

# BOARD'S REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting you the 100<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Bank for the financial year ended 31<sup>st</sup> March, 2021.

## BUSINESS OVERVIEW

In the FY 2020-21, the total income increased by ₹ 541.61 crore to ₹ 2,273.11 crore from ₹ 1,731.50 crore in the corresponding previous financial year. In the same period, Interest income increased by ₹ 362.40 crore to ₹ 1,872.29 crore from ₹ 1,509.89 crore and the non-interest income increased by ₹ 179.21 crore to ₹ 400.82 crore from ₹ 221.61 crore in the corresponding previous financial year.

In the same period, the total Operating Profit of the Bank increased by ₹ 332.63 crore to ₹ 613.21 crore from ₹ 280.58 crore and Net Profit increased by ₹ 205.68 crore to 218.40 crore from ₹ 12.72 crore in the corresponding previous financial year.

Despite the Covid-19 pandemic which disrupted the operations of the Bank in many ways especially first quarter and last month of the fourth quarter, in the financial year 2020-21, the Bank has reported a record net profit of ₹ 218.40 crore in the financial year 2020-21 compared to ₹ 12.72 crore in the corresponding previous financial year. The profit came on the back drop of a strong growth in net interest income (NII) supported by increased yield on advance/investments and decrease in the cost of deposits/funds Non-interest income was backed primarily by treasury profits, recovery in written off accounts, processing fee, commissions on selling bankassurance products and PSLC (priority sector lending certificate) income.

In the same period, the Bank's total advances grew by ₹ 3151.51 crore to ₹ 15,386.96 crore, led by an over 61% growth in gold loans to ₹ 6,131 crore, from ₹ 3,800 crore and Deposits grew by ₹ 3,349.36 crore to ₹ 19,140.04 crore from ₹ 15,790.68 crore in the corresponding previous financial year.

Gross non-performing assets (NPA) decreased by ₹ 15.94 crore to ₹ 393.49 crore as on March 31, 2021 from ₹ 409.43 as on March 31, 2020. The gross NPA as percentage of advances fell by 86 basis points to 2.68% as on March 31, 2021 as against 3.54% as on March 31, 2020 in the corresponding previous financial year. Net NPAs also fell to 1.17% (₹ 168.81 crore) as of March 31, 2021 from 1.91% (₹ 216.94 crore) as on March 31, 2020. Provision coverage ratio improved to 84.89% at the end of the financial year from 80.02% in the corresponding previous financial year.

Total Assets have increased by ₹ 4,473.11 crore and stood at ₹ 23,337.35 crore as on March 31, 2021 as against ₹ 18,864.24 crore as on March 31, 2020. Net Advances have increased by ₹ 3,071.77 crore and reached ₹ 14,438.12 crore as on March 31, 2021 as against ₹ 11,366.35 crore as on March 31, 2020.

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

## FINANCIAL SUMMARY

The financial performance of the Bank for the fiscal 2020-21 is as given below:

(₹ in Cr)

Particulars	March 31 <sup>st</sup> 2021	March 31 <sup>st</sup> 2020
Deposits	19,140.04	15,790.68
Borrowings-Tier II Bonds	Nil	Nil
Net Advances	14,438.12	11,366.35
Total Assets/Liabilities	23,337.35	18,864.24
Net Interest Income (NII)	941.39	592.29
Non-Interest Income	400.82	221.61
Operating Profit/ (Loss)	613.21	280.58
Provisions and Contingencies (Other than tax)	320.66	146.58
Profit /(Loss) before Tax	292.55	134.00
Provision for taxes	74.15	121.28
Net Profit /(Loss)	218.40	12.72
Add: Surplus/(Deficit) brought forward from last period	(513.96)	(513.96)
Profit & Loss Account balance before appropriations	(295.56)	(501.24)
<b>Appropriations</b>		
Statutory Reserve u/s 17 of the Banking Regulation Act, 1949.	54.60	3.18
Capital Reserve	117.67	8.33
Special Reserve	1.66	1.21
Investment Fluctuation Reserve	40.00	0.00
Balance carried over to Balance Sheet	(509.49)	(513.96)

Particulars	March 31 <sup>st</sup> 2021	March 31 <sup>st</sup> 2020
<b>Key Performance Indicators</b>		
Capital Adequacy Ratio (CRAR)% Basel – III	21.37	22.46
Earnings per share (in ₹)	12.59	0.88
Book value per share (in ₹)	125.67	113.04
Net Interest Margin%	4.81	3.74
Cost–Income Ratio%	54.31	65.53
Return On Assets (ROA)%	0.99	0.07
Return On Equity (ROE)%	12.48	0.99

### CENTENARY CELEBRATIONS- UPDATES

Bank, on November 26, 2020, celebrated 100 years of its glorious existence and this was a rare achievement in the corporate world, as there may not be many institutions in this world, which has accomplished this rare feat of achieving this 100 years of legacy.

CSB Bank was established in the year 1920 by 11 prominent business families of respectable stature from Thrissur, Kerala, in the name and style of The Catholic Syrian Bank Ltd., to cater to the Banking needs of the local society. With the support and clientele from all communities, the Bank grew from a very tiny Bank into its present position of a Bank with more than 500 branches, pan India.

Though the Centenary celebrations for the occasion was planned on a grand scale, due to COVID 19 pandemic, the celebrations were held on a subdued note, in virtual mode on November 26, 2021. During the celebrations, the founders of the Bank were remembered, who had the vision to bring about this institution into being, providing employment and livelihood to 1000s of people.

Special thanks were offered to the Management team, staff members and the present Promoters of the Bank, FIH Mauritius Investments Ltd, who had brought about the dynamic and appreciable changes in the Bank, including the change of name from The Catholic Syrian Bank Ltd., to CSB Bank Ltd., so that the Bank could face the future, more confidently.

Listing of shares of the Bank during the 100<sup>th</sup> year of its existence on the bourses was an unparalleled achievement, especially so, because the shares were ultimately listed, post one of the most successful IPOs in the year 2019.

### TOTAL BUSINESS

The total business of your Bank stood at ₹ 34,528 crore as on March 31, 2021, as against ₹ 28,031 crore a year before, registering a y-o-y growth of 23.18%.

### DEPOSITS

Aggregate deposits of the Bank as on March 31, 2021 stood at ₹ 19,140.04 crore, as against ₹ 15,790.68 crore a year before, registering a y-o-y growth of 21.21%.

Total CASA deposits grew by ₹ 1,555.21 crore to ₹ 6,161.80 crore from ₹ 4,606.59 crore of corresponding previous year. Total Term Deposits grew by ₹ 1,794.16 crore to ₹ 12,978.24 crore from ₹ 11,184.08 crore of corresponding previous year. Total NRI Deposits grew by ₹ 394.28 crore to ₹ 4,308.50 crore from ₹ 3,914.22 crore of corresponding previous year.

### ADVANCES

During the period under review, the Bank's gross advances increased to ₹ 15,388 crore against ₹ 12,240 crore as on March 31, 2020, registering a y-o-y growth of 25.72%. The gross CD Ratio of the Bank stood at 80.40% against 77.52% in the corresponding previous year.

Gold loan portfolio grew by 61% to ₹ 6,131 crore as on 31.03.2021 from ₹ 3,800 crore of corresponding previous year, whereas Two Wheeler and Agri & MFI portfolio grew by 119% and 252% in FY 21.

### PRIORITY SECTOR LENDING

Priority Sector Advance extended by your Bank grew by ₹ 960.38 crore to ₹ 4,934.95 crore from ₹ 3,974.57 crore of corresponding previous year.

### ASSETS QUALITY

Asset quality of banks is expected to come under further pressure as the impact of Covid-19 pandemic is likely to pose challenges to the financial performance of banks. Non-performing assets of banks have increased sharply in the last quarter of the fiscal on recognition of the unrecognised NPAs in the wake of the Hon'ble Supreme Court direction.

Close monitoring of Special Mention Accounts [SMA] was one of the focus area of your Bank during the just concluded fiscal. For the first time, apart from SMA-1 & 2 accounts, the Bank made it a policy to monitor SMA-0 accounts including Proforma NPAs also in its pursuit of improving asset quality. This helped in containing the stressed assets at historically low levels. Multi-level monitoring of SMA portfolio and monitoring of stressed accounts in the SME segment by dedicated Relationship Managers have paid rich dividends. Tele calling for improving collection of retail loans, collection through external agencies in the two wheeler segment are some of the innovations brought in by the bank in the recent past.

Automation of Early Warning Signals [EWS] identification is another important technological improvements made during the financial year. The system helps identifying stress in accounts in early stages itself and take appropriate corrective steps.

By initiating appropriate recovery steps in a time bound manner, the bank could recover / upgrade substantial amounts of NPAs during the year. Account by account follow up of large value NPAs at Head Office level has also proved to be very effective in recovery maximisation.

Compromise / One Time Settlement of NPAs as a strategy was vigorously pursued by the bank for NPA recovery during the year. Major chunk of the NPA recovery achieved is through Compromise / One Time Settlement/ LOK Adalats. By organising Recovery Camps in various locations, substantial retail NPAs could be recovered during the year.

Physical possession of secured assets by moving application before the concerned authority and auction of secured assets under SARFAESI was conducted at few centres to the extent it was permitted by the authorities. Similarly, the bank had also resorted to filing under Revenue Recovery Act, filing of suits in Civil Courts / DRTs as a last resort for recovery of the dues.

The various initiatives taken resulted in cash recovery of ₹ 69.23 Crore and up gradation of NPAs to the tune of ₹ 12.05 Crore. The Gross NPA level of the Bank as on March 31, 2021 stood at a level of ₹ 393.49 Crore as compared to ₹ 409.43 Crore in the corresponding period of the previous financial year. The Gross NPA and Net NPA ratios are at 2.68% and 1.17% respectively as against 3.54% and 1.91% respectively in the previous financial year. The provision coverage ratio as on March 31, 2021 improved to 84.89% from the level of 80.02% in the previous year.

Further, during the period under review, your bank could recover ₹ 73.01 Crore from the prudentially written off portfolio. Interest recovery during the period amounted to ₹ 19.42 Crore.

During the current financial year also, your bank's focus would be on arresting fresh delinquencies through close monitoring and recovery of NPAs by initiating appropriate and timely recovery steps.

### FINANCIAL PERFORMANCE

Net Interest Income (NII) increased to ₹ 941.39 crore in FY 2020-21 as against ₹ 592.29 crore in FY 2019-20. Treasury Income increased to ₹ 125.12 crore in FY 2020-21 from ₹ 30.20 crore in FY 2019-20. Non-Treasury Other Income increased to ₹ 275.70 crore in FY 2020-21 from ₹ 191.41 crore in FY 2019-20.

Provision other than taxes increased by ₹ 174.08 crore (118.76%) from ₹ 146.58 crore to ₹ 320.66 crore.

The Operating Profit for the year under review was ₹ 613.21 crore before taxes and provisions as against ₹ 280.58 crore for the year 2019-20 mainly on account of increased net interest income and other income.

The Net Profit for the year was ₹ 218.40 crore as compared to a Net Profit of ₹ 12.72 crore during the previous year

### DIVIDEND

The Board of Directors of the Bank have expressed their inability to recommend dividend for the financial

year ended March 31, 2021 in view of the restrictions under Section 123 (1) of the Companies Act, 2013 that no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year and also inadequacy of profits available for dividend after the mandatory appropriations to the reserves.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e., March 31<sup>st</sup>, 2021 and the date of the Directors' Report i.e., July 05, 2021.

### PAID-UP CAPITAL AND RESERVES

As on March 31<sup>st</sup>, 2021, the Paid-up Equity Capital of the Bank stood at ₹ 173.48 crore comprising 173,485,827 fully paid-up Equity Shares of ₹ 10/- each.

The free reserves and surplus after adjusting debit balance in Profit and Loss Account stood at ₹ 1,580.21 crore as on March 31<sup>st</sup>, 2021 as against ₹ 1,460.37 crore as on March 31<sup>st</sup>, 2020.

### CAPITAL ADEQUACY

As per the Basel III Capital Adequacy Framework, the Capital to Risk Weighted Assets Ratio (CRAR), as assessed by the Bank as on March 31<sup>st</sup>, 2021, is 21.37%. This is much higher than the minimum CRAR of 10.875% stipulated by the Reserve Bank of India.

The Tier I and Common Equity CRAR stood at 19.96%, well above the minimum of 7% and 5.5% respectively.

### ALLOTMENT OF SHARES

The Bank on March 30, 2021, allotted 30,000 equity shares under the CSB Employee Stock Option Scheme 2013 for an issue price of ₹ 147.25 per share (₹ 10/- towards share capital and ₹ 137.25 towards share premium). Consequently, the Issued and Subscribed Share Capital of the Bank stands increased from ₹ 1,73,45,58,270/- to ₹ 1,73,48,58,270/- and that of the Share Premium account of the Bank, from ₹ 1791,69,62,366.74 to ₹ 1792,10,79,866.74.

### PROMOTER HOLDING - FIH MAURITIUS INVESTMENTS LTD (FIHM).

Pursuant to approval accorded by the shareholders by way of special resolution passed in the Extraordinary General Meeting of the Bank held on March 21, 2018 and in terms of Reserve Bank of India approval vide letter DBR.PSBD.No.341/16.1.060/2018-19 dated July 12, 2018 and DBR.PSBD.No.1643/16.01.060/2018-19 dated August 27, 2018 and approval of Department of Financial Services (DFS), Ministry of Finance, Government of India vide letter

No. F.No.26/5/2018-BOA dated October 9, 2018, FIH Mauritius Investments Ltd (FIHM), promoter of the Bank holds 86,262,976 shares which constitute 49.72 % in the paid up capital of the Bank.

Out of the 86,262,976 shares held by FIHM in the Bank, 69,394,331 are locked-in until August 7, 2024, as advised by Reserve Bank of India in terms of its approval to FIHM to acquire up to 51 % in the post issue paid-up capital of the Bank. This 69,394,331 shares includes the minimum promoters' contribution required to be locked-in and the same was locked in for a period of three years from the date of allotment of shares under the Initial Public offer of the Bank, completed on December 2, 2019, pursuant to Regulation 16 and other applicable regulations of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to Section 12(2) of Banking Regulation Act and a Gazette Notification no. DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, voting rights of FIHM are currently capped at 26% of the total voting rights of the Bank.

FIHM holding in the Bank is subject to the dilution schedule of the said investment as mandated by Reserve Bank of India, vide letter dated DBR.PSBD.No.1643/16.01.060/2018-19 dated August 27, 2018. Dilution schedule is spread over a period of fifteen years from the date of completion of their investment in the Bank.

FIHM is an investment holding company incorporated under the laws of Mauritius. FIHM is wholly owned by Fairfax India Holdings Corporation (Fairfax India), a Fairfax group company. Founded in 2014, Fairfax India is a publicly listed Toronto-based investment holding company whose objective is to achieve long-term capital appreciation by investing in Indian businesses. With a permanent capital base, Fairfax India takes a long-term value approach towards its investments in India. Fairfax India is controlled by Fairfax Financial Holdings Limited (Fairfax Financial).

