

<b>Legal Counsel for the present issue of Tier 2 Bonds</b>	Luthra & Luthra Law Offices 20 <sup>th</sup> Floor, Tower 2, Unit A2, India Bulls Finance Centre, Elphinstone Road, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013 PH: 91-22-43547000, 2266303600

## B. Brief summary of the business/ activities of the Issuer and its line of business

### i. Overview and History:

We are one of the leading public sector commercial banks in India, offering banking products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. The Bank was founded in July 1906 as a private entity and was nationalised in July 1969. According to data published by the Indian Banks' Association, we were among the top five Public Sector Banks in terms of assets as of March 31, 2015. The Bank is also one of the largest nationalised banks in India in terms of total advances and deposits, which amounted to ₹808283 Crores and we have over 696.2 lakh customers, as of September 30, 2015. The Government of India owned 66.30% of shareholding of the Bank, as on September 30, 2015, and accordingly, exercises control over our management and operations.

We have been conferred with several awards and accolades in recognition of our various initiatives. Our recent awards and accolades include the **Global Visa Service Quality Performance Award, 2014**, for consistent and superior operating performance, **Dun & Bradstreet Banking Awards 2015** for Best Bank under Priority Sector Lending and Best Retail Growth performer amongst the PSBs, **National Awards for Excellence in CSR & Sustainability, 2015**, constituted by World CSR Congress under Best Overall Excellence in CSR category, **Pandit Madan Mohan Malaviya Gold Award** for the project Canara Sahara, a CSR activity in education and rehabilitation of physically challenged, **2<sup>nd</sup> Prize in Region 'C' under Rajbhasha Kirti Pursakar, 2014-15**, by Govt. of India, **Reserve Bank Rajbhasha Shield** for effective implementation of Official Language in Region 'C' for the year 2013-14, **36<sup>th</sup> rank in Brandz India's 50 Most Valuable Indian Brands 2015** compiled by the research agency Millward Brown and commissioned by WPP Plc, a worldwide communications service group, **Special Award for the Best Financial Institution – Gold, 2015**, by the Federation of Karnataka Chamber of Commerce & Industry (FKCCI), Bengaluru, **Order of Merit for SME Enablement during 2014-15** by SKOCH Group, **Golden Peacock Business Excellence Award 2015**, **MSME Banking Excellence Awards 2014-** organised by Chamber of Micro, Small and Medium Enterprises (CIMSMEs), **"Asia HRD Award"** under the category 'contribution to organisation' of the Asia HRD Congress

Award 2014, **Ranked 1<sup>st</sup> among Public Sector Banks** in an article on India's Best Companies for CSR published in the "Corporate Dossier" of Economic Times.

We are engaged in a wide variety of banking activities, such as **Corporate, Small and Medium-Sized Enterprises and Retail Banking**, and offer a wide range of financial products and services to **Corporate, SME and Retail Customers**, including both **Resident and Non-Resident Indians**. We also provide funding to sectors identified by the Government as Priority Sectors, such as **Agricultural and Small Scale Industries**. Our **Corporate Banking Services** cater to the banking needs of **Large and Medium-Sized Corporations**. We offer a variety of corporate banking services including medium to long term project financing, working capital financing, syndicated loans, short-term credit products linked to market benchmarks and others. Our SME banking services include providing project and corporate finance, working capital, short term credit, cash management and treasury products. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, **Recurring Deposits** schemes and tax-saving deposit products.

The Bank's other businesses include bancassurance (marketing and distribution of life, non-life and health insurance products), marketing and distribution of mutual fund products, executor, trustee and taxation services, depository services, safe deposit box services, Government business, agricultural consultancy services and merchant banking.

We also undertake business in the areas of housing finance, priority sector lending in rural areas through our RRBs. Other activities like asset management, factoring, stock broking and equity trading, software development and consultancy, venture capital and life insurance are done through our Subsidiaries and Associates.

Our **total assets** have increased from ₹374160 Crores as of March 31, 2012 to ₹548001 Crores as of March 31, 2015 at a CAGR of 13.56%. Our **total deposits** have grown from ₹327054 Crores as of March 31, 2012 to ₹473840 Crores as of March 31, 2015 at a CAGR of 13.15%. Our **total advances** have increased from ₹232490 Crores as of March 31, 2012 to ₹330036 Crores as of March 31, 2015 at a CAGR of 12.39%. Our **total income** has increased from ₹33778 Crores as of March 31, 2012 to ₹48300 Crores as of March 31, 2015 at a CAGR of 12.66%. Our **net profit** was at ₹3283 Crores for the year ended March 31, 2012 and ₹2703 Crores for the year ended March 31, 2015. In addition, our total **number of branches** has increased from 3600 as of March 31, 2012 to 5682 as of March 31, 2015 at a CAGR of 16.43%.

As at September 2015, the **total assets** of our bank stood at ₹558848 Crores. As at September 2015, the total business of our bank stood at ₹808283 Crores comprising **total deposits** of ₹485206 Crores and **total advances** of ₹323077 Crores. The **total**

income of our bank stood at ₹24731 Crores with a net profit of ₹1008 Crores as at September 2015. In addition, the number of branches was at 5734 as of September 30, 2015.

