated securities | Extent of unlisted securities |
|-----|---|---------------|-----------------------------|---|------------------------------|-------------------------------|
| 1   | 2   | 3             | 4                           | 5   | 6                            | 7                             |
| 1   | PSUs  | 159.55        | 144.50                      | -   | 0.00                         | 75.00                         |
| 2   | FIs   | 5.00          | 5.00                        | -   | 0.00                         | -                             |
| 3   | Banks   | 72.01         | 70.50                       | -   | 0.00                         | 0.00                          |
| 4   | Private Corporates  | 52.19         | 1.56                        | -   | 1.56                         | 1.56                          |
| 5   | Subsidiaries / Joint Ventures   | 0.00          | -                           | -   | -                            | -                             |
| 6   | Others  | 188.97        | -                           | -   | 0.00                         | 0.00                          |
| 7   | Less:Provision held towards depreciation and non performing investments | 7.14          | xxx                         | xxx   | xxx                          | xxx                           |
|     | <b>Total</b>  | <b>470.58</b> | <b>221.56</b>               | <b>-</b>                                    | <b>1.56</b>                  | <b>76.56</b>                  |

**5.4.2. Non performing Non-SLR investments**

(Rs. in Crore)

| Particulars                               | Amount as on31-03-2008 | Amount as on31-03-2007 |
|---|------------------------|------------------------|
| Opening balance                           | 4.92                   | 1.98                   |
| Additions during the year since 1st April | 1.88                   | 2.94                   |
| Reductions during the above period        | 1.26                   | NIL                    |
| Closing balance                           | 5.54                   | 4.92                   |
| Total provisions held                     | 5.54                   | 4.92                   |

**5.5 Forward Rate Agreement/ Interest Rate Swap**

(Rs. in Crore)

|    | Items  | 2007-08     | 2006-07     |
|----|--|-------------|-------------|
| 1. | The notional principal of swap agreements  | 200.00      | 200.00      |
| 2. | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | 2.42        | 4.90        |
| 3. | Collateral required by the bank upon entering into swaps   | Nil         | NIL         |
| 4. | Concentration of credit risk arising from the swaps  | Banks & PDs | Banks & PDs |
| 5. | The fair value of the swap book  | -0.72       | -0.96       |

## SCHEDULES

### 5.6 Exchange Traded Interest Rate Derivatives

(Rs. in Crore)

| S.No. | Particulars   | Amount |
|-------|---|--------|
| (i)   | Notional principal amount of exchange traded interest rate derivatives undertaken during the year             | NIL    |
| (ii)  | Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2007      | NIL    |
| (iii) | Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" | Nil    |
| (iv)  | Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"      | NIL    |

### 5.7 Disclosures on risk exposure in derivatives

#### 5.7.1 Qualitative Disclosure

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

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

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

Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly basis. The MTM values are informed to the clients every month after getting it from the counterparty banks.

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

##### Accounting

Accounting Policies as per RBI guidelines have been adopted. The hedge swaps are accounted for like a hedge of the asset or liability. The income / expense on hedge swaps are accounted on accrual basis except where swaps transactions whose underlying is subjected to mark to market. Such hedge swaps are marked to market on a monthly basis and the gain / losses are recorded as an adjustment to the designated asset / liability. The Non hedge swaps are marked to market every month and the MTM losses in the basket are accounted in the books while MTM profits are ignored.

##### Collateral Security

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

##### Credit Risk Mitigation

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

Dealing in derivatives is centralized in the treasury of the Bank. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring, reporting and ensures compliance with various internal and regulatory guidelines.

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

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

Risk monitoring on forex derivatives is done on a monthly basis after getting the monthly MTM values from the counterparty banks. It is reported to the top management and related clients on monthly basis.

**SCHEDULES**
**5.7.2 Quantitative Disclosures**

(Rs. in Crore)

| Sl.No | Particular   | Currency Derivatives | Interest rate derivatives |
|-------|--|----------------------|---------------------------|
| (i)   | Derivatives (Notional Principal Amount)*                           | 5411.86              | 200.00                    |
|       | a) For hedging   | NIL                  | NIL                       |
|       | b) For trading   | 5411.86              | 200.00                    |
| (ii)  | Marked to Market Positions [1]                                     | NIL                  | -0.72                     |
|       | a) Asset (+)   | +5424.58             | NIL                       |
|       | b) Liability (-)   | -5424.58             | -0.72                     |
| (iii) | Credit Exposure [2]  | 44.61                | 2.42                      |
| (iv)  | Likely impact of one percentage change in interest rate (100*PV01) | NIL                  | 0.04                      |
|       | a) on hedging derivatives  | NIL                  | NIL                       |
|       | b) on trading derivatives  | NIL                  | 0.04                      |
| (v)   | Maximum and Minimum of 100*PV01 observed during the year           |                      |                           |
|       | a) on hedging  | NIL                  | NIL                       |
|       | b) on trading  | NIL                  | Max & Min.Rs.0.04 Cr.     |

\*comprises of Forward Contract – Rs. 3764.46 cr & Derivatives–Rs. 1647.40 cr (for derivatives the underlying notional amount is Rs. 116.65 cr)