Fairfax Financial is a publicly listed Toronto-based holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Fairfax Financial has been under present management since 1985. Mr. V. Prem Watsa has been the Chairman and CEO of Fairfax Financial since 1985 and the Chairman of Fairfax India since its inception in 2014.

FIHM's investment in the Bank is in tune with Reserve Bank of India vide Master Direction No. DBR. PSBD. No.56/16.13.100/2015-16 dated November 19, 2015 on 'Prior approval for acquisition of shares or voting rights in Private Sector Banks' and Reserve Bank of India Master Direction DBR.PSBD.No.95/16.13.100/2015-16 May 12, 2016 on 'Ownership in Private Sector Banks, Directions, 2016.'

## CREDIT RATING

CRISIL, vide letter dated March 19, 2021, has reaffirmed the rating 'CRISIL A1+' to the ₹ 2,000 crore Certificate of Deposits Programme and ₹ 2,000 crore Short Term Fixed Deposits Programme of the Bank.

CRISIL, vide letter dated June 3, 2021 has assigned 'CRISIL A /Stable' rating to the proposed ₹ 500 Crore Tier II, Basel III compliant bonds issue Programme of the Bank. The bonds issue programme the Bank is under initial stage and has to be materialised.

## DEPOSITS ISSUANCE PROGRAMME

Bank under the Certificate of Deposits Programme, raised ₹ 1,160 crore from various Mutual funds and Banks during the period under review, with an amount of ₹ 660 Crore outstanding as on 31.03.2021. Bank has not raised deposits under the Short Term Fixed Deposits Programme.

## ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

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

## ISSUE OF SWEAT EQUITY SHARES

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

## EMPLOYEES STOCK OPTION SCHEMES

### 1. CSB Employees Stock Option Scheme 2013

Pursuant to receipt of approval of the shareholders by postal ballot on August 18, 2014, the Bank had formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme"). Pursuant to clause 26.2 of the scheme, the Board, vide resolution dated May 23, 2019, amended the scheme for the purpose of compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, considering Initial Public Offering ("IPO") of shares of the Bank in the year 2019.

The Scheme was effective from April 1, 2013. The scheme envisages to offer long-term share based employee benefits as performance incentive to select employees, enable value creation for shareholders by aligning employees' interests with that of the Bank, and to attract, retain, and motivate high quality talent.

The scheme will be administered by the Nomination & Remuneration Committee of the Board. Under the Scheme, the Bank can offer, issue and allot Equity Shares not exceeding 5% of the issued Equity Shares of the Bank at any point of time, which was capped pursuant to the Board vide resolution dated May 23, 2019, at 20,92,356 equity shares, being shares/options reserved of not exceeding 5% (five per

cent) of the issued equity shares of the Bank with reference to issued equity shares of the Bank as on August 18, 2014 i.e., date of approving the scheme by shareholders.

Against the options granted in the earlier year, for a term of 10 years (including vesting period) and against those options remaining in force, an equal number of equity shares will be allotted to the beneficiary upon exercise of the option, within the said period.

Under the Scheme, 8,20,000 stock options were granted over a period of time since June 2015. Out of 8,20,000, granted, 7,90,000 options were lapsed over a period of time and 30,000 options were exercised by one grantee in the financial year 2021. All the Options granted and exercised shall carry an exercise price of ₹ 147.25 per option. The Bank, on April 8, 2021, obtained trading approval for the shares allotted pursuant to the option exercised and allotted on March 30, 2021.

Pursuant to the Board, vide resolution dated May 23, 2019, the Bank decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period only so to facilitate to exercise the option already granted. Post allotment of 30,000 shares pursuant to exercise of options granted in 2015 and the rest of the options granted were lapsed over a period of time, the Scheme stands automatically discontinued with effect from March 31, 2021, as per Board, vide resolution dated May 23, 2019.

## **2. CSB Employees Stock Option Scheme 2019**

The Bank, on receipt of approval of the shareholders by postal ballot on May 4, 2019, has formulated a stock option scheme called "CSB Employees Stock Option Scheme 2019" ("ESOS 2019" or "Scheme"). The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

The 2019 ESOS Scheme was effective from May 4, 2019. The scheme is intended to promote the culture of employee ownership as well as to attract, retain, motivate and incentivize talents in the Bank. The Scheme shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust in due compliance with the applicable laws. Under the Scheme, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹ 10/- per share.

Under the trust route, the Bank allots shares to the trust and the trust will transfer the shares to the eligible employees at the time of exercise of

option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee. In case of trust route of issuance of ESOPs, the trust on its own will not have funds to be able to acquire the shares from the Bank as the trust is not a business trust and is specifically created with the objective of issuance of ESOPs to the employees. Trust has to find out other avenues for sourcing of fund for purchasing shares from the Bank. In terms of Section 20 of the Banking Regulation Act, 1949, the Bank cannot lend to trust to purchase its own shares.

Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020 for ratification though, the ESOS 2019 as well as the Trust originally introduced, were already in conformity with the SEBI SBEB Regulations and ratification obtained. Besides, the Scheme was amended at the Annual General Meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791 options. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the Scheme as per the prevailing regulations.

Under the Scheme, 10,38,150 stock options were granted in the financial year 2020-21 and 8,88,150 options were in force at the end of the financial year. Out of the 8,88,150 options which were in force as on March 31, 2021, 4,55,000 options were granted on different dates carry an exercise price of ₹ 10 per option and 4,33,150 options granted on March 30, 2021 carry an exercise price of ₹ 75 per option. All the options granted have to be vested subject to the vesting conditions and be exercised within the period as per the terms of the respective grant and the Scheme.

4,33,150 stock options referred above, were granted to Managing Director & CEO under the scheme @ ₹ 75/- per option on March 30, 2021 as performance grant for the period from December 9, 2016 to March 31, 2020. The said grant is as per approval of Reserve Bank of India dated March 23, 2021. The

Bank originally sought approval of Reserve Bank of India for grant of 34,70,000 stock options which were reduced initially to 18,00,000 options and subsequently to 17,86,400 options against which approval has been received from RBI for grant of stock options for a fair value of ₹ 7.5 crore for the same period with a condition that the intrinsic value of options to be granted shall not be more than ₹ 7.5 crore as on the date of RBI approval i.e. March 23, 2021. Accordingly, the Bank granted 4,33,150 options equivalent to the intrinsic value as per RBI letter. Options granted to him will be vested equally over a period of three years and shall be exercised over the period commencing from the date of 1<sup>st</sup> vesting of Options and ending on or before March 31, 2024.

### 3. Amendment proposed in the CSB Employees Stock Option Scheme 2019

Bank, in the ensuing Annual General Meeting proposes to amend the scheme subject to the approval of members of the Bank, to comply with the requirements of the Guideline No. DOR.Appt. BC.No.23/ 29.67.001/2019-20 dated November 4, 2019 issued by the Reserve Bank of India ("RBI Guidelines") and approvals issued thereunder in specific cases of retirement and general cases of retirement of option grantees, by allowing vesting of unvested employee stock options ("Options") after the date of retirement as determined by the Nomination and Remuneration Committee ("Committee") of the Board of Directors of the Bank. This is especially relevant as the Bank grants Options as part of remuneration on the basis of annual pay cycle which vests over at least next 3 (three) years in a staggered way. In case of retirement in the meantime before completion of vesting, the unvested Options would lapse in case not allowed to vest, resulting in loss of Options/ remuneration of the past annual pay cycle for which Bank would have consumed the concerned option grantee's contribution. However, any vesting after retirement shall be subject to usual malus and clawback requirement as prescribed under the Scheme read with RBI Guidelines.

### 4. CSB Employees Stock Option Scheme – Statutory Compliance

A Certificate of Statutory Auditors pursuant to Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014, that the Bank's above mentioned Schemes have been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations and the Resolutions passed by the Shareholders for the 2013 and the 2019 Scheme, will be placed to the Annual General Meeting for the scrutiny of Shareholders.

The disclosure as required as per rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 in respect of the stock options granted by the Bank under the schemes forms part of this report as Annexure-I.

### BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Business Responsibility Report of the Bank for the FY 2020-21, in the format as specified by SEBI, describing the initiatives taken by the Bank from an environmental, social and governance perspective, forms part of this Report as Annexure-II.

The same has been hosted on the website of the Bank and can be accessed at <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2021.

### BUY-BACK OF SHARES OR PROVISION OF FINANCIAL ASSISTANCE FOR PURCHASE OF THE BANK'S SHARES

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

### REDEMPTION OF CSBL BONDS

Bank has not issued any bonds during the period under review. Bonds issued by the Bank in earlier periods were redeemed as per the redemption schedule and no bonds were outstanding at the beginning and end of the financial year.

### DEPOSITS

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

### SUBSIDIARY COMPANY

The Bank does not have any subsidiaries, joint ventures or associate companies. There are no companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year under review.

Bank has formulated a Policy for determination of material subsidiary pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is displayed on the website of the Bank at: [https://www.csb.co.in/pdf/Policy\\_for\\_Determining\\_Material\\_Subsidiaries.pdf](https://www.csb.co.in/pdf/Policy_for_Determining_Material_Subsidiaries.pdf)

### RISK MANAGEMENT POLICY

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement, monitoring & control and mitigation of all material risks

including but not limited to credit, market, operational, liquidity and other Pillar– II risks. The Bank has put in place an integrated risk management policy which ensures independence of the risk governance structure. IRMD Charter is included in the Integrated Risk Management policy. The risk management policy details the principles, rules and guidelines to be adopted by the Bank for managing and controlling various kinds of risks through various sub–policies. The policies are implemented in an uninterrupted, reliable and comprehensive manner across the entire bank. The details of risk management practices are provided in the Management Discussion and Analysis Report annexed to the Director’s Report.

#### **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

Bank has put in place a Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, violations of system and procedures of our Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation to the Bank, actual or suspected fraud and others. Whistle Blower Policy is published in the website of the Bank and thereby awareness is given to all the stake holders about the same so as to make the said Policy and the Scheme an effective tool in the reporting and prevention of frauds. As per the Policy /Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and others can lodge complaints / disclosures. The Audit Committee of the Board will oversee the vigil mechanism through the Committee processes. The Policy /Mechanism provides reassurance of protection to the whistle blower from victimisation, discrimination or reprisals for having blown the whistle in the interest of the Bank with good faith. The Chairman of Audit Committee shall directly hear grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns. The Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank.

A topic on Whistle Blower Policy available in the Bank, and Ethics & Code of conduct has been included in every session of the training programme conducted at the Bank’s staff Training College for enhancing awareness of fraud risk and for promoting a culture of compliance among the employees. Bank is ensuring that the systems and procedures are scrupulously followed by all the employees of the bank. Bank is taking stringent actions against employees who do not comply the instructions of the Bank.

Bank, based on RBI directions, has put in place a Fraud Risk Management Policy that covers the various controlling, monitoring and surveillance mechanism of the Bank to prevent frauds and to manage the risk of loss in the event of a fraud. As a part of Vigilance all the cases of frauds reported in the Bank are investigated in detail.

Lacunae if any observed during the course of investigation are plugged and cases where systemic corrections are required, are placed before the Audit Committee for corrective measures / necessary directions.

Apart from investigation of fraud, Vigilance Department also conducts Preventive Vigilance Audits to ensure the effectiveness of fraud prevention mechanism in the Bank. This will promote a culture of compliance among the employees. Wherever deficiencies are observed the branches are suitably cautioned so that such deficiencies are not recurred and incidents of frauds can be minimized. Vigilance Department also issue caution advises on a regular basis that disseminates various modus operandi of frauds in the banking industry including that has happened in our Bank. This will enable the Branches / Offices to prevent similar kind of fraudulent attempts in future.

Bank has taken all efforts to prevent frauds by strengthening the existing control measures and by reiterating the systems and procedures to update and alert the employees. Bank has a well-organized Inspection Department which conducts regular and comprehensive inspections (RBIA) of branches and offices at specified intervals and also oversees all other Audits and Inspections of the Bank. Over the last few years the Bank has taken several measures to plug the gaps in the areas of appraisal, monitoring, internal systems etc. to strengthen the overall control system on loan assets. The Bank had strengthened the internal audit machinery, functions of vigilance department and put in place appropriate mechanism, information systems and required infrastructure to prevent recurrence, early detection of frauds on an ongoing basis.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2) (e) of the Listing Regulations is presented in a separate section forming part of this Annual Report.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Bank has implemented adequate procedures and internal control systems which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. Bank is operating in a fully computerized environment with Core Banking System supported by diverse application platforms for handling special business such as treasury, trade finance, retail loans, etc. The process of recording of transactions in each application platform is subject to various forms of control such as in–built system checks, maker – checker authorisations and independent post transaction reviews etc. The financial statements are prepared based on computer system outputs. Responsibility of preparations of financial statements is entrusted to a dedicated unit which is independent of business.

### UPDATE ON IND AS IMPLEMENTATION

The Institute of Chartered Accountants of India had issued IND AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS). The Ministry of Corporate Affairs (MCA) had notified these accounting standards (IND AS) for adoption in 2015 and issued the road map for implementation of new Indian Accounting Standards (IND AS) in January 2016. Banking companies, were required to implement Indian Accounting Standards (IND AS) from April 1, 2018 onwards, with comparatives for the year beginning April 1, 2017. RBI vide First Bi-monthly Monetary Policy 2018-19 on April 5, 2018 had deferred the implementation of IND AS by one year pending necessary legislative amendments to the Banking Regulation Act, 1949 as also the level of preparedness of many bank. RBI vide Circular DBR. BP.BC. No.29/21.07.001/2018-19 dated March 22, 2019 has further deferred the implementation of IND AS till further notice as the legislative amendments recommended by the Reserve Bank of India was under consideration of the Government of India.

The Bank had commenced the process of IND AS implementation from FY 2016-17 itself. As per RBI Directions, the Bank has taken the following further steps towards implementation of IND AS during the year 2020-21:

- a) Submitted quarterly Performa IND AS financial statements, for the on quarterly basis as required by RBI.
- b) The Bank will continue its preparedness towards migration to IND AS as per regulatory requirement and to liaise with RBI and industry bodies on various aspects pertaining to IND AS implementation.

### CORPORATE GOVERNANCE

The Bank continues its endeavour to adopt the best prevalent Corporate Governance Practices. A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and the rules made thereunder is enclosed as an annexure to this report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided or any investment made by a banking company in the ordinary course of business.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties were entered in the books as prescribed during the financial year were in the ordinary course of business only. However, there were no absolute comparable data available to compare the terms of contracts or arrangements so as to establish such transactions were on arm's length basis, the Bank decided to consider such contracts or arrangements as related party transactions and obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and further reported the same as related party transactions.

As per the policy on dealing with Related Party Transactions, Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Bank pursuant to each of the omnibus approval given and such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

Bank has also obtained omnibus approval of the Audit Committee for the respective transaction under 188 of the Companies Act, 2013 and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, though no transaction were consummated during the period ended March 31, 2021.

There were no materially significant related party transactions with the Bank's Directors, Management or their relatives, which could have had a potential conflict with the interests of the Bank.