### Main Objects

Founded as “Canara Bank Hindu Permanent Fund” in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as “Canara Bank Ltd.” in 1910 and became Canara Bank in July 1969 after nationalization. The main objects of the Bank at the time of the nationalization, as laid down in the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, are as under:

*“To control the heights of economy and to meet progressively, and serve better, the needs of development of the economy in conformity with national policies and objectives and for matters connected with or incidental thereto.”*

The Bank carries on and transacts the business of banking i.e. “accepting for the purpose of lending or investment, of deposits of money from public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise” as defined under Clause 1(b) of Section 5 of the Banking Regulation Act, 1949. The banking business is governed by Section 3 (7) and Section 3 (5) of Chapter II of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970.

Canara Bank, in the course of its business as a commercial bank, accepts funds at the primary level, to be placed into various kinds of deposit accounts and to be lent to various categories of borrowers. It also extends banking services under various market segments, namely, personal banking, corporate banking, agricultural banking, international banking, merchant banking, depository participant services, investment banking, credit card business, bancassurance, leasing & hire purchase etc.

### **Financial Performance**

Operating profit of the Bank increased by 2.27% to ₹ 6950 crore compared to ₹ 6796 crore last year. Total provisions and contingencies was at ₹ 4248 crore compared to ₹ 4358 crore last year. The Bank’s net profit increased by 10.85% to ₹2703 crore for 2014-15 compared to ₹2438 crore last year. Return on Average Assets (RoAA) for the year improved to 0.55% against 0.54% last year. Profit per employee worked out to ₹5.01 lakh for the year compared to ₹5.00 lakh a year ago.

Key Financial Ratios (%)	March 2014	March 2015
Cost of Funds	6.80	6.84
Yield on Funds	8.79	8.78
Cost of Deposits	7.42	7.38
Yield on Advances	10.54	10.75
Yield on Investments	8.03	8.00
Spread as a % to AWF	1.99	1.94

Key Financial Ratios (%)	March 2014	March 2015
Net Interest Margin (NIM)	2.27	2.25
Operating Expenses to Average Working Funds	1.35	1.47
Return on Avg. Assets (RoAA)	0.54	0.55
Return on Equity	10.59	11.06
Business per Employee (₹ in Crore)	14.42	14.35
Profit per Employee (₹ in Lakh)	5.00	5.01
Book Value (₹)	522.76	552.54
Earnings per Share (₹)	54.48	58.59

Net worth of the Bank, as at March 2015, increased to ₹26256 crore compared to ₹ 23394 crore as at March 2014. While total paid-up capital of the Bank was ₹475 crore, reserves and surplus increased to ₹ 31384 crore. In 2014-15, Government of India infused ₹570 crore capital in the Bank by way of preferential allotment of ₹1.39 crore equity shares on 31.03.2015. On account of the above, the Government of India's shareholding in the Bank increased to 69.91% from the earlier level of 69%. During the year, the Bank also raised ₹1500 crore Basel III compliant Tier 1 bonds, taking the total capital funds to ₹36137 crore.

(Amt. in Rs. Crore)

Composition of Capital	March 2014	March 2015
Risk Weighted Assets	312226	342248
CET 1	23132	25222
CET 1(%)	7.41	7.37
AT 1	859	2238
AT 1(%)	0.27	0.65
Tier I Capital	23991	27459
CRAR (%) (Tier I)	7.68	8.02
Tier 2 Capital	9205	8678
CRAR (%) (Tier 2)	2.95	2.54
Total Capital	33196	36137
CRAR (%)	10.63	10.56

Capital Adequacy Ratio as at March 2015 stood at 10.56% against regulatory requirement of 9%. Within the capital adequacy ratio, CET 1 ratio stood at 7.37% against requirement of 5.5% and Tier I Capital ratio was at 8.02% against the requirement of 7%. Adequate headroom is available for the Bank to raise capital in order to support business growth momentum.

### Business Growth

Total Deposits grew by 12.63% to reach ₹473840 crore as at March 2015 compared to ₹420723 crore a year ago. During the year, the Bank shed ₹16242 crore worth high cost deposits. As a result, the share of high cost deposits came down from 6.55% as at March

2014 to 2.38% as at March 2015.

### Advances (net)

In line with the growth recorded by the industry, the Bank's advances (net) grew by 9.62% to reach ₹330036 crore compared to ₹ 301067 crore a year ago. The Bank's diversified asset portfolio is spread over various productive segments of the economy, like, Agriculture, Micro, Small and Medium Enterprises (MSMEs), Exports, Retail, including Housing, Education, Vehicle and others, large Corporates and Infrastructure segments. As at March 2015, the number of borrowal accounts increased to over 72 lakh from 66 lakh last year.

### Total business

Total business of the Bank increased to ₹803876 crore, with a y-o-y growth of 11.37% compared to ₹721790 crore in the previous year. During the year, the Bank's total clientele accounts increased by over 1 crore to 6.57 crore from 5.55 crore.

### Retail Lending Operations

In line with the thrust areas set for the year, the Bank's retail lending operations recorded robust y-o-y growth.