**5.8. (a) Non-Performing Asset**

(Rs. in Crore)

| Items   | 2007-08 | 2006-07 |
|---|---------|---------|
| (i) Net NPAs to Net Advances (%)  | 0.18%   | 0.23%   |
| (ii) Movement of NPAs (Gross)   |         |         |
| (a) Opening balance   | 202.63  | 223.15  |
| (b) Additions during the year   | 77.23   | 53.13   |
| (c) Reductions during the year  | 85.60   | 73.65   |
| (d) Closing balance   | 194.26  | 202.63  |
| (iii) Movement of Net NPAs  |         |         |
| (a) Opening balance   | 15.97   | 44.83   |
| (b) Additions during the year   | 1.32    | NIL     |
| (c) Reductions during the year  | 0.00    | 28.86   |
| (d) Closing balance   | 17.29   | 15.97   |
| (iv) Movement of provisions for NPAs                                    |         |         |
| (a) Opening balance   | 153.89  | 167.10  |
| (b) Provisions made during the year                                     | 2.75    | 8.63    |
| (c) (i) Amt transferred to floating Provisions                          | Nil     | 21.84   |
| (c) (ii) Provisions reversed & used for Standard assets/Misc provisions | 9.33    | Nil     |
| (d) Closing balance   | 147.31  | 153.89  |

**5.8. (b) Movement of Floating Provision**

(Rs. in Crore)

| Particulars                                     | 2007-08 | 2006-07 |
|---|---------|---------|
| Floating Provision at the beginning of the year | 21.84   | Nil     |
| Floating Provision made during the year         | Nil     | 21.84   |
| Amount of provision withdrawn during the year   | Nil     | Nil     |
| Floating provision at the end of the year       | 21.84   | 21.84   |

**SCHEDULES**
**5.9. Details of Loan Assets subjected to Restructuring during the year**

(Rs. in Crore)

|       | Item   | 2007-08        | 2006-07      |
|-------|--|----------------|--------------|
| (i)   | Total amount of loan assets subjected to restructuring, rescheduling, renegotiation;<br>- of which under CDR       | 83.00<br>26.27 | 68.83<br>NIL |
| (ii)  | The amount of Standard assets subjected to restructuring, rescheduling, renegotiation;<br>- of which under CDR     | 83.00<br>26.27 | 68.83<br>NIL |
| (iii) | The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation;<br>- of which under CDR | NIL<br>NIL     | NIL<br>NIL   |
| (iv)  | The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation;<br>- of which under CDR     | NIL<br>NIL     | NIL<br>NIL   |

**5.10. Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

(Rs. in Crore)

|       | Item  | 2007-08 | 2006-07 |
|-------|---|---------|---------|
| (i)   | No. of accounts   | NIL     | NIL     |
| (ii)  | Aggregate value (net of provisions) of accounts sold to SC/RC                         | NIL     | NIL     |
| (iii) | Aggregate consideration   | NIL     | NIL     |
| (iv)  | Additional consideration realized in respect of accounts transferred in earlier years | NIL     | NIL     |
| (v)   | Aggregate gain over net book value.   | NIL     | NIL     |

**5.11 Provisions on Standard Asset**

(Rs. in Crore)

| Item                               | As on 31st Mar 2008 | As on 31st Mar 2007 |
|------------------------------------|---------------------|---------------------|
| Provisions towards Standard Assets | 44.14               | 35.68               |

**5.12 Business Ratio**

(Rs. in Crore)

|    | Items   | 2007-08 | 2006-07 |
|----|---|---------|---------|
| 1. | Interest Income as a percentage to Working Funds              | 8.88%   | 8.29%   |
| 2. | Non-interest income as a percentage to Working Funds          | 1.22%   | 1.14%   |
| 3. | Operating Profit as a percentage to Working Funds             | 2.41%   | 2.62%   |
| 4. | Return on Assets  | 1.63%   | 1.53%   |
| 5. | Business (Deposits plus advances) per employee (Rs. in crore) | 6.04    | 4.89    |
| 6. | Profit per employee (Rs. in lakh)                             | 5.82    | 4.87    |

**5.13 Maturity pattern of certain items of assets and liabilities**

(Rs. in Crore)

| Particulars                  | 1day   | 2 to 7 days | 8 to 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                     | 213.12 | 234.41      | 340.89       | 617.46        | 1668.94             | 1853.35                        | 2493.18                      | 4832.55                     | 206.84                       | 89.25        | 12549.99 |
| Advances                     | 232.79 | 262.67      | 206.01       | 233.40        | 947.20              | 254.75                         | 1838.20                      | 2441.77                     | 1538.42                      | 1613.63      | 9568.84  |
| Investments                  | 0.00   | 0.00        | 34.48        | 29.50         | 112.09              | 3.50                           | 10.19                        | 303.62                      | 722.49                       | 2319.80      | 3535.67  |
| Borrowings                   | 126.36 | 0.00        | 0.90         | 0.00          | 70.42               | 35.07                          | 2.51                         | 8.04                        | 7.40                         | 77.64        | 328.34   |
| Foreign Currency assets      | —      | —           | 2.03         | 3.68          | 16.94               | 38.42                          | 3.98                         | 0.09                        | NIL                          | NIL          | 65.14    |
| Foreign Currency liabilities | —      | —           | 22.15        | 1.65          | 84.20               | 15.87                          | 17.85                        | 2.61                        | 31.11                        | NIL          | 175.44   |