The particulars of contracts or arrangements with related parties entered into during the year under review in terms of Section 188(1) of the Companies Act, 2013 are provided in Form AOC-2 as Annexure -III in terms of 134(3)(h) of the Companies Act, 2013.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities/commitments within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time. The Policy was last amended in March 2021 to incorporate the requirements of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The main objective of CSR policy of the Bank is to make CSR a key business process for sustainable development of the society. The CSR Policy will guide and govern the Bank's activities in focus areas namely rural development and inclusiveness and other areas of special interest, ultimately for sustainable development of the society, across.



The Bank continued with CSR activity during the period under view in a limited way though it was not mandatory to spend for the said period in terms of Section 135 of the Companies Act, 2013 and CSR Rules 2014 as the average net profit of the Bank for the last three years was in the negative zone. As a responsible citizen, the Bank will continue with a slew of measures for fulfilment of its commitment to the society as a whole.

The Bank, in terms of the requirements of Section 135 of the Companies Act, 2013 and CSR Rules 2014, has set up a Board-level Corporate Social Responsibility (CSR) Committee to look after the CSR initiatives of the Bank. The CSR Committee, shall (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. (b) recommend the amount of expenditure to be incurred on the activities as part of the CSR programme of the Bank; (c) monitor the corporate social responsibility policy of the company from time to time and (d) formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

The brief outline of the CSR Policy, overview of the programs undertaken by the Bank, the composition of the CSR Committee, prescribed CSR expenditure and details of the amounts spent by the Bank on CSR activities during the year under review, have been provided in Annexure - IV to this report.

## **AUDITORS**

### **a) Statutory Auditors**

The Statutory Central Auditors viz. B S R & CO. LLP, 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai- 400011 Maharashtra, Firm Regn. Number: 101248W/W-100022, who were appointed at the 99<sup>th</sup> Annual General Meeting held on July 20, 2020 will be retiring at the ensuing Annual General Meeting, and are eligible for reappointment as per the guidelines of the Reserve Bank of India (RBI).

In terms of Reserve Bank of India Guidelines No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 regarding "Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) in Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" read with FAQ dated June 11, 2021, the statutory audit of the entities with asset size of ₹ 15,000 crore and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms and accordingly the Bank has to appoint two audit firms from financial year 2021-22 onwards as per the guidelines.

In line with said guidelines, the Board on recommendation of the Audit Committee of the Board, recommends the appointment of

B S R & CO. LLP, Chartered Accountants, 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, Maharashtra, Firm Regn. Number: 101248W/W-100022, for a period of two (2) years together with Mukund M. Chitale & Co, Chartered Accountants, 2<sup>nd</sup> Floor, Kapur House, Paranjape B Scheme Road No.1, Vile Parle (East), Mumbai – 400057, Firm Registration Number : 106655W, being the first preferred choice of firm to the RBI for the second joint statutory auditor, for a period of three (3) years as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 100<sup>th</sup> Annual General Meeting till the conclusion of the 102<sup>nd</sup> and 103<sup>rd</sup> Annual General Meetings of the Bank respectively, subject to the specific approval of Reserve Bank of India for each year during their tenure in terms of Section 30(1A) of the Banking Regulation Act, 1949, for the purpose of audit of the Bank, including certifications, reporting on internal financial controls, of the Bank's accounts at its head office, branches and all the controlling and other offices.

Bank has received consent from the said firms and confirmation to the effect that they are not disqualified to be appointed as the Statutory Central Auditors of the Bank in terms of the provisions of the Companies Act, 2013 and rules made here under and Reserve Bank of India Guidelines dated April 27, 2021. Accordingly, the Board of Directors recommended the appointment of B S R & CO. LLP, Chartered Accountants, 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, Maharashtra, Firm Regn. Number: 101248W/W-100022, for a period of two (2) years together with Mukund M. Chitale & Co, Chartered Accountants, 2<sup>nd</sup> Floor, Kapur House, Paranjape B Scheme Road No.1, Vile Parle (East), Mumbai – 400057, Firm Registration Number : 106655W, being the first preferred choice of firm to the RBI for the second joint statutory auditor, for a period of three (3) years as the Joint Statutory Auditors of the Bank, to hold office from the conclusion of 100<sup>th</sup> Annual General Meeting till the conclusion of the 102<sup>nd</sup> and 103<sup>rd</sup> Annual General Meetings of the Bank respectively, on such remuneration to be decided subject to the approval of Reserve Bank of India (RBI) in terms of Section 30(1A) of the Banking Regulation Act, 1949 and approval of the shareholders of the Bank in terms of Section 139, 142, 143 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules.

Pursuant to the Regulation 33(1) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Joint Statutory Auditors have confirmed that they are subjected to the peer review

process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

#### Independent Auditors' Report

B S R & CO. LLP, Chartered Accountants Mumbai, Firm Regn. Number: 101248W/W-100022 Statutory Central Auditors of the Bank, have audited the accounts of the Bank for the FY 2020-21 and their Report is annexed.

Pursuant to Section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as "Annexure A" to Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the FY 2020-21.

#### b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Bank appointed "M/s. SVJS & Associates", Company Secretaries, Kochi as its Secretarial Auditors to conduct the secretarial audit of the Bank for the Financial Year 2020-21. The Bank produced all necessary records to the Secretarial Auditors for smooth conducting of their Audit.

The Report of Secretarial Auditor for the said period is annexed to this report as Annexure -V.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the FY 2020-21.

#### COMPLIANCE TO SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Bank.

#### TRANSFER OF UN-CLAIMED/UN-PAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Dividend transferred to Unpaid Dividend account and remaining unpaid or unclaimed for a period of seven years from the date of such transfer, has to be transferred to Investor Education and Protection Fund as per Section 124 (5) of the Companies Act, 2013.

In compliance with above, the Bank on October 30, 2020, transferred ₹ 1,417,817 /- to the above Fund, being the unclaimed dividend for the financial year 2012-13.

#### TRANSFER OF EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

In terms of the provisions of the Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended) and other applicable

rules, notifications and circulars, if any, every company is required to transfer the shares, in respect of which dividend remains unpaid / unclaimed for a period of seven (7) consecutive years, to the Investor Education Protection Fund (IEPF) Authority.

To comply with the above, the Bank had on November 18, 2020, transferred 104,932 shares, comprising of 826 folios/records, to Investor Education and Protection Fund Authority through M/s. Central Depository Services (India) Limited (CDSL), in respect of which dividend was not claimed for consecutive 7 years from the date of transfer to unpaid dividend account of the Bank for the respective year(s).

#### UNCLAIMED SHARE APPLICATION MONEY

Unclaimed Share application money in respect of Rights issue 2013 and allotment completed on March 30, 2013 was due for transfer to the Investor Education and Protection Fund after the due date i.e., March 30, 2020, as per provisions of the Section 125(2) (h) of the Companies Act, 2013.

To comply with the above requirements, the Bank on April 3, 2020 transferred ₹ 1,18,260/- to the Investor Education and Protection Fund, being the unclaimed share application money in respect of Rights Issue 2013.

#### COMPENSATION/ REMUNERATION POLICY

The Bank has formulated a Compensation Policy which deals with the compensation and benefits of all the employees of the Bank and Directors including Part-time Chairman, Managing Director & CEO, Executive and Non-Executive Directors and the details of the same have been included in the Report on Corporate Governance, which forms part of this Report.

The Bank has fine-tuned the policy in the financial year under review, in line with the changes proposed by Reserve Bank of India 'Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 4, 2019.

#### NOMINATION POLICY

Bank adopted policy for appointment and orderly succession of appointment of Part-time Chairman, Managing Director & CEO, Directors, Key Managerial Personnel and Senior Management team in the Bank. The details of the same have been included in the Report on Corporate Governance, which forms part of this Annual Report.

The Nomination policy is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/NominationPolicy.pdf>

#### DETAILS OF DIRECTORS/EMPLOYEES REMUNERATION

The details of Directors/Employees remuneration, etc., as required under Sec 197(12) of the Companies Act, 2013,

read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as Annexure-VI.

Besides, the details of remuneration paid to the Managing Director & CEO, Directors and Key Managerial Personnel forms part of this report as Annexure-VII.

### **BOARD OF DIRECTORS**

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, Circulars and Guidelines issued by the Reserve Bank of India, from time to time, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the best practices in corporate governance adopted by the Bank.

As on the date of this report, the Board comprises of Eight Directors. The directors possess rich experience and specialized knowledge in various areas of relevance to the Bank.

The Board functions as the governing body and also through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational and supervisory issues assigned to them by the Board, from time to time.

Appointment/changes in the Board of the Bank since the last Board's report dated June 22, 2020 is as given under:

### **APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

Mr. Sumit Maheshwari (DIN: 06920646) was reappointed as a director, liable to retire by rotation at the 99<sup>th</sup> Annual General Meeting held on July 20, 2020.

### **PART-TIME CHAIRMAN**

Mr. Madhavan Menon (DIN: 00008542) ceased to be the Part-time Chairman of the Bank with effect from July 22, 2020 upon expiry of his extended tenure of appointment as per Reserve Bank of India letter no. DoR. Appt. no.8065/08.36.001/2019-20 dated April 24, 2020. Mr. Madhavan Menon continues on the Board as Non-Executive Director. Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

The Board places on record its appreciation of the valuable contributions, advises and services of Mr. Madhavan Menon during his tenure as the Part-time Chairman of the Bank. The Board also took note of the sheer professionalism displayed by Mr. Madhavan Menon during his tenure by sharing unbiased, decisive and professional opinions, keeping in view of all the stakeholders' interest at hand.

Mr. Madhavan Aravamuthan (DIN: 01865555) was appointed as the Part-time Chairman of the Bank in place of

Mr. Madhavan Menon for the period starting from August 10, 2020 and up to June 28, 2022 on receipt of approval of Reserve Bank of India pursuant to the section 10B(1A) (i) of the Banking Regulation Act, 1949. Mr. Madhavan Aravamuthan has been on the Board of the Bank since December 13, 2018 as an Independent Director.

### **APPOINTMENT OF MR. PRALAY MONDAL AS DEPUTY MANAGING DIRECTOR**

Pursuant to the recommendation of the NRC, the Board at its meeting held on June 8, 2021, approved the appointment of Mr. Pralay Mondal as a Director and the Deputy Managing Director of the Bank, for a period of 5 (five) years, with effect from the date of approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 and the terms and conditions relating to the said appointment, including remuneration, are subject to the approval of the RBI and the Shareholders of the Bank. During the said period, Mr. Pralay Mondal shall be liable to retire by rotation.

### **APPOINTMENT OF INDEPENDENT DIRECTORS**

Mrs. Sharmila Abhay Karve (DIN: 05018751), was appointed as an Additional Director (Non- Executive, Independent category) of the Bank w.e.f. July 20, 2020 for a period of three (3) years pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 133 of the Articles of Association of the Bank.

Mr. Sudhin Bhagwandas Choksey, (DIN: 00036085), was appointed as an Additional Director (Non- Executive, Independent category) of the Bank w.e.f. March 30, 2021 for a period up to January 30, 2024 pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 133 of the Articles of Association of the Bank.

Mr. Sunil Srivastav (DIN: 00237561), was appointed as an Additional Director (Non- Executive, Independent category) of the Bank w.e.f. June 8, 2021 for a period of three (3) years pursuant to the provisions of Section 149,161(1) of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article 133 of the Articles of Association of the Bank.

Necessary resolutions seeking approval of the members in connection with appointment of Mrs. Sharmila Abhay Karve, Mr. Sudhin Bhagwandas Choksey and Mr. Sunil Srivastav as Independent Directors of the Bank, forms part of the notice of the ensuing Annual General Meeting.

The detailed profile of Mrs. Sharmila Abhay Karve, Mr. Sudhin Bhagwandas Choksey and Mr. Sunil Srivastav recommended for their appointment as Independent

Directors in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

#### RETIREMENT OF INDEPENDENT DIRECTOR

Mr. Thomas Mathew (DIN: 01277149), Non- Executive, Independent Director, retired from the office of directorship with effect from September 25, 2020, upon completion of his term of appointment. As per the extant Reserve Bank of India guidelines, prevailing at the time, the upper age limit prescribed for directors in the banking companies was 70 years and Mr. Thomas Mathew was nearing 70 years of age, hence not did not pursue for re-appointment.

The Board places on record its appreciation for the valuable contributions made to the Bank and for the support and cooperation extended by Mr. Thomas Mathew during his tenure as an independent director of the Bank. The Board also acknowledged with thanks the professional and unbiased approach that Mr. Thomas Mathew had taken at the Board and the Committee meetings and also his sincere efforts to build up a very strong compliance culture in the Bank.

#### RESIGNATION OF INDEPENDENT DIRECTOR

Mr. Syed Nagoor Ali Jinnah (DIN: 05238633) resigned from the position of the Non-Executive Independent Director of the Bank with effect from April 19, 2021 on personal grounds of health. Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with Clause 7B of Part A of Schedule III, Mr. Syed Nagoor Ali Jinnah confirmed that there are no material reasons for his resignation from the position of Independent Director of the Bank other than on personal grounds of health.

The Board places on record its appreciation for the valuable contributions made to the Bank and for the support and cooperation extended by Mr. Syed Nagoor Ali Jinnah during his tenure as an independent director of the Bank. The Board also acknowledged with thanks the professional and unbiased approach that Mr. Syed Nagoor Ali Jinnah had taken at the Board and the Committee meetings.

#### REAPPOINTMENT OF INDEPENDENT DIRECTORS

Mr. Madhavan's Aravamuthan first term as Non-Executive Independent Director of the Bank ends on June 28, 2022. The Board of Directors post satisfactory evaluation of his performance, recommended reappointment of Mr. Madhavan Aravamuthan as Non-Executive Independent Director of the Bank to hold office for a period of three consecutive years with effect from June 29, 2022 to June 28, 2025.

Mrs. Bhama Krishnamurthy's first term as Independent Director of the Bank ends on September 28, 2021. The Board of Directors post satisfactory evaluation of her performance, recommended reappointment of Mrs. Bhama Krishnamurthy as Independent Director of the Bank to hold office for a period of three consecutive years with effect from September 29, 2021 to September 28, 2024.

Necessary resolutions seeking approval of the members in connection with reappointment of Mr. Madhavan Aravamuthan and Mrs. Bhama Krishnamurthy as Independent Directors of the Bank, forms part of the notice of the ensuing Annual General Meeting.

The detailed profile of Mr. Madhavan Aravamuthan and Mrs. Bhama Krishnamurthy recommended for their reappointment as Independent Directors in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

#### INDEPENDENT DIRECTORS- COMPLIANCE STATUS

The Bank fully satisfies the requirements of Section 149 of the Companies Act, 2013 in connection with the appointment of Independent Directors and the following are the Independent Directors of the Bank as on the date of this report.

Sl. No	Name of the Independent Director	Term up to
1	Mrs. Bhama Krishnamurthy (DIN: 02196839)	September 28, 2021
2	Mr. Madhavan Aravamuthan (DIN: 01865555)	June 28, 2022
3	Mrs. Sharmila Abhay Karve (DIN: 05018751)	July 19, 2023
4	Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	January 30, 2024
5	Mr. Sunil Srivastav (DIN: 00237561)	June 7, 2024

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

Pursuant to Rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, all Independent directors of the Bank have registered in the Independent Directors Data Bank, as required under rule 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

The Board is confident about their integrity, expertise and experience in the relevant functional areas.

### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have confirmed of having complied with the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that they meet the criteria of independence laid down thereunder. Further, they have also complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank. Based on the declarations submitted by the Independent Directors, Board is of the opinion that, they fulfil the conditions specified in the Act and SEBI LODR and are independent of the management.

Pursuant to rule 6(3) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank have affirmed that, they had registered as an Independent Director in the Independent Directors Data Bank as required under rule 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and are also complied with the requirements of passing the online proficiency self-assessment test/exempted from online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

Board is of the opinion that Independent Directors appointed since the date of last report and up to the date of the report are being a person of integrity, and has the necessary knowledge, experience and expertise and also complied requirements of passing the online proficiency self-assessment test/exempted from online proficiency self-assessment test in terms of Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended for being appointed as an Independent Director of the Bank

### **FAMILIARIZATION PROGRAMMES OF INDEPENDENT DIRECTORS**

All directors including Independent Directors are familiar with their roles, rights and responsibilities in the Bank at the time of appointment and also on a recurrent basis. Bank is also arranging Certification programme in IT and Cyber Security for its directors.

The details of various programmes undertaken/arranged for familiarizing the Independent Directors are disclosed in Corporate Governance Report, which forms part of this Annual Report.

### **WOMAN DIRECTOR**

In terms of the provisions of Section 149(1) of the Companies Act, 2013, the Bank is required to have at least one woman Director on the Board. Currently, there

are two women directors on the Board of the Bank. Mrs. Bhama Krishnamurthy (DIN: 02196839) was appointed as a Director since September 3, 2018 and Mrs. Sharmila Abhay Karve (DIN: 05018751) since July 20, 2020.

### **DIRECTORS RETIRING BY ROTATION**

In terms of Section 152 of the Companies Act, 2013, Non-Executive Director, Mr. Madhavan Menon (DIN: 00008542) shall retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

Mr. Madhavan Menon (DIN: 00008542) was at first appointed as an Additional Director of the Bank with effect from September 03, 2018 under the Section 161(1) of the Companies Act 2013 and regularized his appointment as Director at 97th AGM held on September 29, 2018, liable to retire by rotation. Mr. Madhavan Menon was the Part-time Chairman of the Bank for the period from April 22, 2019 to July 21, 2020.

Mr. Madhavan Menon is one of the two directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

Approval of the members of the Bank is being requested for re-appointment of Mr. Madhavan Menon as Non-Executive, Non-Independent Director of the Bank. The detailed profile of Mr. Madhavan Menon recommended for reappointment in the ensuing Annual General Meeting will be provided in the Notice of the Annual General Meeting for the benefit of shareholders as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2).

### **APPOINTMENT/ CHANGES IN KEY MANAGERIAL PERSONNEL**

Mr. C.VR. Rajendran, Managing Director & CEO, Mr. B.K.Divakara, Chief Financial Officer and Mr. Sijo Varghese, Company Secretary are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

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

### **BOARD AND ITS COMMITTEES**

#### **Number of Meetings of the Board**

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain decisions are taken by Board through resolution passed by circulation from time to time.

The Board met Fourteen (14) times during the FY 2020-21 and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant regulations. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

## Committees of the Board

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

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

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

The details with respect to the compositions, powers, roles, terms of reference, etc., of the above Committees are given in detail in the 'Report on Corporate Governance' which forms part of this Annual Report.

### AUDIT COMMITTEE

Constitution of Audit Committee in the Bank in terms of the extant guidelines of Reserve Bank of India (RBI), provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Committee consists of three members as on date of the Report. The Committee is chaired by Mrs. Sharmila Abhay Karve, Independent Director, who is a Chartered Accountant. The other members of the Committee are Mr. Madhavan Menon (Non-Executive, Non-Independent) and Mr. Madhavan Aravamuthan (Part-time Chairman-Independent)

The Committee discharges the functions laid down in the Companies Act, and those prescribed by the Reserve Bank of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also discharges the functions delegated by the Board of Directors from time to time. The ACB, which held 9 meetings during the year, has been closely overseeing and monitoring the Internal Control System and Procedures, Inspection and audit functions including follow-up and compliance of inspection audit reports. It has also interacted with the Auditors. The ACB acts as an effective tier to the Board in the matters of inspection, audit and internal control system.

### ANNUAL EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also in line with Board evaluation policy, Bank has put in place a criteria for annual evaluation of performance of Chairperson, Managing Director & CEO, Directors, Board Level Committees and the Board as a whole.

The performance of the members of the Board other than independent Directors and the Board as a whole has to be evaluated separately at the meeting of the Independent Directors.

The performance of the independent Directors to has been reviewed by the Board as provided for under Section 149(8) read with Schedule IV of the Companies Act, 2013.

The Statement indicating the manner in which formal annual evaluation of the Directors, Committees of the Board and the Board are given in detail in the report on Corporate Governance, which forms part of this Annual Report. The Board evaluation policy is displayed on the website of the Bank at: <https://www.csb.co.in/pdf/PolicyonEvaluationoftheBoard.pdf>

### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Ensuring compliance of the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014, the relevant disclosures to be made are as under:

#### a) Conservation of Energy

All attempts are being made to reduce energy consumption to the maximum extent possible. As part of these measures, a few branch offices of the Bank have been using solar power, which is aimed at optimum utilisation of power in a cost-effective manner. Apart from the above, the Bank is installing LED lights in phased manner across.

#### b) Technology Absorption

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

#### c) Foreign Exchange Earnings and Outgo

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

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

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

### MAINTENANCE OF COST RECORDS

Being a Banking Company, the Bank is not required to make and maintain such accounts and cost records as

specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

#### **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS**

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

#### **STRICTURES AND PENALTIES**

During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market activities.

#### **DISCLOSURE ON MATERIALLY SIGNIFICANT TRANSACTION**

The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its directors, management and /or their relatives, etc., other than the transactions carried out in the normal course of business.

#### **DISCLOSURE UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

Being a banking company, the disclosures required as per Rule 8(5)(xi)&(xii) of the Companies (Accounts) Rules, 2014, on the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year and the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, are not applicable to the Bank.

#### **ANNUAL RETURN**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 11 of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return (MGT-7) as on March 31<sup>st</sup>, 2021 will be displayed on the website of the Bank at: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2021.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013, it is hereby confirmed that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The directors have selected such accounting policies and applied them consistently and made judgments

and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period.

- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis.
- The directors have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS**

The Board of Directors is grateful to the Government of India, Reserve Bank of India, Securities and Exchange Board of India, stock exchanges, Insurance Regulatory and Development Authority of India, the domestic banking community, the Registrar and Share Transfer Agents and rating agencies for their support. The Board of Directors would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage.

The Board also expresses its deep sense of appreciation to all the employees of the Bank for their strong work ethics, excellent performance, professionalism, teamwork, commitment and initiatives which has led to the Bank reinforcing its customer centric image and making commendable progress in today's challenging environment. The Board looks forward for their continued dedicated and sincere services to take the Bank to greater heights.

Finally, The Board of Directors wish to record their deep sense of obligation and gratitude to all the Shareholders, well-wishers and all other stakeholders of the Bank for their patronage, and look forward to continuing this mutually supportive and beneficial relationship in future as well.

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

## ANNEXURE-I

### DISCLOSURES UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND/OR THE COMPANIES ACT, 2013

#### A. SUMMARY OF STATUS OF ESOPs GRANTED

The position of the existing schemes is summarized as under:

Particulars		ESOS 2013	ESOS 2019
1	Date of Shareholders' Approval	18-Aug-2014	4-May-2019
2	Total Number of Options approved under ESOP Scheme	20,92,356	Total options reserve stood at 1,66,72,791 options and sourcing of corresponding number of shares shall be from (i) fresh issue of up to 80,00,000 equity shares to the ESOS Trust and (ii) secondary acquisition of up to 86,72,791 shares by the Trust
3	Vesting Requirement	The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.	Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.
4	Exercise Price or Pricing Formula	The Exercise Price of the Option shall not be lower than the fair market value of the Share as on the Grant Date for each relevant Grant. The Committee shall determine the fair market value of the Share for the relevant Grant, from time to time, in its sole discretion and keeping in view the relevant Applicable Laws.	The Exercise Price per Option shall be determined by the Committee which shall not be lesser than the face value of Shares as on date of Grant.
5	Maximum Term of Options Granted	The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.	The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
6	Source of Shares	Primary	Primary & Secondary



7	Variation in terms of ESOP	Changes made in the scheme, vide Board resolution dated May 23, 2019 only for the purpose of compliance of the scheme with SEBI (Share Based Employee Benefits) Regulations, 2014. All the changes made in the scheme has not affected interest of the employee to whom options were granted, in anyway.	<p>The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.</p> <p>Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020 for ratification though the ESOS 2019 and as well as the Trust as originally introduced were already in conformity with the SEBI SBEB Regulations and ratification obtained.</p> <p>No options were granted prior to the amendment of the scheme.</p>
8	Method used to account for ESOP	Intrinsic Value Method	Intrinsic Value Method

Note :

- (i). *This quantum of secondary acquisition is capped at 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is line with the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations")*
- (ii). *Acquisition of shares by the Trust in any financial year shall not exceed the ceilings, which is currently, shall not exceed two per cent of the paid up equity capital as at the end of the previous financial year, prescribed in SEBI SBEB Regulations as amended from time to time. Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition and for the purpose of the Plan*
- (iii). *Pursuant to the Board, vide resolution dated May 23, 2019, the Bank decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period (exercise of the option granted) only. Post allotment of 30,000 shares pursuant to exercise of options granted in 2015 and the rest of the options granted, were lapsed over a period of time, the Scheme stands automatically discontinued with effect from March 31, 2021, as per Board, vide resolution dated May 23, 2019.*

9(1)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	<p><b>ESOS 2013</b></p> <p>Not Applicable as the vesting period is already over for the option granted under ESOS 2013.</p> <p><b>ESOS 2019</b></p> <table border="1" data-bbox="536 443 1437 640"> <thead> <tr> <th>Grant</th> <th>Intrinsic Value</th> <th>Fair Value</th> <th>Difference</th> <th>No. of Options</th> <th>Total Difference</th> </tr> </thead> <tbody> <tr> <td>Grant - I</td> <td>215.10</td> <td>218.86</td> <td>3.76</td> <td>3,55,000</td> <td>13,35,483.24</td> </tr> <tr> <td>Grant - II</td> <td>210.35</td> <td>214.10</td> <td>3.75</td> <td>1,00,000</td> <td>3,75,185.37</td> </tr> <tr> <td>Grant - III</td> <td>163.35</td> <td>176.73</td> <td>13.38</td> <td>4,33,150</td> <td>57,94,253.47</td> </tr> </tbody> </table>	Grant	Intrinsic Value	Fair Value	Difference	No. of Options	Total Difference	Grant - I	215.10	218.86	3.76	3,55,000	13,35,483.24	Grant - II	210.35	214.10	3.75	1,00,000	3,75,185.37	Grant - III	163.35	176.73	13.38	4,33,150	57,94,253.47
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Grant - III	163.35	176.73	13.38	4,33,150	57,94,253.47																					
9(2)	The impact of this difference on profits and on EPS of the company shall also be disclosed.	<p><b>ESOS 2013</b></p> <p>Not Applicable as the vesting period is already over for the option granted under ESOS 2013.</p> <p><b>ESOS 2019</b></p> <p>The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2020 to March 31, 2021 before tax is ₹ 77,49,906.97/-. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2020 to March 31, 2021 before tax would be ₹ 79,01,125.73/-.The effect of adopting the fair value method on the net income and earnings per share is presented below:</p> <table border="1" data-bbox="536 1070 1437 1610"> <thead> <tr> <th>Particulars</th> <th>March 31,2021</th> </tr> </thead> <tbody> <tr> <td>Net Profit (as reported) (₹ in crores)</td> <td>218.40</td> </tr> <tr> <td>Add: Stock based employee compensation expense included in net income (₹ in crores)</td> <td>0.58</td> </tr> <tr> <td>Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)</td> <td>0.59</td> </tr> <tr> <td>Net Loss (Proforma) (₹ in crores)</td> <td>218.39</td> </tr> <tr> <td><b>Earnings per share: Basic (in ₹)</b></td> <td></td> </tr> <tr> <td>As reported</td> <td>12.59</td> </tr> <tr> <td>Proforma</td> <td>12.59</td> </tr> <tr> <td><b>Earnings per share: Diluted (in ₹)</b></td> <td></td> </tr> <tr> <td>As reported</td> <td>12.59</td> </tr> <tr> <td>Proforma</td> <td>12.59</td> </tr> </tbody> </table>	Particulars	March 31,2021	Net Profit (as reported) (₹ in crores)	218.40	Add: Stock based employee compensation expense included in net income (₹ in crores)	0.58	Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	0.59	Net Loss (Proforma) (₹ in crores)	218.39	<b>Earnings per share: Basic (in ₹)</b>		As reported	12.59	Proforma	12.59	<b>Earnings per share: Diluted (in ₹)</b>		As reported	12.59	Proforma	12.59		
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**B. OPTION MOVEMENT DURING THE YEAR 2020-21**

Sr. No	Particulars	ESOS 2013	Weighted Avg Exercise Price	ESOS 2019	Weighted Avg Exercise Price
1	Number of Options Outstanding at the Beginning of the Year	2,85,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	10,38,150	37.12
3	Number of Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Number of Options Vested during the Year	0	NA	0	NA
5	Number of Options Exercised during the Year	30,000	147.25	0	NA
6	Number of Options Lapsed during the Year	2,55,000	147.25	1,50,000*	10.00
7	Total Number of Shares Arising as a Result of Exercise of Options	30,000	NA	0	NA
8	Money realised by Exercise of Options	44,17,500	147.25	NA	NA
9	Loan repaid by the Trust during the year from exercise price received	NA	NA	Not applicable for the FY 21	Not applicable for the FY 21
9	Number of Options Outstanding at the End of the Year	0	NA	8,88,150	41.70
10	Number of Options Exercisable at the End of the Year	0	NA	0	NA

\* Cancellation of options granted due to resignation.

**C. THE WEIGHTED AVERAGE MARKET PRICE OF OPTIONS EXERCISED DURING THE YEAR: NA**

**D. WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING 2020-21 WHOSE** (Amount in ₹)

(a)	Exercise price equals market price (₹)	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	37.12

**E. WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2020-21 WHOSE** (Amount in ₹)

(a)	Exercise price equals market price (₹)	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	200.82

**F. EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2020-21 TO:**

**(i) Senior managerial personnel**

Name	Designation	ESOS 2019	
		Exercise Price (₹)	No of Options Granted
Mr. C. VR. Rajendran	Managing Director & CEO	₹ 75/-	4,33,150
Mr. Pralay Mondal	President - Retail, SME, Technology and Operations	₹ 10/-	3,00,000
Mr. Neeraj Dhawan*	Chief Credit Officer	₹ 10/-	1,50,000
Mr. Harsh Kumar	Chief Human Resource Officer	₹ 10/-	40,000
Mr. Shyam Chandher Mani	Head- SME& NRI	₹ 10/-	15,000
Mr. Narendra Dixit	Head- Retail Banking	₹ 10/-	1,00,000

\* Cancellation of options granted due to resignation.