Retail Segments	As at March		Growth	
	2014	2015	Quantum	(%)
Housing Direct	12822	16480	3658	28.53
Vehicle	3099	3770	671	21.65
Other Personal	5845	10540	4695	80.33
Education	4901	5636	735	15.00
<b>Total Retail Loans</b>	<b>33529</b>	<b>42298</b>	<b>8769</b>	<b>26.15</b>

Outstanding retail loans portfolio grew by 26.15% y-o-y to ₹42298 crore as at March 2015. The disbursements during the year under various retail lending schemes amounted to ₹ 16590 crore. The outstanding total housing loan portfolio rose to ₹22352 crore and accounted for 53% of the total retail lending portfolio. The Bank's Vehicle loans and other personal loans increased by 21.65% and 80.33% y-o-y respectively.

### International Operations

The Bank's overseas operations covered 8 countries, with Seven branches at London and Leicester (UK), Hong Kong, Shanghai (China), Manama (Bahrain), Johannesburg (South Africa), New York (USA), one Representative Office at Sharjah (UAE) and a Joint Venture Bank, viz., Commercial Indo Bank LLC in Moscow, in association with State Bank of India.

All overseas branches recorded improved performance during the year 2014-15. Total business of the seven overseas branches aggregated to ₹ 51831 crore for the financial year ending March 2015. Overseas Business constituted 6.4% of the Bank's total business, up from 5.69% last year.

The Bank opened a branch at Johannesburg (Republic of South Africa) on May 19, 2014 and launched another branch at New York (USA) on June 9, 2014. The Bank has approval from RBI for expansion in other international centres such as, DIFC (Dubai), Frankfurt (Germany), Sao Paulo (Brazil), Dar-e-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria), Istanbul (Turkey), Jakarta (Indonesia) and Jeddah (Saudi Arabia). Bank has plans to open a branch in DIFC Dubai and a banking subsidiary at Dar e Salaam in Tanzania during 2015-16.

The Bank has sought RBI's approval for expansion in 7 more international centres, namely, Mexico City (Mexico), Kigali (Rwanda), Singapore, Auckland (New Zealand), Sydney (Australia), Ontario (Canada) and Durban (South Africa).

The Bank's international operations are well supported by a wide network of 392 Correspondent Banks, spread across 86 countries. Rupee Drawing Arrangements with 35 Exchange Houses and 13 overseas banks are also operational for channelizing the remittances of Non Resident Indians (NRIs). The Bank is also maintaining Vostro Accounts of 14 overseas banks for facilitating remittances (retail/commercial) through Swift MT103 mode. The Bank is managing two Exchange Houses viz., Al Razouki International Exchange Company, Dubai and Eastern Exchange Est., Qatar under Secondment and Management Agreement respectively.

### **Credit Risk Management**

The Bank has various risk management systems for managing Credit Risk with comprehensive policies and procedures in place.

The Credit Risk Management Policy articulates, among others, the guidelines on:

- Lending norms for appraisal and decision making
- Delegation of credit sanctioning powers to various authorities/Credit Approval Committees based on internal risk rating of the borrowers
- Entry barriers based on risk rating
- Risk Based Pricing

• Loan Review Mechanism

An exclusive Credit Monitoring Policy has been put in place. The loan review mechanism articulated in the Credit Monitoring Policy covers the entire gamut of review and monitoring as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration, including Credit Audit/ Pre-release Audit, duly administered by the Credit Administration and Monitoring Wing. as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration including Credit Audit/ Pre-release Audit duly administered by the Credit Administration and Monitoring Wing.

**National Priorities**

The Bank continues to accord importance to varied goals under national priorities, including agriculture, micro and small enterprises, education, housing, microcredit, credit to weaker sections and specified minority communities.

**Priority Sector Advances** of the Bank as at March 2015 reached ₹118234 crore, recording a y-o-y growth of 20.94% and achieved 40.89% to Adjusted Net Bank Credit (ANBC) against 40% mandated norm.

(Amt. ₹ Crore)

Priority Sector Advances	As at March		Growth	
	2014	2015	Amount	%
<b>Total Priority Sector</b>	97762	118234	20472	20.94
<b>Agriculture</b>	48797	58868	10071	20.64
<b>Direct Agriculture</b>	44268	51437	7169	16.19

With a focus on credit delivery to **Agriculture**, the Bank's advances under agriculture portfolio increased by 20.64% to ₹58868 crore, covering over 53 lakh farmers. Under agriculture lending, the Bank achieved 20.36% to ANBC against 18% mandated norm. During 2014-15, the Bank's agriculture credit disbursal increased to ₹45232 crore, with a growth of 9% over the previous year. Advances under **Direct Agriculture** increased by 16.19% to ₹ 51437 crore and achieved 17.79% to ANBC against 13.5% mandated norm. The Bank undertook special campaigns for extending Crop Loans/General Credit Cards (GCCs) facility to all farmers/non-farmers.

During the year, the Bank issued 5.85 lakh Kisan Credit Cards (KCCs), amounting to ₹8653 crore. The credit outstanding under KCCs was at ₹10330 crore as at March 2015. 5.39 lakh Kisan RuPay Cards were issued against eligible accounts of 5.85 lakh, with an achievement of 92%. During the year, the Bank also extended financial assistance to other priority sectors, such as, State sponsored organization for SCs/STs, housing and micro credit. The Bank actively participated in various **Government Sponsored Schemes**, such as, Prime Minister's Employment Generation Programme (PMEGP), National Rural Livelihood Mission (NRLM)

and Differential Rate of Interest (DRI) Scheme. As at March 2015, the outstanding advances under the following Government Schemes aggregated to ₹960 crore, involving around 2.34 lakh beneficiaries.