## SCHEDULES

### 5.14 Lending to Sensitive Sector

#### 5.14.1 Exposure to Real Estate Sector

(Rs. in Crore)

|    | Category  | 2007-08 | 2006-07 |
|----|---|---------|---------|
| a) | Direct exposure   |         |         |
|    | (i) Residential Mortgages – Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;  | 235.08  | 198.41  |
|    | (ii) Commercial Real Estate – Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | 220.44  | 146.48  |
|    | (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).  | 314.49  | 281.00  |

#### 5.14.2. Exposure to Capital Market

(Rs. in Crore)

|       | Items   | 2007-08 | 2006-07 |
|-------|---|---------|---------|
| (i)   | Investments made in equity shares,  | 60.93   | 46.86   |
| (ii)  | Investments in bonds/ convertible debentures  | NIL     | NIL     |
| (iii) | Investments in units of equity-oriented mutual funds  | 18.29   | 18.28   |
| (iv)  | Advances against shares to individuals for investment in equity shares (including IPOs/ESOPS), bonds and debentures, units of equity oriented mutual funds. | 2.24    | 1.13    |
| (v)   | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers  | 127.47  | 35.40   |
|       | <b>Total Exposure to Capital Market (i+ii+iii+iv+v)</b>   | 208.93  | 101.67  |
| 1.    | Of (v) above, the total finance extended to stockbrokers for margin trading.  | NIL     | NIL     |

### 5.15. Risk Category wise Country Exposure

| Risk Category | Exposure (net) as at 31st March 2008 | Provision held as at 31st March 2008 | Exposure (net) as at 31st March 2007 | Provision held as at 31st March 2007 |
|---------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Insignificant | 254.11                               | NIL                                  | 147.73                               | NIL                                  |
| Low           | 47.96                                | NIL                                  | 39.72                                | NIL                                  |
| Moderate      | 9.80                                 | NIL                                  | 3.67                                 | NIL                                  |
| High          | 1.61                                 | NIL                                  | 0.13                                 | NIL                                  |
| Very High     | 0.12                                 | NIL                                  | 0.08                                 | NIL                                  |
| Restricted    | NIL                                  | NIL                                  | NIL                                  | NIL                                  |
| Off-credit    | NIL                                  | NIL                                  | NIL                                  | NIL                                  |
| Total         | 313.60                               | NIL                                  | 191.33                               | NIL                                  |

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



**SCHEDULES**
**5.16. Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank**

(Rs. in Crore)

| Sl No. | Name of the Borrower   | Exposure ceiling | Limit sanctioned | Position as on 31st Mar 2008 |
|--------|------------------------|------------------|------------------|------------------------------|
| 1      | Ruchi Soya Industries  | 164              | 189              | 181.83                       |
| 2      | WIPRO                  | 164              | 200              | 200.20                       |
| 3      | Indian Oil Corporation | 164              | 200              | 201.32                       |

**5.17. Amount of Provisions made during the year**

(Rs. in Crore)

| Particulars  | 2007-08 | 2006-07 |
|--|---------|---------|
| Provision for Bad & Doubtful Debts                       | 2.75    | 27.50   |
| Provision for Income Tax(Including FBT and Deferred tax) | 99.90   | 70.23   |
| Provision for Wealth Tax                                 | NIL     | NIL     |
| Provision for Depreciation on Investments                | -2.98   | 15.42   |
| Provision for Derivatives                                | -0.24   | 0.62    |
| Total  | 99.43   | 113.77  |

**5.18 (a) Customer Complaints**

|   |           |
|---|-----------|
| <b>No. of complaints pending at the beginning of the year</b> | <b>02</b> |
| No. of complaints received during the year                    | 39        |
| No. of complaints redressed during the year                   | 39        |
| No. of complaints pending at the end of the year              | 02        |

**5.18 (b) Awards Passed by Banking Ombudsman**

|   |            |
|---|------------|
| <b>No. of unimplemented awards at the beginning of the year</b> | <b>NIL</b> |
| No. of awards passed by banking ombudsman during the year       | 2          |
| No. of awards implemented during the year                       | 1          |
| No. of unimplemented awards at the end of the year              | 1          |

**5.19. Disclosure of Penalties imposed by RBI**

No penalty was imposed by the Reserve Bank of India during the year.

**5.20. Increase in Paid-up share capital and Share Premium**

The increase in Paid-up share capital and Share Premium is due to receipt of call money from the shareholders during the year ended 31st March 2008.

**5.21. Variation in Opening Balance of Profit brought forward**

The variation in Balance of Profit account while carrying forward to the year 2007-08 is attributable to write-back of excess provision of dividend owing to non-receipt of call money from certain shareholders.

**5.22. Drawdown from General Reserve**

The transitional liability of Rs.36.93 crore as on 01.04.2007 towards employee benefits such as Gratuity, Pension, Leave Encashment and Medical Leave arrived at owing to the adoption of AS-15 (Revised 2005) has been drawn down from the opening balance of General Reserve.