**(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year**

Name	Designation	ESOS 2019	
		No of Options Granted	% to total options granted during the year
Mr. C. VR. Rajendran	Managing Director & CEO	4,33,150	41.72%
Mr. Pralay Mondal	President - Retail, SME, Technology and Operations	3,00,000	28.90%
Mr. Neeraj Dhawan	Chief Credit Officer	1,50,000*	14.45%
Mr. Narendra Dixit	Head Retail Banking	1,00,000	9.63%

\* Cancellation of options granted due to resignation

**(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.**

Name	No of Options Granted	% to total options granted	No of Options Granted	% to total options granted
No Options Granted during the Year				

**G. METHOD AND ASSUMPTIONS USED TO ESTIMATE THE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR:**

The fair value has been calculated by using the Black Scholes Option Pricing model. The fair value of options granted under the ESOS 2019 during the period has been estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

Variables	Date of grant (October 30, 2020)	Date of grant (December 15, 2020)	Date of grant (March 30, 2021)
No. of Options	3,55,000	1,00,000	4,33,150
Average Dividend Yield	0%	0%	0%
Expected Volatility	52.98%	51.86%	48.60%
Risk free interest rate	4.66% to 6.21%	4.52% to 6.23%	5.21%
Expected life of options	5-9 years	5-9 years	3 years with an outer limit of March 31, 2024
Expected forfeiture	NIL	NIL	NIL
Stock Price	₹ 225.10	₹ 220.35	₹ 238.35

**H. ASSUMPTIONS**

Stock Price	Closing price on National Stock Exchange one day prior to the date of grant has been considered.
Expected Volatility	Expected volatility has been computed by considering the historical data on daily volatility in bank's share price from the date of listing.
Risk-free Rate of Return	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.
Exercise Price	Exercise Price of each specific grant has been considered.
Time to Maturity:	Time to Maturity / Expected Life of options is the period for which the Bank expects the options to be live.
Expected Divided Yield	0%

**I. DISCLOSURES IN COMPLIANCE WITH THE GUIDANCE NOTE ON ACCOUNTING FOR EMPLOYEE SHARE-BASED PAYMENTS AS ON 31ST MARCH 2021:**

Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme. Further details, refer to the para 5.3 of the Notes forming part of the financial statement for the year ended March 31, 2021, of the Annual Report. (Disclosures are provided in accordance with the guidance note -(GN (A) 18 (Issued 2005), Guidance Note on Accounting for Employee Share-based Payments) read with the Indian Accounting Standard (Ind AS) 102 on Share based payment.

**Description of the ESOP**

Particulars	ESOS 2013	ESOS 2019
Vesting requirements	The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.	Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.
Maximum term of options granted	The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.	The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
Method of Settlement	Equity Settled	Equity Settled.

**Number and Weighted average Exercise price of options**

**Option Movement during the year 2020-21**

Sr. No	Particulars	ESOS 2013	Weighted Avg. Exercise Price	ESOS 2019	Weighted Avg. Exercise Price
1	Number of Options Outstanding at the Beginning of the Year	2,85,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	10,38,150	37.12
3	Number of Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Number of Options Vested during the Year	0	NA	0	NA
5	Number of Options Exercised during the Year	30,000	147.25	0	NA
6	Number of Options Lapsed during the Year	2,55,000	147.25	1,50,000	10.00
7	Total Number of Shares Arising as a Result of Exercise of Options	30,000	NA	0	NA
8	Money realised by Exercise of Options	44,17,500	147.25	NA	NA
9	Number of Options Outstanding at the End of the Year	0	NA	8,88,150	41.70
10	Number of Options Exercisable at the End of the Year	0	NA	0	NA

Weighted Average share price of Options exercised during the year	<b>ESOS 2013</b>	<b>ESOS 2019</b>
	147.25	NA

**Range of Exercise price and weighted average remaining contractual life of Outstanding Options**

Scheme	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (₹)	Range of Exercise Price (₹)
ESOS 2013	Nil	NA	NA	NA
ESOS 2019	8,88,150	5.14	41.70	10-75

**J. DETAILS RELATED TO TRUST**
**(i) General information on all schemes**

The CSB ESOS Scheme 2019 shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust, set up in May 2019 in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Accordingly, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹ 10/- per share.

The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve from 50,00,000 equity shares by an additional quantum of 1,16,72,791. The sourcing of corresponding number of additional shares shall be from (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.

Under the trust route, the Bank allots shares to the trust and the trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee. The details of the CSB ESOS Trust as required under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations 2014 is furnished below:

Sl No.	Particulars	Details
1.	Name of the Trust	CSB ESOS Trust
2.	Details of the Trustee(s)	1. Mr. S.S. Narayanan, CSB Bank Limited, CSB Bhavan, St. Mary's College Road, Thrissur – 680020, Kerala, India. 2. Mr. Ragesh M, CSB Bank Limited, CSB Bhavan, St. Mary's College Road, Thrissur – 680020, Kerala, India.
3.	Amount of loan disbursed by company / any company in the group, during the year	Nil <sup>^</sup>
4.	Amount of loan outstanding (repayable to Bank / any company in the group) as at the end of the year	Nil <sup>^</sup>
5.	Amount of loan, if any, taken from any other source for which Bank / any company in the group has provided any security or guarantee*	Nil <sup>^</sup>
6.	Any other contribution made to the Trust during the year	NIL Initial contribution in the form of Corpus funding of ₹ 1,00,000/- was made in the financial year 2019-20

\* CSB ESOS Trust has borrowed ₹ 58,081,631/- from M/s IIFL Finance Limited to close the loan, equal to the borrowed amount, initially availed from M/s Edelweiss Finvest Pvt Ltd for the purpose of acquisition of 50,00,000 shares from CSB Bank Limited and this connection, 8,20,000 equity shares out of 50,00,000 allotted to the trust were pledged with M/s IIFL Finance Limited.

<sup>^</sup> In terms of Reserve Bank of India Master circular- Loans and Advances- Statutory and other Restrictions dated July 1, 2015, the banks are not allowed to extend advances to employees trusts set up by them for the purpose of purchasing their own shares under ESOS/ESOP / from the secondary market.

**(ii) Brief details of transactions in shares by the Trust**

Sl No.	Particulars	Details		
1.	Number of shares held at the beginning of the year (April 1, 2020);	50,00,000		
2.	Number of shares acquired during the year		<b>Primary Issuance</b>	<b>Secondary Acquisition</b>
		Number of shares	NIL	NIL
		Percentage of paid up capital	NA	NA
		Weighted average cost of acquisition per share	NA	NA
		Number of shares acquired during the year as a percentage of paid up equity capital as at the end of the previous financial year	NA	NA
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil		
4.	Number of shares held at the end of the year(March 31, 2021)	50,00,000		

**(iii) In case of secondary acquisition of shares by the Trust:**

The quantum of secondary acquisition is capped at 1,16,72,791 shares which constitute 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is in tune with the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

Acquisition of shares by the Trust in any financial year shall not exceed two percent of the paid up equity capital as at the end of the previous financial year as per SEBI SBEB Regulations as amended from time to time.

No shares were acquired by the trust from Secondary Market.

By Order of the Board

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
(DIN: 01865555)

Place: Thrissur  
Date: July 05, 2021

## ANNEXURE-II

# BUSINESS RESPONSIBILITY REPORT

### ABOUT CSB BANK

Established in 1920 as The Catholic Syrian Bank Limited, CSB Bank Limited is one of the oldest private sector banks in India, having a strong presence in Kerala along with significant presence in Tamil Nadu, Karnataka and Maharashtra. During the period under review, the Bank extended its footprint to many more states especially AP, Telengana, Maharashtra and Delhi as part of its plans to build up customer franchise by tapping the opportunities, across.

The Bank offers a wide range of products and services to its customers, with specific focus on Gold, Other Retail, SME and NR customers. Considering the opportunities and experience, Bank continued to focus on Gold portfolio. Along with this, there was a strong push on SME loans, Two Wheeler loans, Loans against Property, Small Business loans and Agri & MFI loans.

The Bank delivers its products and services through multiple channels, via 512 branches (excluding three service branches and three asset recovery branches) and 318 ATMs spread across 16 states and 4 union territories as on March 31, 2021. Other alternate channels comprised of micro ATMs, debit cards, internet banking, mobile banking, POS services and UPI.

The Bank has, with a thrust on quality of service & enduring long term customer relationships, established as a well-recognized and trusted brand in South India. With further expansion plans, Banks targets to tap opportunities in building a customer franchise both in terms of assets and liabilities from southern, northern and western markets. Bank strengthened its capability & leadership in technology, retail distribution, SME, NRI, risk, and digital business verticals for aligning with the larger growth plans.

### ABOUT THIS REPORT

The Securities and Exchange Board of India (SEBI) in terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE).

The disclosure present in this Business Responsibility Report ('BRR') covers the Bank's initiatives from the point of environmental, social and governance perspective, and is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the those 9 Principles.

Following is the second Business Responsibility Report of your Bank post listing of its shares on December 4, 2019 after Initial Public offering of shares in November 2019.

SECTION A: GENERAL INFORMATION ABOUT THE BANK						
1	Corporate Identity Number (CIN) of the Company	L65191KL1920PLC000175				
2	Name of the Company	CSB Bank Limited				
3	Registered address	Head Office, "CSB Bhavan", Post Box No.502, St. Mary's College Road, Thrissur – 680020				
4	Website	www.csb.co.in				
5	e-mail id	board@csb.co.in				
6	Financial Year reported	April 1, 2020 to March 31, 2021				
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	CSB Bank is a Banking Company governed by the Banking Regulation Act, 1949. Classification as per National Industrial Classification 2008 is given below: <table border="1" data-bbox="837 1892 1442 1975"> <tbody> <tr> <td>Section</td> <td>K - Financial and Insurance Activities</td> </tr> <tr> <td>NIC Code</td> <td>64191- Banking &amp; Financial Services</td> </tr> </tbody> </table>	Section	K - Financial and Insurance Activities	NIC Code	64191- Banking & Financial Services
Section	K - Financial and Insurance Activities					
NIC Code	64191- Banking & Financial Services					



8	List three key products/services that the Company manufactures/provides (as in balance sheet)	CSB Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury & Forex operations.
9	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	None
	b. Number of National Locations	As on March 31, 2021, the Bank had a network of 518 Branches including 3 Service and 3 Asset Recovery Branches each, and 318 ATMs spanning in 16 states and 4 union territories
10	Markets served by the Company – Local/ State/ National/ International	National : Pan India

#### SECTION B: FINANCIAL DETAILS OF THE BANK

1	Paid up Capital (INR)	173,48,58,270
2	Total Turnover (INR)	22,73,11,11,533
3	Total profit after taxes (INR)	2,18,40,02,057
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Bank undertakes CSR activities in accordance with its Corporate Social Responsibility policy. The CSR activities are undertaken by the Bank either directly or through projects undertaken by the implementing agencies.  Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013 in view of average net profit of the Bank for the last three years was negative in the zone. Though, no regulatory requirements, your Bank as part of the continued focus towards sustainable development and being a responsible Banker towards social upliftment, contributed partially to a project/programme come under the areas/subjects defined in the CSR Policy of the Bank.
5	List of activities in which expenditure in 4 above has been incurred.	a) Slum area development b) Measures for the benefits of armed forces veterans, war widows and their dependents c) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources

#### SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

**SECTION D: BUSINESS RESPONSIBILITY INFORMATION**

1	Details of Director/ Directors responsible for BR	
	(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	00460061
	Name	Mr. C.VR. Rajendran
	Designation	Managing Director & CEO
	(b) Details of the BR head	
	DIN Number (if applicable)	NA
	Name	Mr. Vincy Louis Pallisery
	Designation	Chief Compliance Officer
	Telephone number	0487-2333020
	e-mail id	cco@csb.co.in

**SECTION D (2): BR INFORMATION – PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES (Reply in YES/NO)**

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Business should respect, protect and make efforts to restore the environment.
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**(a) Details of compliance (Reply in Y/N)**

No.	Questions	P1	P2	P3^	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR ?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national / international standards? (If yes, specify. (50 Words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are in line with the requirements of RBI guidelines, listing agreement with stock exchanges, The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and rules made thereunder or the Bank's internal requirements and best practices.								

4	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	NA	Y	Y
	Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies of the Bank are recommended by respective Committee of the Board and approved by the Board. The Policies of the Bank are signed by the respective departmental Heads and Managing Director & CEO before placing it to the Committee and Board for approval /periodical review.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	The policies are available in Bank's website at <a href="https://csb.co.in/investor-relations">https://csb.co.in/investor-relations</a> and <a href="https://csb.co.in/bank-policies">https://csb.co.in/bank-policies</a>  The policies other than that are available in the Bank website are being internal documents and are only available to the employees through the Bank's intranet								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that are related to external stake holders are hosted in the Banks' website and other Policies related to internal stake holders are available in the Bank's intranet. The communication on policies covering all internal and external stakeholders is an on-going process.								
8	Does the company have in-house structure to implement the policy/ policies?.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Evaluation done through internal mechanism and seeks external assistance and advisory as and when required.  The policies are annually reviewed /approved by the Board. Compliance Department reviews the policies periodically for submission to the Committee and Board and the concerned department monitors adherence to implementation of policy mandated by RBI and other regulators.								

<sup>^</sup> In line with the general laws and regulations and sound ethical practices followed nationally, the Bank has adopted employee oriented policies covering areas such as employee benefits and sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.

### Principle-wise Policies

Principle 1	Code of Conduct and Ethics for Directors, Senior Management Personnel of the Bank, Whistle Blower Policy, Compliance Policy, Policy to deal with Staff Members who are directly and incidentally part of the Fraud related accounts, Code of Conduct and Ethics for all the employees, Code of Fair Disclosure and Conduct , Fraud Risk Management Policy, Customer Rights policy and Customer Protection Policy.
Principle 2	Sustainable Development Policy
Principle 3	HR Policies
Principle 4	CSR Policy, Sustainable Development Policy, Business Correspondent Policy, FLCC policy, Loan Policy –Agriculture, MSME and Financial inclusion, Policy Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises [MSMEs].

Principle 5	HR Policies, Human Rights Statement, Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women Employees at Workplace and Policy for General Management of Branches.
Principle 6	CSR Policy, Sustainable Development Policy
Principle 7	NIL
Principle 8	CSR Policy, Sustainable Development Policy, Business Correspondent Policy, FLCC policy, Loan Policy –Agriculture, MSME and Financial inclusion.
Principle 9	Customer Rights Policy, Customer Protection Policy, Grievance Redressal /Complaints Policy, Compensation Policy – Customers, Banking Codes and Standards Board of India (BCSBI) and Citizen Charter.

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why (Tick up to 2 options) :**

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	*	-	-

\* The Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, the Bank has not lobbied through any associations.