### Financial Inclusion

With the basic objective of bringing the large unserved population under the banking mainstream, the Bank is striving towards a more inclusive growth by making financial products and services available to financially excluded and marginalized sections of society in particular. As per the Government of India and the Reserve Bank of India directions, the Bank has been actively pursuing the agenda of Financial Inclusion (FI), with key interventions in four groups, viz., expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy of Financial Literacy. During the year, the Bank has successfully covered all the allotted 10049 unbanked villages across the country. The Bank opened 270 Financial Inclusion (FI) branches during the year in unbanked villages, taking the total tally of FI branches to 806 under branch model. The Bank has engaged 2459 Business Correspondents Agents (BCAs) under Business Correspondents (BC) model by engaging three Corporate BCs, viz., M/s Integra Micro Systems (P) Ltd, M/s Fino Paytech and M/s CSC e-Governance Services India Ltd. Besides, the Bank had opened 544 Ultra Small Branches (USBs), out of which 65 were upgraded as FI branches. There were 479 USBs operational as at March 2015.

### Credit Linkage

Financial deepening is yet another endeavor by the Bank in providing various other facilities, like, In-Built Overdrafts (IODs), Kisan Credit Cards (KCCs), General Credit Cards (GCCs), Differential Rate of Interest Scheme (DRI), Self Help Groups (SHGs), Micro Credit Groups (MCGs), Micro Insurance and Micro Pension under Canara Naye Disha Scheme. Improvement in the above credit linkages during the year is as under.

- **IODs** - In built OD facility permitted to 3.30 lakh beneficiaries, amounting to ₹66 crore.
- **KCCs** - During the year, the Bank issued 5.85 lakh KCCs, amounting to ₹8653 crore. As at March 2015, the credit outstanding under KCCs was at ₹10330 crore.
- **DRIs**- During the year, the Bank financed 70332 persons under DRI Scheme, with total assistance of ₹99 crore. DRI outstanding at the end of year was 1.71 lakh accounts, with a balance of ₹172 crore.
- **SHGs** - 41319 SHGs were formed during the year and credit linked 42066 SHGs, with credit of ₹903 crore. The outstanding SHGs at the end of the year stood at 114698 accounts, with a balance of ₹2456 crore.

### Corporate Social Responsibility

Following founding principles and century old tradition, the Bank is engaged in varied



Corporate Social Responsibility (CSR) activities. CSR initiatives of the Bank are multifarious, covering activities like training unemployed rural youth, providing primary health care, drinking water, community development, empowerment of women and other social initiatives.

### **Rural Development**

The Bank, through its Canara Bank Centenary Rural Development Trust (CBCRDT), has established 34 exclusive training institutes, including 26 Rural Self Employment Training Institutes, 5 Institutes of Information Technology and 3 Artisan Training Institutes to promote entrepreneurship development among rural youth and encourage them taking up self-employment activities. During 2014-15, these Institutes trained 27960 candidates, taking the tally to 2.41 lakh unemployed youth since inception, with an impressive settlement rate of 73%.

### **Infotech Progress**

During 2014-15, the Bank added a record 2221 ATMs, taking the total number of ATMs to 8533, spread across 4021 centres. The Bank's ATMs strength was the highest among nationalized banks. The debit card base of the Bank rose to 2.55 crore compared to 1.51 crore as at March 2014.

132 hi-tech e-lounges were functional in select branches with facilities, like, ATM, Cash Deposit Kiosk with voice guided system, Cheque Deposit Kiosk, Self Printing Passbook Kiosk, Internet Banking Terminal, Online Trading Terminal and Corporate Website Access. Interactive Video Conference System was also made available at select e-lounges. As a result of various alternate delivery measures adopted by the Bank, e-transaction ratio increased to 50.21% as at March 2015 compared to 43.84% last year.

### **Manpower Profile**

As at March 2015, the Bank had 53894 employees on its rolls.

	<b>March 2014</b>	<b>March 2015</b>
<b>Total No. of Employees</b>	<b>48794</b>	<b>53984</b>
Officers	20878	23372
Clerks	18770	20268
Sub-Staff*	9146	10344

*\* includes part-time employees (PTEs)*

The Bank's staff comprised 43% Officers, 38% Clerks and 19% Sub-Staff. Women employees comprising 15303 constituted 28% of the Bank's total staff. The total number of ex-servicemen staff as at March 2015 stood at 546. There were 1123 Physically Challenged Employees on the rolls of the Bank.

During the year, the Bank recruited 8296 persons in various cadres, out of which, 1762

belonged to Scheduled Castes (SCs) and 571 to Scheduled Tribes (STs) categories. This includes 546 ex-servicemen recruited in various cadres during the year. 2544 women employees were recruited and 503 women employees were promoted under various cadres during the year.