**P.T.KUPPUSWAMY**

Chairman

**ATHI S. JANARTHANAN**

Director

**G. RAJASEKARAN**

Director

**A.S. Vasudevan**

Deputy General Manager

**K. RAMADURAI**

Director

**V.G. MOHAN PRASAD**

Director

**M.K. VENKATESAN**

Director

**R. Kannan**

Company Secretary

**K.S. RAMABADRAN**

Director

**K.P. KUMAR**

Director

**T.R. RAMANATHAN**

Director

**M.G.S.RAMESH BABU**

Director

For J.L.Sengupta &amp; Co.,

Chartered Accountants

**(S.R.ANANTHAKRISHNAN)**

PARTNER

M. No. 18073

Place : Chennai

Date : 6th June 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008**

|  | AS AT<br>31.03.2008 | AS AT<br>31.03.2007 |
|--|---------------------|---------------------|
|  |                     | (000's omitted)     |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                     |                     |
| NET PROFIT AS PER PROFIT AND LOSS ACCOUNT                  | 2083310             | 1600071             |
| ADJUSTMENTS FOR  |                     |                     |
| DEPRECIATION   | 195984              | 220081              |
| PROVISIONS AND CONTINGENCIES                               | 994290              | 1137726             |
| PROVISION FOR LEAVE ENCASHMENT                             | 28400               | 30500               |
| PROVISION FOR SICK LEAVE                                   | 7000                | NIL                 |
| PROFIT/LOSS ON SALE OF INVESTMENTS                         | -306753             | -274661             |
| PROFIT/LOSS ON SALE OF ASSETS                              | -352                | -1114               |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>     | 3001878             | 2712603.00          |
| INCREASE/DECREASE IN OPERATING ASSETS                      |                     |                     |
| PURCHASE AND SALE OF INVESTMENTS                           | -6217096            | -5483495            |
| FUNDS ADVANCES TO CUSTOMERS                                | -23744670           | -14934747           |
| OTHER OPERATING ASSETS                                     | -238238             | -143204             |
|  | -27198126           | -17848843.00        |
| INCREASE/DECREASE IN OPERATING LIABILITIES                 |                     |                     |
| DEPOSITS FROM CUSTOMERS                                    | 32097000            | 17634547            |
| BORROWINGS FROM BANKS                                      | 998176              | 329044              |
| OTHER OPERATING LIABILITIES                                | 564751              | -11765              |
| AMOUNT PAID TO PENSION & GRATUITY FUND                     | -120700             | NIL                 |
| CASH GENERATED FROM OPERATIONS                             | 6341101             | 102983.00           |
| DIRECT TAXES PAID  | -1187380            | -705847             |
| NET CASH GENERATED FROM OPERATIONS                         | 5153721             | -602864.00          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                 |                     |                     |
| PURCHASE OF FIXED ASSETS                                   | -326320             | -206984             |
| SALE OF FIXED ASSETS                                       | 3587                | 5361                |
| NET CASH GENERATED FROM INVESTING ACTIVITIES               | -322733             | -201623.00          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                 |                     |                     |
| PROCEEDS FROM SHARE CAPITAL                                | 44529               | 315093              |
| PROCEEDS FROM SHARE PREMIUM                                | 267172              | 631151              |
| DIVIDEND PAID  | -535533             | -215482             |
| DIV. TAX PAID  | -91648              | -30259              |
| AMOUNT WITH DRAWN FROM RESERVES FOR TRANSITIONAL LIABILITY | -369300             | NIL                 |
| NET CASH FLOW FROM FINANCING ACTIVITIES                    | -684780             | 730762.00           |
| CASH FLOW FROM OPERATING ACTIVITIES                        | 5153721             | -602864.00          |
| CASH FLOW FROM INVESTING ACTIVITIES                        | -322733             | -201623.00          |
| CASH FLOW FROM FINANCING ACTIVITIES                        | -684780             | 700503.00           |
| INCREASE IN CASH & CASH EQUIVALENT                         | 4146208             | -103984.00          |
| CASH AND CASH EQUIVALENTS AS AT 31.3.2007/31.3.2006        | 7719511             | 7823495             |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2008/31.03.2007      | 11865719            | 7719511             |

Place : Chennai  
Date : 06/06/2008

**P.T. Kuppaswamy**  
Chairman and Chief Executive Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008**

**AUDITORS' CERTIFICATE**

We have verified the cash flow statement of the Karur Vysya Bank Limited for the year ended 31.03.2008. The statement has been prepared by the Bank in accordance with the requirements of listing agreement, clause 32, with the Stock Exchange and is based on and in agreement with corresponding Profit&Loss account and Balance Sheet of the Bank covered by the report of 6th June 2008 to the shareholders of the Bank.