SECTION D (3): GOVERNANCE RELATED TO BR	
(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.(Within 3months, 3-6 months, Annually, More than one year)
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Annually

The Bank annually publishes BR Report as part of its Annual Report.

BR Report of 2020-21 is the 2<sup>nd</sup> report published by the Bank post listing of its shares in the Stock exchanges on December 4, 2019 after Initial Public offering of shares.

Hyperlink: <https://csb.co.in/investor-relations> > General meetings > Annual General Meeting – 2021.

Frequency :Annual

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	<p>Yes.</p> <p>The Bank is committed to acting professionally, fairly and with integrity in all its dealings across. The Bank, has adopted a Code of Conduct and Ethics for its Board and Senior Managerial Personnel and adhere to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationship. Similarly, the Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees as per instructions laid out in the Books of instructions. This articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to imbibe and demonstrate towards upholding the Bank's values.</p> <p>Bank's Whistle Blower Policy / Vigil Mechanism to report concerns about unethical behaviour, violations of system and procedures in the Bank, violation of law, questionable business practices or grave misconduct by employees of the Bank that could lead to financial loss or reputation to the Bank, actual or suspected fraud and others. As per the Policy /Mechanism, Directors and employees of the Bank, customers, stakeholders, Non-Governmental Organizations (NGO) and others can lodge complaints / disclosures.</p>
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p>Bank established various channels for its stakeholders to communicate their expectations/concerns.</p> <p>Investor's grievances are redressed either directly by the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore till November 30, 2020 and by M/s Link Intime India Pvt Ltd. with effect from December 01, 2020. Complaints received on SCORES (a centralized web based complaint redressal system of SEBI) are attended within stipulated time. The Bank conducts meeting of Standing Committee on customer service as per RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an on-going basis.</p> <p>As a part of customer-centric approach, the Bank has appointed an Internal Ombudsman (IO) as an independent authority to review complaints that were partially or wholly rejected by the bank. The IO mechanism was set up with a view to strengthen the internal grievance redressal system of the Bank and to ensure that the complaints of the customers are redressed at the level of the bank itself by an authority placed at the highest level of bank's grievance redressal mechanism, so as to minimize the need for the customers to approach other forums, for redressal.</p> <p>The details of the Investor Complaints and other stakeholders complaints during the FY 2020-21 are as below: Refer Table 1.1</p>

Table 1.1

Stakeholder complaints during the FY 2020-21

	Pending as on 31.03.2020	2020-21		% of cases resolved satisfactorily	Pending as on 31.03.2021
		Received	Redressed		
Customer Complaints (other than ATM Complaints)	134	3313	3350	97.18 %	97
Investor Complaints	0	03	03	100%	0
Consumer cases	35	11	7	16 %	39

Principle 2- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.		
1	<p>List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</p>	<p>The Bank is a service-oriented industry and hence the product is not posing any risk to environmental concerns, but rather its products provide growth opportunities. Bank offers a wide range of banking products to fulfil customer expectations through an extensive network of branches, ATMs, and through technologies like Mobile Banking, WhatsApp Banking, Internet Banking, Doorstep banking, Point of sale services and UPI. Bank offers many customized products including gold loans, retail loans, two- wheeler loans, home loans, MSME loans, loans against properties, loans for asset purchases and a wide range of savings bank products.</p> <p>Bank has implemented hi-tech products which enable its customers to do banking activities, sitting in the comfort of their homes. This reduces unnecessary travel, reduces wastage of time and energy, which and carbon footprint. These products are safe and secure to use and contribute to sustainability throughout their life cycle.</p> <p>The Bank, as a part of credit dispensation to viable projects, ensures that the promoter has necessary pollution control equipment either online or end of the pipeline for pollution abatement and has necessary approval in place from the regulatory authorities, viz. Pollution Control Board. The bank has been extensively using digital mode for sending agenda for the meetings thereby saving a huge amount of paper.</p> <p>Bank also promotes the conservation of the environment, by reducing the usage of paper by promoting green pin for debit cards, digital alerts, e-passbook application and digitalising of documents. All these efforts combined will produce a positive effect on the reduction of load on the environment</p>
2	<p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <p>(i)Reduction during sourcing/production / distribution achieved since the previous year throughout the value chain?</p> <p>(ii)Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>Not applicable for banking products</p> <p>Not applicable for banking products</p>
3	<p>Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>Not Applicable</p>
4	<p>Has the company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>The nature of the banking sector is service-oriented and not material resource intensive. However, the Bank procures locally the daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.</p>

5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	<p>Not Applicable. Being a Banking service company, the bank is not generating products and waste associated with a manufacturing concern. As the Bank relies on computer and technology hardware to run its banking operations, the waste generated by the Bank is primarily e-waste, such as computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems.</p> <p>Besides, the Bank digitization efforts across its office and branch locations are also helping rationalise its paper requirements.</p>
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**Principle 3- Businesses should promote the well-being of all employees.**

1	Please indicate the total number of employees.	The Bank had 4180 employees as on March 31, 2021																						
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.	The Bank had 108 employees as on March 31, 2021 on Contract basis																						
3	Please indicate the Number of permanent women employees.	The Bank had 1192 permanent women employees as on March 31, 2021																						
4	Please indicate the Number of permanent employees with disabilities	Two																						
5	Do you have an employee association that is recognized by management?	<p>Yes.</p> <p>1458 employees of the Bank are in 6 Associations/ Unions, detailed below :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Catholic Syrian Bank Officers Association</td> <td style="width: 20%; text-align: right;">869</td> </tr> <tr> <td>Staff Federation</td> <td style="text-align: right;">276</td> </tr> <tr> <td>Staff Association</td> <td style="text-align: right;">234</td> </tr> <tr> <td>Officers Federation</td> <td style="text-align: right;">40</td> </tr> <tr> <td>CSB Award Staff Union</td> <td style="text-align: right;">37</td> </tr> <tr> <td>Staff Union</td> <td style="text-align: right;">2</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>1458</b></td> </tr> </table>			Catholic Syrian Bank Officers Association	869	Staff Federation	276	Staff Association	234	Officers Federation	40	CSB Award Staff Union	37	Staff Union	2	<b>Total</b>	<b>1458</b>						
Catholic Syrian Bank Officers Association	869																							
Staff Federation	276																							
Staff Association	234																							
Officers Federation	40																							
CSB Award Staff Union	37																							
Staff Union	2																							
<b>Total</b>	<b>1458</b>																							
6	What percentage of your permanent employees is members of this recognized employee association?	25.81 % of employees in Officer Cadre are members of Bank Officers' Association/s and 99.82 % of employees in Award Staff cadre are members of Bank Employees' Union/s.																						
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 5%;">No</th> <th style="width: 25%;">Category</th> <th style="width: 20%;">No of complaints pending at the beginning of the financial year</th> <th style="width: 20%;">No of complaints filed during the financial year</th> <th style="width: 30%;">No of complaints pending as on end of the financial year</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Childlabour/ forced labour/ involuntary labour</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>2</td> <td>Sexual harassment</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>3</td> <td>Discriminatory employment</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table>			No	Category	No of complaints pending at the beginning of the financial year	No of complaints filed during the financial year	No of complaints pending as on end of the financial year	1	Childlabour/ forced labour/ involuntary labour	Nil	Nil	Nil	2	Sexual harassment	Nil	Nil	Nil	3	Discriminatory employment	Nil	Nil	Nil
No	Category	No of complaints pending at the beginning of the financial year	No of complaints filed during the financial year	No of complaints pending as on end of the financial year																				
1	Childlabour/ forced labour/ involuntary labour	Nil	Nil	Nil																				
2	Sexual harassment	Nil	Nil	Nil																				
3	Discriminatory employment	Nil	Nil	Nil																				

8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year	<b>Percentage</b>			
		<b>Sl. No</b>	<b>Category</b>		
				<b>Safety</b>	<b>Skill</b>
		A	Permanent Employees	1.44	1.67
		B	Permanent Women Employees	5.49	6.09
C	Casual/Temporary/ Contractual Employees	Nil	Nil		
D	Employees with Disabilities	Nil	Nil		
		<p>The Financial Year 2020-2021 was one with special challenges and opportunities. The spread of Covid 19 virus to pandemic proportions brought physical classroom training to a grinding halt. Restrictions on travel and stay in hotels prevented the movement of employees to the CSB Institute of Learning &amp; Development (CSBILD) to attend training programs. This challenge was converted into an opportunity as the CSBILD made a seamless transition from the classroom teaching mode to online virtual classes and e-learning methodology, thereby successfully overcoming the challenges thrown up by the Covid pandemic. Looking for innovation and technological improvements was also a major area of focus in 2020-21.</p> <p>The L&amp;D Department achieved a remarkable milestone by getting the ISO 9001:2015 certification awarded during the year. As an innovative initiative, CSBILD developed a mobile learning application, LoGo, for reaching out to all our employees for dissemination of knowledge and inspiration on a daily basis. Another significant step in the L&amp;D area was the decision to set up a training centre under the Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDUGKY) scheme of the Govt of India. Through this initiative, the Bank is looking forward to receiving trained and work ready young employees on a regular basis.</p> <p>Role based certification of key role holders has already commenced, with a blend of E-Lessons and online Tests for ensuring the provision of realistic Balanced Score Card entries related to Learning. Branch Heads, Relationship Managers/ Relationship Officers / Relationship Executives, Branch Operations Managers, Business Development Executives, Gold Loan Officers, and other role holders were covered by training during the year. In all, 141 E-Lessons were uploaded, and 128 Online programs, 14 physical programs and 73 external programs were conducted, ensuring a staff coverage of well over 100% at 6066 during the year, an increase of 24% Year on Year.</p>			

**Principle 4- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1	Has the company mapped its internal and external stakeholders? Yes/No	Yes.  Stakeholders are segmented into Corporate, Retail customers and investors/members of the Bank. Human Resources Department looks after the interest of the Bank Employees.
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders.



3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	<p>Under Financial Inclusion, the Bank is rendering services to the disadvantaged, rural/semi-urban section of the society by providing basic banking services at their doorstep. The Bank has appointed Business Correspondents to service the banking requirement of such disadvantaged society. In addition, the Bank has also engaged Financial Literacy Counsellors at 7 blocks in the State of Kerala for financial literacy activities.</p> <p>Apart from the above, CSR initiatives of the Bank in a limited way with the intention to improve the living conditions of the under-privileged and marginalised sections of the society.</p>
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**Principle 5- Businesses should respect and promote human rights.**

1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	<p>The Bank realizes and respects the human rights of all its stakeholders. All employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. The Bank does not promote any kind of discrimination between its employees, customers and other stakeholders on the basis of race, caste, religion, sex, etc. The Bank follows the code issued by The Banking Codes and Standards Board of India, to ensure protection of customer's rights. There are separate mechanisms to address the grievances of employees/ customers and also on the complaints of sexual harassment at workplace.</p> <p>The Bank is committed to uphold the dignity of every individual engaged or associated with them.</p>
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints have been received from the stakeholders during the reporting period with respect to Human Rights violations from internal or external stakeholders.

**Principle 6- Business should respect, protect and make efforts to restore the environment.**

1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in the initiatives towards addressing environmental issues.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	The Bank adheres to environmental laws in force to the extent as applicable. Further, the Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption to the extent as possible.
3	Does the company identify and assess potential environmental risks? Y/N	The Bank is aware of the potential environmental risks and participates in the initiatives to the extent as possible to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations.
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The question is not applicable to the Bank as it is not a manufacturing company.

5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	<p>The Bank leverages its Digital Banking strategy to enhance the digitization of its operations which positively connects with reduction in environmental impacts such as paper usage in bank or avoidance of travel by the customers to the bank.</p> <p>In respect of energy efficiency, renewable energy, the Bank prefers to use star rated and energy efficient ACs and Diesel Gensets and replacement with LED lights in the offices.</p>
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not Applicable
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	The Bank has not received any notice during the reporting period.

**Principle 7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<p>The Bank is a member of various governing bodies and associations</p> <p>such as the Indian Banks' Association, Banking codes and standards board of India, Fixed Income Money Market and Derivatives Association (FIMMDA) and Foreign Exchange Dealers Association of India (FEDAI), etc.</p>
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Bank does not engage in policy advocacy, but is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, CSB Bank has not lobbied through any associations.

**Principle 8- Businesses should support inclusive growth and equitable development.**

1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof	<p>The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts to identify and support all projects/programs/ subjects undertaken within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended. The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy. CSR initiatives of the Bank aims inclusive growth and sustainable development.</p> <p>Bank has engaged Business Correspondents and Financial Literacy Counsellors (External sources) for promoting Financial Literacy and to promote inclusive growth.</p> <p>Further, of late, the bank has started holding meetings of the Board and its Committees as also intra and inter office meetings using digital platforms, thereby reducing the usage of paper tremendously and thus the carbon foot prints as well</p>
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	The Bank undertakes programmes /projects directly and also with the assistance of implementation partners/ agencies as required.

3	Have you done any impact assessment of your initiative?	Yes. The results of these initiatives are reviewed periodically by seeking completion report and other documents.
4	What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken	The Bank has spent ₹ 10.50 lakhs on Corporate Social Responsibility activities during the FY 2020-21.  The expenditure has been undertaken primarily on Slum area development and also for environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources. Also include rural area related activities like financial inclusion and financial literacy and digitization of adopted village.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	The Bank through effective monitoring of its CSR and Financial Inclusion activities ensures that community development initiatives are reaching the target groups and it is being adopted and utilised by the beneficiaries.  Periodic visits to Financial Literacy Centres and BC points, seeking report from implementing agency for CSR assistance are measures taken to ensure the above objectives.

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	As on 31.03.2021, 2.82 % of the total customer complaints received during the FY 2020-21 were pending. In respect of consumer cases, 84 % were pending for disposal at various forum/courts, which is beyond the Bank's control.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)	This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so provide details thereof, in about 50 words or so.	NIL.  The Bank always strives to have a cordial relationship with its customers/borrowers and attempts to have an amicable settlement of any disputes. In the ordinary course of banking business, some customers may raise disputes with the Bank, which could result in their filing a civil suit or a consumer complaint against the Bank, alleging deficiency of services. In such cases, the Bank intervenes and sorts out unresolved issues, amicably. But only in some rare instances, where the issues cannot be settled mutually, legal recourse is resorted.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes.  The Bank conducts online customer satisfaction survey and the result of the survey is being continuously monitored. The Bank also conducts Branch Level Customer Service Committee at all branches on 15th of every month. During these meetings customer feedback, suggestions, etc., about various products are directly collected and consolidated. Feasible suggestions for improvements on service/ products are implemented and are monitored at various forums including Standing Committee on Customer Service and Customer Service Committee of the Board.