#### **Financial Super Market:**

Canara Bank, with an objective of offering 'One Stop Banking' facilities for the customers, forayed into diversified business activities by opening subsidiaries during late 1980s. Today, the Bank functions as a 'Financial Supermarket' with as many as nine subsidiaries/ sponsored entities/ joint ventures in diversified fields. To unlock the potential in Subsidiaries, Bank had appointed M/s KPMG Advisory Services Private Limited as consultant for comprehensive assessment and to draw a road map for Subsidiaries/Associates. The accepted recommendations have since been implemented. All the subsidiaries/sponsored entities/ joint ventures of the Bank recorded satisfactory performance during the year.

#### **CANFIN HOMES LIMITED (CFHL)**

Canfin Homes Limited, a Sponsored Entity of Canara Bank is one of the premier housing finance entities in the country, with a stake of 43.45%. The Company sanctioned loans amounting to ₹3670 crore and disbursed loans amounting to ₹3346 crore during the year. The loan outstanding as at March 2015 was ₹8238 crore. The Company earned a profit after tax of ₹86.24 crore for the year ended March 2015 and proposed a 70% dividend for the year 2014-15.

#### **CANARA BANK SECURITIES LIMITED (CBSL)**

Canara Bank Securities Limited, (formerly Gilt Securities Trading Corporation Limited) has diversified into Capital Market related activities, mainly stock broking since 2007. The Company offers stock broking services to both institutional and retail clients. Online Trading Counter for retail customers is its flagship product and has diversified into Currency Derivatives and has a clientele base of 35172. The Company has posted a Profit after tax of ₹6.90 crore for the year ended March 2015 and paid a dividend of 12.50%.

#### **CANARA ROBECO ASSET MANAGEMENT CO LIMITED (CRAMC)**

To manage assets of Canbank Mutual Fund M/s Canbank Investment Management Services Limited was established in 1993. In the year 2007, Canara Bank divested 49% stake of Asset Management Company in favour of M/s Robeco Groep N V forming a joint venture for managing the assets of Canbank Mutual Fund. The Company has since renamed as Canara Robeco Asset Management Company Limited with a majority share of 51% held by the Bank. Assets under Management of the Company was ₹6421 crore with investor base of 5.27 lakhs. The Company is currently managing 29 Mutual Fund Schemes, including Gold EFT. The Company posted a net profit of ₹19.42 crore for the year 2014-15

#### **CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY**

## LIMITED

An Insurance Joint Venture floated by the Bank in association with internationally reputed HSBC Insurance (Asia Pacific) Holding Limited and Oriental Bank Commerce. The Company was incorporated during September 2007 and commenced business operation from 16.06.2008. The Bank has a majority shareholding of 51% in the Company. During the year, the Company reached total business premium of ₹1642 crore and recorded statutory profit of ₹102.90 crore.

## CANBANK VENTURE CAPITAL FUND LIMITED (CVCFL)

Canbank Venture Capital Fund Limited is the Trustee and Manager of Canbank Venture Capital Fund and a wholly owned Subsidiary of the Bank. The Company recorded a profit after tax of ₹6.92 crore for the year 2014-15 and paid a dividend of 1000%.

## CANBANK FACTORS LIMITED (CFL)

Canbank Factors Limited is a factoring Subsidiary of the Bank. During 2014-15, the Company achieved a total business turnover of ₹3072.50 crore and earned a profit after tax of ₹14.80 crore. The Company has proposed a 10% dividend for 2014-15. The Credit Rating Information Services of India Limited (CRISIL) has rated its Short Term Debt Programme, the highest 'A1+'.

## CANBANK COMPUTER SERVICES LIMITED (CCSL)

Canbank Computer Services Limited is the only Software Company promoted by a Public Sector Bank in the country. Canbank Computer Services Limited is primarily engaged in IT and Software development services, training / consultancy and registrar and share transfer agency. The Company has achieved a profit after tax of ₹6.51 crore for the year.

## CANBANK FINANCIAL SERVICES LIMITED (CANFINA)

Canbank Financial Services Limited is confining its activities to legal matter arising out of past transactions in securities, besides concentrating on collection of lease rentals and recovery of dues under decreed accounts.

## COMMERCIAL INDO BANK LLC (CIBL)

CIBL, a joint venture of Canara Bank and State Bank of India, has been operational since April 2004 in Moscow, Russia. The Company earned a profit after tax of US\$1.05 million as on 31st March, 2015.

## REGIONAL RURAL BANKS (RRBS)

The Bank has two sponsored RRBs viz., Kerala Gramin Bank, which covers entire 14 districts of Kerala with 565 branches and Pragathi Krishna Gramin Bank with 11 districts of eastern Karnataka and 645 branches. RRBs together have a branch network of 1210 and 412