For **M/s J L Sengupta & Co**  
Chartered Accountants

**S R ANANTHAKRISHNAN**  
Partner  
M.No. 18073

Place : Chennai  
Date : 06/06/2008

**Balance Sheet Abstract and Company's General Business Profile**

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

|                               |            |            |    |
|-------------------------------|------------|------------|----|
| <b>I Registration Details</b> |            |            |    |
| Registration Number           | 1295       | State Code | 18 |
| Balance Sheet Date            | 31/03/2008 |            |    |

**II Capital Raised During the year (Amount in Rs. '000)**

|              |     |                   |       |
|--------------|-----|-------------------|-------|
| Public Issue | Nil | Rights Issue*     | 44530 |
| Bonus Issue  | Nil | Private Placement | Nil   |

\*consisting of receipt of call money from the allottees of partly paid rights shares

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)**

|                   |           |              |           |
|-------------------|-----------|--------------|-----------|
| Total Liabilities | 145830263 | Total Assets | 145830263 |
|-------------------|-----------|--------------|-----------|

**Sources of funds**

|                        |           |                    |          |
|------------------------|-----------|--------------------|----------|
| Paid-up Capital        | 539414    | Reserves & Surplus | 11360589 |
| Deposits               | 125499929 | Borrowings         | 3283406  |
| Other Liab. Provisions | 5146925   |                    |          |

**Application of Funds**

|                   |          |                    |          |
|-------------------|----------|--------------------|----------|
| Net Fixed Assets  | 1094057  | Investments        | 35263319 |
| Advances          | 94215273 | Other Assets       | 15257614 |
| Misc. Expenditure | Nil      | Accumulated Losses | Nil      |

**IV Performance of the Company (Amount in Rs. '000)**

|                          |          |                   |          |
|--------------------------|----------|-------------------|----------|
| Total Income             | 12893306 | Total Expenditure | 10809996 |
| Profit Before Tax        | 3082347  | Profit After Tax  | 2083310  |
| Earnings per Share in Rs | 38.62    |                   |          |

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

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

## NETWORK OF BRANCHES

|   |  |
|---|--|
| <b>Registered and Central Office</b><br>Erode Road, Karur - 639 002<br>Ph : 04324 226520, 225521 - 25 | <b>International Division</b><br>"KVB TOWERS" Second Floor, No.568,<br>Annasalai, Teynampet, Chennai - 600 018 |
|---|--|

| DIVISIONAL OFFICES |  |
|--------------------|--|
| BANGALORE          | NO.230/2, FIRST FLOOR, 15TH CROSS SAMPIGE ROAD, MALLESWARAM, BANGALORE - 560 003       |
| CHENNAI            | "KVB TOWERS" FIRST FLOOR, NO.568, ANNASALAI, TEYNAMPET, CHENNAI - 600 018              |
| COIMBATORE         | NO.577, SECOND FLOOR, OPPANAKAR STREET, COIMBATORE - 641 001.                          |
| DELHI              | NO.59/31, POONAM PLAZA, I FLOOR, NEW ROHTAK ROAD, KAROL BAGH, NEW DELHI - 110 005      |
| HYDERABAD          | NO.5-9-208, ANAND COMPLEX, CHIRAJALI LANE, ABIDS, HYDERABAD - 500 001                  |
| MADURAI            | "GAYATHRI ILLAM" NO.16, A.A.ROAD, FIRST FLOOR, GNANAOLIVUPURAML, MADURAI - 625 016.    |
| MUMBAI             | NO.954, APPASAHEB MARATHE MARG, PRABHADEVI, MUMBAI - 400 025                           |
| SALEM              | NO.269-A, BHARATHI STREET, FIRST FLOOR, SWARNAPURI, ALAGAPURAM, SALEM - 636 004        |
| TRICHY             | D.NO.54, GROUND FLOOR, LIC BUILDING, BHARATHIYAR SALAI, CANTONMENT, TRICHY - 620 001.  |
| VIJAYAWADA         | "GAYATHRI NILAYAM", NO.38-8-46, FIRST FLOOR, M.G.ROAD, LABBIPET, VIJAYAWADA - 520 010. |

| OTHER OFFICES                       |   |
|-------------------------------------|---|
| DATA CENTRE                         | D-NORTH BLOCK, 6TH FLOOR, TIDEL PARTK, 4, CANAL BANK ROAD, TARAMANI, CHENNAI - 600 113. |
| ATM CELL                            | BASEMENT FLOOR I, UFFIZI COMPLEX, NO.38 AVINASHI ROAD, COIMBATORE 641 004, TAMILNADU.   |
| DISASTER RECOVERY SITE - HYD        | NO.1454, CYBER PEARL, FIRST FLOOR, HI-TECH CITY, CYBERABAD, HYDERABAD - 500 081.        |
| CHENNAI - DEMAT CELL                | NO. 37, (UPSTAIRS), WHITES ROAD, CHENNAI - 600 014.                                     |
| COIMBATORE - R.P.C.                 | NO.338, "UFFIZI COMPLEX", I FLOOR, AVINASHI ROAD, PEELAMEDU, COIMBATORE - 641 004       |
| CHENNAI - CENTRAL PROCESSING CENTRE | NO. 37, (UPSTAIRS), WHITES ROAD, CHENNAI - 600 014.                                     |

| CENTRAL CLEARING OFFICES |            | CURRENCY CHESTS |
|--------------------------|------------|-----------------|
| CHENNAI                  | TRICHY     | VIJAYAWADA      |
| BANGALORE                | VIJAYAWADA | CHENNAI         |
| HYDERABAD                | TIRUPUR    | KARUR           |
| COIMBATORE               | KARUR      | MADURAI         |
| MUMBAI                   | MADURAI    |                 |
| DELHI                    | ERODE      |                 |
| SALEM                    |            |                 |