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

## ANNEXURE-III

# FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 - (Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto)

### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS IN FISCAL 2021

Sl No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any <sup>®</sup>	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board (latest approvals)	Amount paid as advances, if any:	Date of passing special resolution
1.	Finsigma Inclusive Services Private Limited (FISLP)*  Common Director - Shri. Madhavan Aravamuthan	Business Correspondents Tie up with FISPL	Ongoing basis	Interest at prevailing market rates and other terms at competitive market rates.  Overall exposure- ₹ 50.00 Crore	The tie up with FISPL is for Micro Finance business through BC model to accelerate the growth in the Agri. & Micro segments and weaker sections	17.02.2020	Nil	Since the transaction is within the limits as per Section 188, the approval of shareholders is not required
2.	Thomas Cook (India) Limited (TCIL)  Subsidiary of Fairbridge Capital (Mauritius) Limited (FCML)  FCML is associate of FIH Mauritius Investments Ltd(FIH-M). FIH-M is holding 49.72 % in the paid up capital of the Bank as on March 31, 2021. Details of their other holdings are disclosed in 1.1.of Schedule 18- Notes on accounts.	Tie-up with TCIL for issuance of Co-branded Multicurrency Pre-paid Foreign Exchange Travel Card	One year with effect from April 1, 2020	At competitive market rates.  Sales volume up to ₹10 Crores #	Thomas Cook India Ltd is the leading issuer of multi-currency pre-paid cards for making payments in a convenient way. This tie up helps the Bank to serve its customers, while they are travelling abroad or making payments in a foreign country.	16.03.2020	Nil	Since the transaction is within the limits as per Section 188, the approval of shareholders is not required

\* Bank already has BC tie up with FISPL well before Shri. Madhavan Aravamuthan was appointed as director on the Board of the Bank. Post appointment, Board, vide resolution dated January 28, 2019, approved initial exposure for ₹ 10 crore, which was later increased to ₹ 25 crore, vide Board resolution dated September 17, 2019 and again increased to ₹ 50 crore, vide Board resolution dated February 17, 2020. Being a BC arrangement there is no direct exposure with Finsigma and the exposure is treated as direct customer exposure.

\* Shri. Madhavan Aravamuthan, resigned from the board of Finsigma Inclusive Services Pvt. Ltd., with effect from August 13, 2020. Finsigma Inclusive Services Pvt. Ltd., ceased to be a related party of the Bank from the date of resignation of common director Shri. Madhavan Aravamuthan and hence, the reporting was made up to the said period only.

@ Transactions are in the ordinary course of business only, but in view of difficulty to establish that the same is on an arm's length basis in view of there being no comparable data to establish an arm's length criteria, the Bank decided to consider such contracts or arrangements as related party transactions and obtained requisite approvals for the said transactions as prescribed in the section 188 of the Companies Act, 2013, as amended and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

# Board and Audit Committee has initially approved the Tie-up on March 25, 2019. Audit Committee, vide resolution dated June 15, 2020, has accorded omnibus approval to the arrangement for a further period of one year with effect from April 1, 2020. However, no transaction has been entered into with TCIL till 31.03.2021. Mr Madhavan Menon, Non-Executive Director of the Bank is the Chairman & Managing Director of TCIL.

**2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS IN FISCAL 2021:**

Sl No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:
--NIL--						

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

Place: Thrissur  
Date : July 05, 2021

# ANNUAL REPORT ON CSR ACTIVITIES

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

## 1. Brief outline on CSR Policy of the Bank.

The CSR policy of the Bank aims to identify and support all projects/programs/subjects undertaken as part of the Bank's Corporate Social Responsibilities/commitments within the framework of Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time and last amended by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The policy will serve as a guiding principle/document to help identify, execute and monitor CSR projects/activities as well as formulation of the annual action plan in pursuance and in keeping with the spirit of the policy. The annual action plan shall include the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act, the manner of execution of such projects or programmes, the modalities of utilisation of funds and implementation schedules for the projects or programmes, monitoring and reporting mechanism for the projects or programmes, etc.

The Bank will undertake activities in the areas or subjects in line with Schedule VII of the Companies Act, 2013, The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended and the CSR policy adopted by the Bank.

## 2. Composition of CSR Committee:

Constitution of the Corporate Social Responsibility Committee (CSR Committee) in the Bank is in line with Section 135 of the Companies Act, 2013 and rules made thereunder. The Committee is empowered to monitor the CSR activities as per the policy and plan and the Committee is responsible for overall governance of CSR activities in the Bank as per the policy.

Members of the CSR Committee as on March 31, 2021 are:

Sl No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Syed Nagoor Ali Jinnah, Independent Director <sup>^</sup>	Chairman	1	1
2.	Mr. C. VR. Rajendran, Managing Director & CEO	Member	1	1
3.	Mr. Sumit Maheshwari, Non-Executive Director	Member	1	1
4.	Mr. Madhavan Menon, Non-Executive Director	Member	1	1

<sup>^</sup> Resigned on April 19, 2021 and ceased to be Chairman of the Committee said date. Mr. Sudhin Choksey is the Chairman of the Committee as on the date of signing the report.

<b>3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Bank</b>	Composition of CSR committee	:	<a href="https://www.csb.co.in/pdf/List_of_Sub_Committees_of_the_Board.pdf">https://www.csb.co.in/pdf/List_of_Sub_Committees_of_the_Board.pdf</a>
	CSR Policy	:	<a href="https://www.csb.co.in/corporate-social-responsibility">https://www.csb.co.in/corporate-social-responsibility</a>
	CSR projects approved by the Board	:	No specific projects have been approved by the Board in the financial year under review for direct implementation. However, the Board approved the projects /programmes as per the policy, which were implemented by the implementing agencies as mentioned in para 8(c) of the Report and in line with the Corporate Social Responsibility policy of the Bank.

		As the average net profit of the Bank for the last three years was in the negative zone, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended.			
<b>4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable</b>	Not Applicable as the CSR obligation of the Bank for the period under review is NIL as against the prescribed threshold limit to undertake impact assessment.				
<b>5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.</b>	<b>Sl. No.</b>	<b>Financial Year</b>	<b>Amount available for set-off from preceding financial years (in ₹)</b>	<b>Amount required to be setoff for the financial year, if any (in ₹)</b>	
	-----NA-----				
Not applicable as the average net profit of the Bank in all three year case bucket period since the introduction of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended was in the negative zone.					
<b>6. Average net profit/(loss) of the Bank as per section 135(5):</b>	Financial Year 2017-18		:	₹ (149.36) Crore	
	Financial Year 2018-19		:	₹ (300.09) Crore	
	Financial Year 2019-20		:	₹ 133.99 Crore	
	Average Net Profit/ (Loss) before tax of the Bank for the Last 3 Financial Years		:	₹ (105.15) Crore	
<b>7.</b>	₹ (105.15) Crore				
<b>a) Two percent of average net profit of the Bank as per section 135(5)</b>	As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, and the CSR policy adopted by the Bank.				
<b>b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.</b>	NA				
<b>c) Amount required to be set off for the financial year,</b>	NA				
<b>d) Total CSR obligation for the financial year (7a+7b-7c).</b>	Nil				

8.

a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 10,50,000.00*	-----Nil-----				

\* Not mandatory requirements to spend in the FY 2020-21

**b) Details of CSR amount spent against ongoing projects for the financial year:**

1.	2.	3.	4.	5.		6.	7.	8.	9.	10.	11.	
				State	District						Name	CSR Registration Number
SI No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
-----Nil-----												

**c) Details of CSR amount spent against other than ongoing projects for the financial year:**

1.	2.	3.	4.	5.		6.	7.	8.	
				State	District			Name	CSR Registration Number.
SI No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
1	Setting up homes for socially and economically backward groups in the society including for women and orphans	Slum Area Development	Yes	Kerala	Thrissur	Rs. 10,00,000.00	No	Santhwanam Trust (Social Apostolate Centre of Thrissur Archdiocese)	NA
2	To take up animal welfare activities like rescue and rehabilitation and promoting conservation and to conduct educational, training program and nature trips for promoting awareness about conservation of nature, natural resources and Biodiversity	Ensuring environmental sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Yes	Kerala	Kannur	Rs.50,000.00	No	Malabar Awareness and Rescue Centre for Wildlife (MARC)	NA
<b>Total</b>						<b>Rs.10,50,000.00</b>			

<b>d)</b>	<b>Amount spent in Administrative Overheads</b>	:	Nil
<b>e)</b>	<b>Amount spent on Impact Assessment, if applicable</b>	:	Not Applicable
<b>f)</b>	<b>Total amount spent for the Financial Year (8b+8c+8d+8e)</b>	:	Rs.10,50,000.00
<b>g)</b>	<b>Excess amount for set off, if any</b>	:	NA



Sl. No.	Particulars	
(i)	Two percent of average net profit of the Bank as per section 135(5)	₹ (105.15) Crore *
(ii)	Total amount spent for the Financial Year	₹ 10,50,000.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

\* As the average net profit of the Bank for the last three years was negative, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended and the CSR policy adopted by the Bank.

9.

a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
-----Nil-----							

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1.	2.	3.	4.	5.	6.	7.	8.	9.
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount Allocated for the Project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of Reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
NIL								

<b>10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year</b>	a)	Date of creation or acquisition of the capital asset(s)	:	Nil
	b)	Amount of CSR spent for creation or acquisition of capital asset.	:	Nil
	c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.	:	Nil
	d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	:	Nil
<b>11. Specify the reason(s), if the Bank has failed to spend two per cent of the average net profit as per section 135(5).</b>	<p>As per the CSR policy approved by the Board and Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, the CSR budget allocation of the Bank shall be at least 2 % of the average net profits of the Bank made during the three immediately preceding financial years.</p> <p>As the average net profit of the Bank for the last three years was in the negative zone, the Bank is not required to spend money for CSR activities in the financial year 2020-21 as per the policy adopted by the Bank and as per Section 135 of the Companies Act, 2013. However, as part of the Bank's continued focus towards sustainable development and responsible banker and its commitment towards society, has spent the amount as mentioned in point No.8 (c) of the report to CSR activities during the period under review.</p> <p>As the Bank has come back to the profitability path in the past two financial years, the Bank is committed and obliged to spend CSR activities for areas / subjects / project covered under Schedule VII, as part of the CSR policy adopted by the Bank. Within the frame, the Bank will identify/ continue to take steps to identify areas / subjects / projects, either directly or jointly by such entities as permitted in the rules or through implementation agencies/institutions with an established track record of at least 3 financial years in undertaking similar projects or programs as part of the CSR initiative.</p> <p>The Bank remains committed to increase its CSR reach and spend over the coming years as per the policy, supplemented by its continued focus towards sustainable development and responsible banking with a clear understanding that bank has a key role of job and wealth creation in the society. CSR is generally understood to be the way an organization achieves a balance between economic, environmental and social imperatives while addressing the expectations of shareholders and stakeholders.</p>			

Sd/-

**C. VR. Rajendran**  
 Managing Director & CEO  
 (DIN: 00460061)

Sd/-

**Sudhin Choksey**  
 Chairman - CSR Committee  
 (DIN : 00036085)

Sd/-

**Madhavan Aravamathan**  
 Chairman  
 (DIN: 01865555)

Place: Thrissur

Date : July 05, 2021

## ANNEXURE-V

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

To  
The Members  
**CSB BANK LIMITED**  
Head Office, "CSB Bhavan",  
Post Box No.502, St. Mary's College Road,  
Thrissur -680020

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CSB Bank Limited [CIN: L65191KL1920PLC000175]** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **CSB Bank Limited** ("the Company") for the financial year ended on 31.03.2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable.
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) As informed to us, the following other laws are specifically applicable to the Company.
  1. The Banking Regulation Act, 1949 and the Banking Regulation (Companies) Rules, 1949
  2. Reserve Bank of India Act, 1934
  3. Banking Ombudsman Scheme 2006
  4. The Bankers' Books Evidence Act, 1891
  5. The Banking Companies (Period of Preservation of Records) Rules, 1985
  6. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security

- Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002
7. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005
  8. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.
  9. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993
  10. Credit Information Companies (Regulation) Act, 2005.

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

During the period, the Bank has obtained approval of shareholders for the following:

Sl. No.	Subject	Mode of Approval	Date of Approval	Particulars of approval
1.	Increase the limit of borrowing powers of the Board to ₹ 5000 crores from the existing limit of ₹ 1000 crores .	Shareholders' approval by way of special resolution in the Annual General Meeting	20.07.2020	Approval of shareholders for Increase the limit of borrowing powers of the Board to ₹ 5000 crores from the existing limit of ₹ 1000 crores .
2.	Alteration of Articles of Association of Bank	Shareholders' approval by way of special resolution in the Annual General Meeting	20.07.2020	Approval of shareholders for Alteration of Articles of Association of Bank
3.	Ratification of "CSB Employee Stock Option Scheme 2019"	Shareholders' approval by way of special resolution in the Annual General Meeting	20.07.2020	Approval of shareholders for Ratification of "CSB Employee Stock Option Scheme 2019"
4.	Approval for increasing total number of employee stock options reserved under 'CSB Employee Stock Option Scheme 2019' from 50,00,000 Options to 1,66,72,791 Options by creating additional 1,16,72,791 Options	Shareholders' approval by way of special resolution in the Annual General Meeting	20.07.2020	Approval of shareholders for Approval for increasing total number of employee stock options reserved under 'CSB Employee Stock Option Scheme 2019' from 50,00,000 Options to 1,66,72,791 Options by creating additional 1,16,72,791 Options

#### We further report that

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

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

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

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

**We further report that** during the audit period there were no instances of public /rights/preferential issue of shares or issue of debentures/sweat equity or redemption/buy back of securities, Merger / amalgamation / reconstruction, or Foreign technical collaborations.