ATMs. During the year, both RRBs have opened 73 branches and 135 ATMs. The aggregate business of the RRBs as at March 2015 stood at ₹40402 crore, comprising ₹20578 crore under deposits and ₹19824 crore under advances. Kerala Gramin Bank with a total business of ₹20940 crore ranked 1st amongst RRBs, followed by Pragathi Krishna Gramin Bank with ₹19462 crore. Both RRBs achieved the mandated target of 60% of total advances under priority sector lending. Gross NPA and Net NPA levels were below the tolerable level of 5% of total advances. Both RRBs registered a gross profit of ₹284.89 crore and net profit of ₹101.60 crore during the year. Their capital adequacy ratio is above the mandatory norm of 9%. RRBs are 100% CBS compliant and are ahead of their peer RRBs under technology front. They are extending IT based products, like, Mobile Banking, RuPay Debit Card services, Cheque Truncation System, e-KYC technology, Aadhaar enabled services and remittance facilities through NEFT/NGRTGS/AEPS to their customers. Kerala Gramin Bank has received 'Inclusive Finance India Award-2014' for adaptation and implementation of information technology and Pragathi Krishna Gramin Bank as 2nd runner-up, instituted by M/s Access in partnership with National Bank for Agriculture and Rural Development (NABARD) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

**Implementation of Financial Inclusion and Pradhan Mantri Jan Dhan Yojana (PMJDY) in the sponsored Regional Rural Banks**

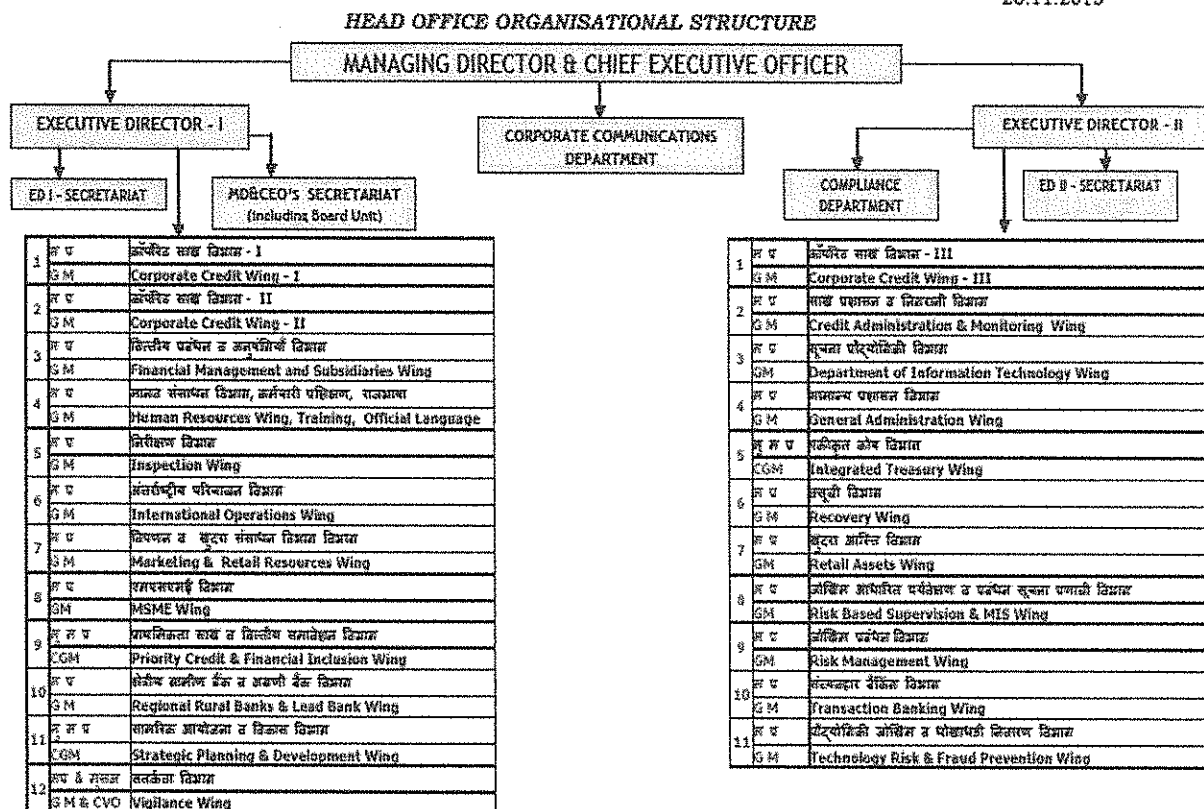
The sponsored RRBs, in addition to branches, are extending basic banking services to villages through 884 Business Correspondents (BCs) and 157 Kiosks. They have established 22 Financial Literacy Counselling Centers (FLCs) and also organizing financial literacy camps through branches in rural areas. Under PMJDY both RRBs together opened over 7.80 lakh accounts and issued RuPay Cards to all the account holders. They have covered all households in 1847 Sub-Service Areas (SSAs) and 375 wards allotted to them with at least one basic banking account and RuPay Cards. They are the first amongst RRBs to implement e-KYC technology and Aadhaar enabled Payment System (AEPS).