## NETWORK OF BRANCHES

### Andhrapradesh

#### ADILABAD DISTRICT

Adilabad \*

#### ANANTAPUR DISTRICT

Anantapur \*  
Dharmavaram \*  
Hindupur \*

#### CHITTOOR DISTRICT

Chittoor \*  
Nagari \*  
Rallabuduguru  
Tirupathi - Khadi Colony \*  
Tirupathi - Main \*

#### KADAPA DISTRICT

Kadapa \*  
Proddatur \*

#### EAST GODAVARI DISTRICT

Kakinada \*  
Mandapeta \*  
Peddapuram  
Rajahmundry \*  
Ravulapalem \*

#### GUNTUR DISTRICT

Guntur \*  
Guntur - Lakshmiapuram \*  
Tenali \*

#### HYDERABAD DISTRICT

Hyderabad - Abids \*  
Hyderabad - Jubilee Hills \*  
Hyderabad - Kalyannagar \*  
Hyderabad - Main \*  
Hyderabad - Nallakunta \*  
Hyderabad - S R Nagar \*  
Secunderabad \*

#### KARIMNAGAR DISTRICT

Karimnagar \*

#### KHAMMAM DISTRICT

Khammam \*

#### KRISHNA DISTRICT

Gudivada \*  
Kankipadu \*  
Poranki \*  
Vijayawada Bunder Road \*  
Vijayawada Governorpet \*  
Vijayawada No.1 Town \*

#### KURNOOL DISTRICT

Adoni \*  
Kurnool \*  
Nandayal \*

#### NELLORE DISTRICT

Nellore \*

#### NIZAMABAD DISTRICT

Nizamabad \*

#### PRAKASAM DISTRICT

Chirala \*  
Ongole \*

#### RANGA REDDY DISTRICT

Hyderabad - Kukatpally \*  
Hyderabad - A.S.Rao Nagar (Kapra) \*  
Hyderabad - Dilsukh Nagar \*  
Hyderabad - Malkaj Giri \*  
Hyderabad - Manikonda \*

#### SRIKAKULAM DISTRICT

Srikakulam \*

#### VISAKHAPATNAM DISTRICT

Anakapalle \*  
Visakhapatnam Main \*  
Visakhapatnam Pedawaltair \*

#### VIZIANAGARAM DISTRICT

Vizianagaram \*

#### WARANGAL DISTRICT

Warangal - Hanamakonda \*  
Warangal - Main \*

#### WEST GODAVARI DISTRICT

Bhimavaram \*  
Eluru \*  
Jangareddygudem  
Nidadavolu \*  
Palakol \*  
Tadepalligudem \*

### Chandigarh

#### CHANDIGARH DISTRICT

Chandigarh \*

### New Delhi

#### NEW DELHI DISTRICT

Delhi - East Of Kailash \*  
Delhi - Karol Bagh \*  
Delhi - Kashmere Gate \*

Delhi - Lawrence Road

Delhi - Rohini \*

### Gujarat

#### AHMEDABAD DISTRICT

Ahmedabad \*  
Ahmedabad - Maninagar \*  
Ahmedabad - Satellite Area \*

#### MAHESANA DISTRICT

Unjha \*

#### RAJKOT DISTRICT

Rajkot - Main \*

#### SURAT DISTRICT

Surat \*

#### VADODARA DISTRICT

Vadodara \*

### Haryana

#### GURGAON DISTRICT

Gurgaon \*

#### PANIPAT DISTRICT

Panipat \*

### Karnataka

#### BANGALORE DISTRICT

Bangalore - Halasuru \*  
Bangalore - Isro Nagar \*  
Bangalore - J.C. Road  
Bangalore - Jayanagar \*  
Bangalore - Koramangala \*  
Bangalore - Main \*  
Bangalore - Malleswaram \*  
Bangalore - Rajajinagar \*

#### BANGALORE RURAL DISTRICT

Doddaballapur \*

#### BELGAUM DISTRICT

Belgaum \*

#### BELLARY DISTRICT

Bellary \*

#### DAKSHIN KANNAD DISTRICT

Mangalore

#### DAVANGERE DISTRICT

Davangere



## NETWORK OF BRANCHES

### DHARWAD DISTRICT

Hubli

### KOLAR DISTRICT

Kolar Gold Fields \*

### KOPPAL DISTRICT

Gangavathi \*

### MYSORE DISTRICT

Mysore

### SHIMOGA DISTRICT

Shimoga \*

### TUMKUR DISTRICT

Tumkur \*

## Kerala

### ALAPPUZHA DISTRICT

Chengannur \*

### ERNAKULAM DISTRICT

Ernakulam - Kochi \*

### KOLLAM DISTRICT

Kollam

### KOTTAYAM DISTRICT

Kottayam \*

### KOZHIKODE DISTRICT

Kozhikode \*

### PALAKKAD DISTRICT

Palakkad \*

### THRISSUR DISTRICT

Thrissur

### TRIVANDRUM DISTRICT

Thiruvananthapuram \*

## Madhyapradesh

### INDORE DISTRICT

Indore \*

## Maharashtra

### AHMEDNAGAR DISTRICT

Ahmednagar \*

### MUMBAI DISTRICT

Mumbai - Borivali \*  
Mumbai - Chembur \*  
Mumbai - Fort

Mumbai - Mulund \*  
Mumbai - Prabhadevi

### NASIK DISTRICT

Nasik \*

### PUNE DISTRICT

Pune \*

### THANE DISTRICT

Mumbai - Thane (W) \*  
Mumbai - Nerul \*  
Mumbai - Vashi  
Mumbai - Vashi Ext. Counter

## Orissa

### CUTTACK DISTRICT

Cuttack \*

### GANJAM DISTRICT

Berhampur \*

### KHURDA DISTRICT

Bhubaneshwar \*

## Puduchery

### KARAIKAL DISTRICT

Karaikal \*

### PUDUCHERY DISTRICT

Puduchery \*

### AMRITSAR DISTRICT

Amritsar \*

## Panjab

### JALANDHAR DISTRICT

Jalandhar \*

### LUDHIANA DISTRICT

Ludhiana \*

## Tamilnadu

### CHENNAI DISTRICT

Chennai - Adyar \*  
Chennai - Anna Nagar \*  
Chennai - Arumbakkam \*  
Chennai - Ashok Nagar \*  
Chennai - Egmore \*  
Chennai - Kodambakkam \*  
Chennai - Main \*  
Chennai - Moogappair \*  
Chennai - Mylapore \*

Chennai - Nanganallur \*  
Chennai - Purasawalkam \*  
Chennai - R.A.Puram \*  
Chennai - Royapuram \*  
Chennai - T.Nagar  
Chennai - Teynampet \*  
Chennai - Triplicane \*  
Chennai - Usman Road \*  
Chennai - Valasaravakkam \*  
Chennai - Velachery \*  
Chennai - Whites Road \*

### COIMBATORE DISTRICT

Anaimalai \*  
Coimbatore - Ganapathy \*  
Coimbatore - Saravanam Patti  
(Kct College) \*  
Coimbatore Dr. Nanjappa Rd \*  
Coimbatore Main \*  
Coimbatore Rs Puram \*  
Coimbatore Saibaba Colony \*  
Erisanampatti  
Kolumam  
Kovaipudur \*  
Palladam \*  
Pappankulam  
Pollachi \*  
Somanur \*  
Tirupur - Main \*  
Tirupur - Overseas  
Tirupur - P.N.Road \*  
Udumalpet \*

### CUDDALORE DISTRICT

Chidambaram \*  
Chidambaram - Annamalai Nagar \*  
Cuddalore \*  
Neyveli \*  
Vridhachalam \*

### DHARMAPURI DISTRICT

Kambainallur  
Samalpatti

### DINDIGUL DISTRICT

Batlagundu \*  
Chinnalapatti \*  
Dindigul \*  
Neikarapatti  
Palani \*

### ERODE DISTRICT

Bhavani \*  
Dharapuram \*  
Erode \*  
Erode - Sampath Nagar \*

**NETWORK OF BRANCHES**

Ganapathipalayam \*  
Gobichettipalayam \*  
Kangeyam \*  
Kavindapadi \*  
Kolathupalayam  
Mettukadai \*  
Mulanur \*  
Perundurai \*  
Perundurai - Kec Nagar \*  
Sathyamangalam \*  
Sivagiri \*  
Vellakoil \*

**KANCHEEPURAM DISTRICT**

Chennai - Alandur \*  
Chennai - Chromepet \*  
Chennai - Sholinganallur \*  
Chennai - Singaperumal Koil \*  
Chennai - St Thomas Mtroad \*  
Chennai - Tambaram \*  
Chennai - Urappakkam \*  
Kancheepuram \*  
Kelambakkam \*  
Sriperumpudur \*  
Ullavoor

**KANYAKUMARI DISTRICT**

Nagercoil \*

**KARUR DISTRICT**

Karur - Central \*  
Karur - Gandhigramam \*  
Karur - Main \*  
Karur - West \*  
Kulithalai \*  
Veerarakkiyam \*

**KRISHNAGIRI DISTRICT**

Krishnagiri \*

**MADURAI DISTRICT**

Alanganallur  
Elumalai  
Madurai - Gnanaolivapuram \*  
Madurai - Main \*  
Madurai - South \*  
Madurai - Tallakulam \*

**NAGAPATTINAM DISTRICT**

Mayiladudurai \*  
Nagapattinam \*  
Neermulai

**NAMAKKAL DISTRICT**

Belukurichi  
Kalappanaickenpatti

Komarapalayam \*  
Mangalapuram  
Namagripet \*  
Namakkal Main \*  
Namakkal West \*  
Paundamangalam \*  
Puduchatram  
Tiruchengode \*  
Valayapatti  
Vellapillaiar Koil