## ii) Corporate Structure

### Organizational chart



20.11.2015



iii) Key Operational And Financial Parameters for the last three audited years:

a. Standalone

(Rs in crores)

Parameters	For the HY September 30, 2015	FY 13	FY 14	FY 15
Networth	29731.78	21732.01	23393.56	26256.76
Total Debt	509370.40	376139.36	447953.46	499511.67
Of which Non-Current Maturities of LTB	13933.85	10971.22	15420.04	17024.06
Short Term Borrowing	9656.02	9236.70	11047.10	7722.51
Current Maturities if LTB	575	75.45	763.50	925.00
Net Fixed Assets	7212	2862.72	6641.56	6949.45
Non Current Assets	341617.01	250037.66	306872.62	333004.39
Cash and Cash Equivalents	53394.87	34714.7	44828.71	48641.09
Current Investments	22473.06	15939.85	7447.52	18407.79
Current Assets	217231.44	162304.95	185049.23	214996.17
Current Liabilities	275808.85	183042.74	276652.10	274476.49
Assets Under Management	NA	NA	NA	NA
Off Balance Sheet Assets	NIL	NIL	NIL	NIL
Interest Income	22407.15	34077.93	39547.61	43750.04
Interest Expense	17244.15	26198.94	30603.17	34086.37
Provisioning & Write-offs	2939.97	3017.91	4358.00	4247.74
PAT	1007.69	2872.1	2438.19	2702.62
Gross NPA (%)	4.27	2.57	2.49	3.89
Net NPA (%)	2.90	2.18	1.98	2.65
Tier 1 Capital Adequacy Ratio (%)	8.63	9.77	7.68	8.02
Tier 2 Capital Adequacy Ratio (%)	2.41	2.63	2.95	2.54

**b. Gross Debt Equity Ratio of the Issuer**

(Rs in crores)

Particulars	Pre-Issue (as on Sept 30, 2015)	Post Issue of Bonds of Rs 1500.00 crore
<b>TOTAL LONG TERM DEBT</b> **	<b>16804.41</b>	<b>18304.41</b>
Total Long Term Debt	16804.41	18304.41
<b>SHAREHOLDERS' FUNDS</b>	<b>29731.78</b>	<b>29731.78</b>
Share Capital)	542.99	542.99
Reserve & Surplus (excluding FCT Revaluation Reserve	29188.79	29188.79
Net Worth	29731.78	29731.78
<b>GROSS DEBT/ EQUITY RATIO</b>	<b>0.57</b>	<b>0.62</b>

\*\* Excludes Refinance (Domestic) and Borrowings from Banks (overseas)

**iv. Project Cost and Means of Financing, in case of funding of new projects**

The funds being raised by the Bank through present issue of Bonds are not meant for financing any particular project. The Bank shall utilise the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations. The Bank has to shore up its Capital base to match the growth in Assets and maintain level of CAR higher than the minimum level prescribed by RBI.

**C. Brief history since incorporation giving details of the following activities**

**i) Details of Share Capital as on September 30, 2015**

(Rs. in crore)

Particulars	Amount
<b>1. SHARE CAPITAL</b>	
a. Authorized Equity Share Capital	
300,00,00,000 Equity Shares of Rs.10/- each	3,000.00
b. Issued & Subscribed Equity Share Capital	
54, 29,91,054 Equity Shares of Rs.10/- each fully paid up	542.99
c. Paid-up Equity Share Capital	
54, 29,91,054 Equity Shares of Rs.10/- each fully paid up	542.99
Add: Amount of Equity Shares forfeited	--
Total Paid-up Equity Share Capital	542.99
<b>2. SHARE PREMIUM ACCOUNT (PROVISIONAL )</b>	<b>5672.53</b>

The Issue will not have any impact on the paid-up capital.

ii. Changes in the capital structure as on last quarter end, for the last five years:

Particulars of change	Amount (Rs. in crore)	Date of change (AGM/ EGM)
Authorized Capital of the Bank increased from  Rs. 1,500 crore to Rs. 3,000 crore	3,000.00	By notification F. No. 11/4/2009- BOA dated November 27, 2009 of Government of India
QIP Mode – During the month of March, 2011	33.00 (Issued and allotted 3.30 Crore Equity Shares through QIP Mode at an Issue price of Rs. 604/-)	Date of AGM – 19.07.2010 Allotment was made on : 15.03.2011
Preferential Allotment to Government of India (Equity Shares)	18.26 ( allotment of 1,82,58,837 equity shares of Rs. 10/- each)	Date of EGM – 30.12.2013 Date of Allotment - 31.12.2013
Preferential Allotment to Government of India (Equity Shares)	13.94 ( allotment of 1,39,38,134 equity shares of Rs. 10/- each)	Date of EGM – 27.03.2015 Date of Allotment - 31.03.2015
Preferential Allotment to Life Insurance Corporation of India	40.00 (allotment of 4,00,00,000 equity shares of Rs. 10/- each)	Date of EGM – 30.04.2015 Date of Allotment – 12.05.2015
Preferential Allotment to Government of India (Equity Shares)	27.79 ( allotment of 2,77,94,083 equity shares of Rs. 10/- each)	Date of EGM – 29.09.2015 Date of Allotment - 30.09.2015



iii. Equity Share Capital History of the Company as on the last quarter end, for the last five years:

Details after 31.03.1999:

Sl No	Year of allotment	No of equity share	Face value (Rs)	Issue price (Rs)	Consideration (Cash, Other than cash etc)	Nature of Allotment	Cumulative share capital		
							No of equity share	Equity share capital (Rs. in cr)	Equity share premium (Rs. in cr)
1		30,00,00,000	10.00	--	Held by Government of India	---	30,00,00,000	300.00	----
2	2002-03 (IPO)	11,00,00,000 (to public)	10.00	35.00	Initial Public Offer (IPO) Placement of Equity Shares	IPO	41,00,00,000	410.00	275.00
3	2010-11	3,30,00,000	10.00	604.00	Qualified Institutional Placement (QIP)	Allotment to QIBs	44,30,00,000	443.00	2235.20
4	2013-14	1,82,58,837	10.00	273.84	Preferential Allotment to Government of India	Preferential Allotment to GOI	46,12,58,837	461.26	2716.94
5	2014-15	1,39,38,134	10.00	408.95	Preferential Allotment to Government of India	Preferential Allotment to GOI	47,51,96,971	475.20	3273.01

6	2015-16 (June, 2015)	4,00,00,000	10.00	380.08	Preferential Allotment to LIC of India / Schemes of LIC	Preferential Allotment to LIC of India / Schemes of LIC	51,51,96,971	515.20	4753.33
7	2015-16 (Sept-2015)	2,77,94,083	10.00	340.72	Preferential Allotment to Government of India	Preferential Allotment to GOI	54,29,91,054	542.99	5672.54

iv. Details of any acquisition or amalgamation in the last 1 year

None

v. Details of any Reorganization or Reconstruction in the last 1 year:

Type of Event	Date of Announcement	Date of Completion	Details
Merger of Retail Resources Wing at Ho with Marketing & BPR Wing	28.02.2015	28.02.2015	The functions of Retail Resources Wing at Head Office have been merged with Marketing & BPR Wing and the Wing <b>renamed as Marketing and Retail Resources Wing</b> . Thereby the following sections are brought under the renamed Wing.  1. Retail Liabilities Section 2. Retail Liabilities Marketing Section 3. Centralised NRI Hub BPR Division which was hitherto under M&BPR Wing has been brought under Financial Management & Subsidiaries Wing.
Formation of Corporate Communications Department. CC&PR Section under Marketing & RR Wing renamed as P&PR Section.	06.10.2015	06.10.2015	1. Formation of Corporate Communications Department. The Department shall be directly reporting to MD&CEO.  2. Corporate Communications & Public Relations (CC&PR) Section under Marketing & RR Wing <b>renamed as Publicity &amp; Public Relations Section</b>

Type of Event	Date of Announcement	Date of Completion	Details
			under the M&RR Wing with the existing objectives & functions of the section.

**D. Details of shareholding of the Bank as on the latest quarter end**

**i. Shareholding pattern of the Bank as on September 30, 2015**

Sr. No.	Particulars	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as % of total no of equity shares
01.	Central Government/ State Government	359991054	332196971	66.30
02.	Mutual Funds	25810213	25810213	4.75
03.	Financial Institutions and Banks	3491300	3491300	0.64
04.	Insurance Companies	76534724	76534724	14.10
05.	Foreign Institutional Investors	40754395	40754395	7.51
06.	Bodies Corporate	6127832	5995932	1.13
07.	Individuals	27650730	21673708	5.10
08.	Non-resident Indians	720909	720909	0.13
09.	Trusts	709713	709613	0.13
10.	Clearing Members	1200184	1200184	0.22
	<b>TOTAL</b>	<b>542991054</b>	<b>509087949</b>	<b>100.00</b>

*Notes:* The promoters have not pledged or encumbered their shareholding in the Bank

**ii. List of top 10 holders of equity shares of the Bank as on September 30, 2015**

S. No.	Name of Shareholder	Total number of Equity Shares held	Number of Equity Shares held in demat form	Total shareholding as a percentage of total number of Equity Shares
1.	President of India	359991054	359991054	66.30
2.	Life Insurance Corporation of India	74642214	74642214	13.75*

S. No.	Name of Shareholder	Total number of Equity Shares held	Number of Equity Shares held in demat form	Total shareholding as a percentage of total number of Equity Shares
	India (*)			
3.	HDFC Trustee Company Ltd- HDFC Equity Fund	5791000	5791000	1.07
4.	Government Pension Fund Global	4506821	4506821	0.83
5.	HDFC Trustee Company Ltd- HDFC Top 200 Fund	3983124	3983124	0.73
6.	Reliance Capital Trustee Co. Ltd A/c Reliance Equity Opportunities Fund	2500504	2500504	0.46
7.	Reliance Capital Trustee Co. Ltd A/c Reliance Tax Saver ( ELSS) Fund	2430000	2430000	0.45
8.	HSBC Pooled Investment Fund A/C HSBC Pooled Invest	2338764	2338764	0.43
9.	HDFC Trustee Company Ltd – HDFC Tax Saver Fund	1978817	1978817	0.36
10.	HDFC Trustee Company Ltd – HDFC Prudence Fund	1931600	1931600	0.36
<b>TOTAL</b>		<b>460093898</b>	<b>460093898</b>	<b>84.74</b>

(\*Note: LIC of India is holding 7,46,42,214 equity shares under 23 different folios / schemes with 13.75 % of share in the total equity of the Bank)

**E. Details regarding the Directors of the Bank**

**i. Details of current directors of the Bank**

Sl. No.	Name, Designation and DIN	Age (in Years)	Address	Director of the Bank since	Details of other Directorship/s
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