**NILGIRIS DISTRICT**

Coonoor \*

**PUDUKOTTAI DISTRICT**

Kothamangalam

**RAMANATHAPURAM DISTRICT**

Ramanathapuram \*

**SALEM DISTRICT**

Attur \*  
Idappadi \*  
Ilampillai \*  
Karipatti  
Karuppur  
Mettur Dam R.S. \*  
Salem - Alagapuram \*  
Salem - Main \*  
Salem - Shevapat \*

**SIVAGANGAI DISTRICT**

Karaikudi \*

**THANJAVUR DISTRICT**

Kumbakonam \*  
Thanjavur \*

**THENI DISTRICT**

Aundipatti \*  
Bodinayakanur \*  
Chinnamanur \*  
Cumbum \*  
Gudalur  
Kathirnarasingapuram  
Kombai  
Periyakulam \*  
Theni \*

**THIRUVALLUR DISTRICT**

Chennai - Ambattur \*  
Chennai - Tiruverkadu \*  
Chennai - Velappanchavadi \*

**THIRUVANNAMALAI DISTRICT**

Arni \*

Perunduraipattu  
Polur \*  
Tiruvannamalai \*  
Vandavasi \*

**TIRUCHIRAPALLI DISTRICT**

Jeeyapuram  
Kannanur  
Musiri \*  
Suriyur \*  
Thathiengarpet  
Trichy - Cantonment \*  
Trichy - K.K.Nagar \*  
Trichy - Main \*  
Trichy - Srirangam \*  
Trichy - Thillainagar \*

**TIRUNELVELI DISTRICT**

Palayamkottai \*  
Tenkasi \*  
Tirunelveli Town \*

**TUTICORIN DISTRICT**

Kovilpatti \*  
Tuticorin \*

**VELLORE DISTRICT**

Kaniyambadi  
Vaniyambadi - New Town  
Vellore \*

**VILLUPURAM DISTRICT**

Kaduvanur  
Thottiyam  
Tindivanam \*  
Villupuram \*

**VIRUDHUNAGAR DISTRICT**

Rajapalayam \*  
Sivakasi \*  
Virudhunagar \*

**Uttarpradesh**

**GOWTAMBUDDA DISTRICT**

Noida \*

**LUCKNOW DISTRICT**

Lucknow \*

**West Bengal**

**KOLKATA DISTRICT**

Kolkata  
Kolkata - Shakespeare Sarani \*

\* ATM facility available

**USD**

HSBC Bank (USA)  
452, 5th Avenue  
New York, NY 10018, USA

Ac.No.000-03466-5  
SWIFT : MRMDUS33

## OUR PRINCIPAL CORRESPONDENT BANKS

**EURO**

Dresdner Bank AG  
Jurgen-Ponto-Platz 1  
D-60301 Frankfurt  
Germany

Ac. No. 499/08 001 583 00  
SWIFT : DRESDEFF

**JPY**

American Express Bank Ltd  
30-16, Ogikubo 4-chome,  
Suginami-ku  
Tokyo 167-8530, Japan

Ac.No. 313004900  
SWIFT:AEIBJPXXXX

**USD**

Standard Chartered Bank  
One Madison Avenue  
New York, NY 10010-3603  
USA

Ac.No.3582069922001  
SWIFT : SCBLUS33

**EURO**

American Express Bank Gmbh  
Postfach 110162  
Theodor-Heuss-Allee 112  
D-60036, Frankfurt am Main  
GERMANY

Ac.No.18021504  
SWIFT : AEIBDEFX

**AUD**

Australia & Newzealand  
Banking Corporation  
55 Collins Street  
Melbourne, Victoria  
AUSTRALIA

Ac.No. 237776-00001  
SWIFT : ANZBAU3M

**USD**

American Express Bank  
3 World Financial Centre  
New York, NY 10285, USA

Ac.No.00731216  
SWIFT : AEIBUS33

**SGD**

Hongkong & Shanghai Banking  
Corporation Ltd.,  
Ocean Tower , Level 2  
20 Russel's Place  
SINGAPORE 048620  
Ac.No.141-325191-001  
SWIFT:HSBCSGSG

**CAD**

Hongkong Bank of Canada  
International Services  
70 York Street  
Suite 500, Toronto  
Ontario, CANADA  
Ac.No.930-133579-060 CAD  
SWIFT:HKBCCATT

**USD**

Citi Bank, N A  
111,Wall Street  
New York City ,  
NY 10018, USA

Ac.No.36844037  
SWIFT : CITIUS33

**CHF**

UBS AG  
PO 8098  
Zurich, Switzerland

Ac.No.0230-35343.05E  
SWIFT :UBSWCHZH80A

**SEK**

Skandinaviska Enskilda  
Banken  
S-106, 40 Stockholm  
SWEDEN

Ac.No.5201-85-335-84  
SWIFT:ESSESESS

## OUR SWIFT CODE KVBLINBBIND

**GBP**

HSBC Bank PLC  
8 Canada Square  
London E 14 5 HQ  
United Kingdom

Ac.No. 00-263848  
SWIFT : MIDLGB22