Sl. No.	Subject	Mode of Approval	Date of Approval	Particulars of approval
5.	Secondary acquisition of 86,72,791 shares through Trust route for the implementation of CSB Employee Stock Option Scheme 2019 as amended.	Shareholders' approval by way of special resolution in the Annual General Meeting	20.07.2020	Approval of shareholders for Secondary acquisition of 86,72,791 shares through Trust route for the implementation of CSB Employee Stock Option Scheme 2019 as amended.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

**For SVJS & Associates**  
Company Secretaries

Sd/-

**CS Vincent P.D.**

Managing Partner

CP No.: 7940, FCS: 3067

**UDIN: F003067C000430780**

Place : Kochi

Date : June 08, 2021

### Annexure A

## ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members,

**CSB BANK LIMITED**

Head Office, "CSB Bhavan",

Post Box No.502, St. Mary's College Road,

Thrissur -680020

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

- Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
- During the audit, we have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
- While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2021 but before the issue of the Report.
- We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For SVJS & Associates**  
Company Secretaries

Sd/-

**CS Vincent P.D.**

Managing Partner

CP No.: 7940, FCS: 3067

**UDIN: F003067C000430780**

Place : Kochi

Date : June 08, 2021

## ANNEXURE-VI

### PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014, AS AMENDED.

#### 1. DISCLOSURE AS PER RULE 5(1) –THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE’S REMUNERATION AND OTHER DETAILS :-

Sl No.	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the financial year 2020-21	<b>Non-Executive Independent (Part-time) Chairman*</b> Shri. Madhavan Aravamuthan	3.58x
		<b>Managing Director &amp; CEO</b> Shri. C. VR. Rajendran	93.72x
2	The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year 2020-21 <sup>^^</sup>	Shri. Madhavan Aravamuthan <b>(Non-Executive Independent (Part-time) Chairman)</b>	NA
		Shri. C. VR. Rajendran <b>(Managing Director &amp; CEO)</b>	320.94%
		Shri. B K Divakara # <b>(Chief Financial Officer)</b>	NA
		Shri. Sijo Varghese <b>(Company Secretary)</b>	28.86 %
3	The percentage increase/ (decrease) in the median remuneration of employees in the financial year 2020-21	Median remuneration of the employees in the financial year was decreased by 30.29% as compared to corresponding previous financial year.	
4	The number of permanent employees on the rolls of the Bank as on March 31st, 2021	There were 4180 employees as on March 31st, 2021.	
5	Average percentile increase/ (decrease) already made in the salaries of employees other than the managerial personnel in the financial year 2020-21 and its comparison with the percentile increase/(decrease) in the managerial remuneration and justification thereof. Point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>The average percentage of salaries of the employees other than the managerial personnel in the financial year 2020-21 has been increased by 27.64%.</p> <p>The average percentage of the salaries of the managerial personnel (Managing Director &amp; CEO, Chief Financial Officer and Company Secretary) in the FY 2020-21 has been increased by 220.04 %.</p> <p>Increase in the managerial remuneration is mainly due to revision in the remuneration of the Managing Director &amp; CEO. Remuneration of the Managing Director &amp; CEO was revised with effect from January 10, 2020 on receipt of approval of Reserve Bank of India on May 4, 2020 for the first time since he joined in the Bank on December 9, 2016. Also payment of variable pay for the FY 2018-2019 and 2019-2020 was made in the financial year 2020-21 on receipt of RBI approval subject to deferral arrangements as per the compensation policy of the Bank.</p> <p>Quantum of increase in the average percentage of salaries of the employees other than the managerial personnel in the lower scale was due to accruing benefit of the decision, to reduce the retirement age of the employees to 58 years from 60 years, in FY 2020 and further recruitment of employees on CTC basis at a competitive wage scale, except for those positions, where more salary is required to be offered to get the right people to suit Bank's requirements, who could shoulder more risks and responsibilities commensurate with their role in the Bank.</p>	
6	Affirmation that the remuneration is as per the remuneration policy of the Bank.	Affirmed.	

<sup>^^</sup> No remuneration/sitting fee was paid to the Directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd. The sitting fees paid to Independent Directors is not considered for calculation of median remuneration.

#### **Note:**

The remuneration for the purpose of this table includes Gross Salary only excluding exceptional items in the nature of LFC, etc., and ESOS.

'X' denotes the median remuneration of the employees in the Financial Year.

\*Appointed as Part-time Chairman of the Bank with effect from August 10, 2020.

# Shri. B K Divakara was appointed as the Chief Financial Officer of the Bank with effect from February 5, 2020. Since his remuneration in the capacity as CFO is only for a part of the year in the FY 20 and there is no change in the pay scale in the financial year 2021, the percentage increase in remuneration is NIL as far Mr. B K Divakara is concerned in the FY 2021.

2. DISCLOSURE AS PER RULE 5(2) - STATEMENT SHOWING THE NAMES OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FINANCIAL YEAR 2020-21 :-

a. List of top ten employees in terms of remuneration drawn other than those covered in 2(b):

SL No	Name of the employee	Date of Joining	Designation	Nature of Employment (Contractual or otherwise)	Qualification	Age	Experience Years	Remuneration Received (in ₹)	Last employment	No of shares held if any	% of shareholding to the paid up capital	Relationship with Director
1	Mr. Harsh Kumar <sup>#</sup>	09/08/2019	Chief Human Resource Officer	Regular	B.E. (Electrical & Electronics) PGDM- HR & Finance	45Y	21Y	96,94,233.33	Senior Vice President & Head – Human Resources Retail Branch Banking -HDFC Bank	Nil	N.A	No
2	Mr. Arun Kumar Ramchandran	26/02/2020	Head - Audit	Regular	B. Com, CA, Certified Internal Auditor (CIA), Certified Information System Auditor (CISA)	44Y	19Y	92,12,900.00	Senior Vice President – Internal Audit in Kotak Mahindra Bank.	Nil	N.A	No
3	Mr. B K Divakara	05/02/2020	CFO	Contractual	BBM, ACA, ACS, ACMA	60Y	33Y	66,71,500.00	Executive Director - Central Bank of India	Nil	N.A	No
4	Mr. Prem Kumar Thampi	02/03/2015	Head - Wholesale Banking and Treasury	Contractual	MSc - Physics	60Y	33Y	54,94,939.92	Dy. CEO - Bank M (Tanzania) Ltd	Nil	N.A	No
5	Mr. Sanjeet Vijaykumar Mahajan*	02/03/2020	Zonal Manager Head Wealth TPP	Regular	B. Com	47Y	26Y	51,78,715.35	CEO – Banking Insurance & Financial Services, Vakrangee Limited, Mumbai.	Nil	N.A	No
6	Mr. Srichanth Nair	25/11/2019	Head - MSME	Regular	B. Com	43Y	22Y	50,59,702.07	Business Head - RBL Bank / RBL Financial Services	361	0.0002%	No
7	Ms. Neena Anand	01/11/2019	Head - Operations	Regular	B Sc, Computer Management, Executive Program in Leadership & Management	54Y	31Y	45,93,252.00	Senior Vice President Head Retail Operations & PNO – Lakshmi Vilas Bank	Nil	N.A	No
8	Mr. Arvind K Sharma	26/08/2019	Chief Risk Officer	Regular	AMP(Harvard Business), EPM(Columbia Business), Advanced Risk Management (Wharton Business), PG Diploma in Financial Engineering & Risk, BSC, M.A (ECO), CAIIB	56Y	28Y	42,24,568.00	Chief Risk Officer - Bank Sohar, Sultanate of Oman	Nil	N.A	No

SL No	Name of the employee	Date of Joining	Designation	Nature of Employment (Contractual or otherwise)	Qualification	Age	Experience Years	Remuneration Received (in ₹)	Last employment	No of shares held if any	% of shareholding to the paid up capital	Relationship with Director
9	Mr. Vastav Pandya	01/07/2020	Head – HRBP & Organization effectiveness	Regular	B.Sc. Physics, Masters in Human Resource Management	40Y	16Y	40,17,505.00	Head – TA Analytics, Technology and Process Design - HDFC Bank Ltd	Nil	N.A	No
10	Mr. Shyam Chandher M <sup>s</sup>	29/10/2020	Head – SME & NRI	Regular	B.E.	47Y	24Y	38,73,548.39	Head-Global Indian Banking (NRI Banking) - Yes Bank Ltd	Nil	N.A	No

\* Resigned on 22.02.2021.

# 40,000 stock options were granted @ ₹ 10/- per option under CSB Employee Stock Option Scheme 2019 on 30/10/2020.

\$ 15,000 stock options were granted @ ₹ 10/- per option under CSB Employee Stock Option Scheme 2019 on 30/10/2020.

**Note :**

Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Bonus (if any), Bank's contribution towards Provident Fund, Gratuity and Monetary value of perquisites as per Income Tax Rules.

**b. List of employees drawing remuneration of not less than ₹ 102 lakhs per annum or ₹ 8.50 lakhs per month :**

SL No	Name of the employee	Date of Joining	Designation	Nature of Employment	Qualification	Age	Experience Years	Remuneration (in ₹)	Last employment	No of shares held if any	% of shareholding to the paid up capital	Relationship with Director
1.	Mr. C. VR. Rajendran <sup>s</sup>	09/12/2016	MD & CEO	Contractual	M Com, CAIIB, ICWAI (Inter)	66Y	42Y	3,03,07,526.70	Chief Executive - Association of Mutual Funds of India (AMFI)	Nil	N.A	No
2.	Mr. Bharath Mani <sup>s</sup>	04/04/2014	Head - Retail Banking	Contractual	BA, PGDBM	50Y	27Y	1,76,57,387.10	Head – Branch Banking, India - Royal Bank of Scotland	866	0.0005%	No
3.	Mr. Pralay Mondal <sup>*</sup>	23/09/2020	President - Retail, SME, Technology and Operations	Regular	BE, MBA	55Y	32Y	1,30,34,666.66	Executive Director and Head of Retail Banking - Axis Bank	Nil	N.A	No



SL No	Name of the employee	Date of Joining	Designation	Nature of Employment	Qualification	Age	Experience Years	Remuneration (in ₹)	Last employment	No of shares held if any	% of shareholding to the paid up capital	Relationship with Director
4.	Mr. Neeraj Dhawan *	01/09/2020	CCO - Retail & SME, Strategy, BIU & Analytics	Regular	B.Com (Hons), Grad. CWA, Licentiate C.S., ACA.	51Y	27Y	84,00,000.00	Senior Group President and Chief Risk Officer - Yes Bank Ltd	Nil	N.A	No
5.	Narendra Kumar Dixit <sup>^</sup>	25/11/2020	Head-Retail Banking	Regular	BA, Certificate Course from National Institute of Sales, Certificate Course in Business Management	51Y	24Y	44,15,500.00	Group President II - Axis Bank	Nil	N.A	No

\$ 4,33,150 stock options were granted @ ₹ 75/- per option on March 30, 2021 as performance grant for the period from December 9, 2016 to March 31, 2020 under CSB Employee Stock Option Scheme 2019. Bank on July 05, 2021, submitted the application with Reserve Bank of India again, being the proposal to revise the fixed pay and perquisites of Shri. C. VR. Rajendran, Managing Director & CEO from the present limit of ₹ 200 lac p.a., to ₹ 240 lac p.a., with effect from April 1, 2020 and for a variable pay of ₹ 6 crore (cash and stock options) for the financial year 2020-21 and approval from RBI is awaited.

\*5,55,000 stock options were granted @ 10/- per option under CSB Employee Stock Option Scheme 2019, of which 3,00,000 were granted on October 30, 2020 and 2,50,000 were granted on April 28, 2021.

<sup>^</sup> resigned on 15.12.2020

# resigned on 31.03.2021, 1,50,000 stock options were granted @ ₹ 10/- per option under CSB Employee Stock Option Scheme 2019 on 30/10/2020, were cancelled due to resignation. @1,00,000 stock options were granted @ ₹ 10/- per option under CSB Employee Stock Option Scheme 2019 on 15/12/2020.

c. List of the employees who were in receipt of remuneration in that year in which, the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and hold by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company: Nil

By Order of the Board

Sd/-  
**Madhavan Aravamuthan**  
Chairman  
(DIN: 01865555)

Place: Thrissur  
Date : July 05, 2021

## ANNEXURE-VII

### REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

Sr. No	Particulars of Remuneration, service contracts, notice period, severance fees	Total Amount
<b>Name of the Managing Director &amp; CEO : Mr. C. VR. Rajendran</b>		
1	Gross Salary*	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,07,98,825.81
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil
(d)	Performance Linked Incentives and performance criteria ^	69,00,000.00
		Performance linked incentive will be paid in case of improvement in overall performance of the Bank and that of his individual performance. From the FY 2020-21, Performance linked incentive will be paid on achieving the performance parameters and linked rating as per the scorecard set for the same period based on the metrics (both quantitative and qualitative).
(e)	Service contracts, notice period and severance fees	The service contract, dated December 9, 2016, executed with the Managing Director & CEO, Shri. C.VR. Rajendran covering all the terms and conditions of the appointment has been amended/modified on December 9, 2019, post re-appointment of him as the Managing Director & CEO, for a period of three years with effect from the said date. The service contract was further amended on May 13, 2020, December 15, 2020 and March 30, 2021 to incorporate the revision in the terms of the appointment/re-appointment.
2	stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable (Nos)#	4,33,150 stock options were granted @ ₹ 75/- per option on March 30, 2021 as performance grant for the period from December 9, 2016 to March 31, 2020 under the CSB Employee Stock Option Scheme, 2019. Options granted to him will be vested equally over a period of three years and shall be exercised over the period commencing from the date of 1st vesting of Options and ending on or before March 31, 2024.
3	Sweat Equity	Nil
4	Commission	Nil
	- as % of profit	
	- others, specify	
5	Others	
	- LFC	9,20,210.31
	- PL Encashment	2,10,000.00
	- PF	14,78,490.58
	- Pension	NIL
<b>Total (A)</b>		<b>3,03,07,526.70</b>
Ceiling as per the Act		Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.

\* The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 to revise fixed pay of Shri. C.VR. Rajendran, Managing Director & CEO from the present limit of ₹75 lac p.a., to ₹200 lac p.a., with effect from January 10, 2020. Bank on July 05, 2021, submitted the application with Reserve Bank of India again, being the proposal to revise the fixed pay and perquisites of Shri. C. VR. Rajendran, Managing Director & CEO from the present limit of ₹200 lac p.a., to ₹240 lac p.a., with effect from April 1, 2020 and for a variable pay of ₹6 crore (cash and stock options) for the financial year 2020-21 and approval from RBI is awaited.

^ The Bank, on May 4, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹45 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2018 to March 31, 2019, which being 60 % of the gross annual salary for the said period subject to malus and claw back arrangements for the deferral payments. Further, the Bank, on November 30, 2020, received approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for payment of a variable pay to the tune of ₹70 lac to Shri. C.VR. Rajendran, Managing Director & CEO, for the period from April 1, 2019 to March 31, 2020, which being approximately 70 % of the gross annual salary for the said period subject to malus/claw back arrangements for the deferral payments.

# Options granted were in line with Reserve Bank of India approval dated March 23, 2021 that the grant of stock options for a fair value of ₹750 lac for the period December 9, 2016 to March 31, 2020 with a condition that the intrinsic value of options to be granted shall not be more than ₹750 lac as on the date of RBI approval i.e. March 23, 2021.

**B. REMUNERATION TO OTHER DIRECTORS: @**

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Fee for attending Board/ Committee Meetings	Mr. Madhavan Aravamuthan	14,10,000.00
		Mrs. Bhama Krishnamurthy	13,90,000.00
		Mr. Syed Nagoor Ali Jinnah	11,40,000.00
		Mrs. Sharmila Abhay Karve (20.07.2020 - 31.03.2021)	7,10,000.00
		Mr. Sudhin Choksey (30.03.2021- 31.03.2021)	0.00
		Mr. Thomas Mathew (01.04.2020 – 24.09.2020)	7,10,000.00
	• Commission		NIL
	• Others, please specify		
	Honorarium paid to Part-time Chairman	Mr. Madhavan Aravamuthan (10.08.2020 to 31.03.2021)	11,56,451.00
	<b>TOTAL (1)</b>		<b>65,16,451.00</b>
2	Other Non-Executive Directors^:		
	• Fee for attending Board/ Committee Meetings	Mr. Madhavan Karunakaran Menon	NIL
		Mr. Sumit Maheshwari	NIL
	• Commission		NIL
	• Others, please specify		NIL
	<b>TOTAL (2)</b>		<b>NIL</b>
	<b>TOTAL (B) = (1)+(2)</b>		<b>65,16,451.00</b>
	<b>Total Managerial Remuneration (A)+(B)</b>		<b>3,68,23,977.00</b>
	<b>Overall Ceiling as per the Act</b>	Being a banking company under the Banking Regulation Act, 1949, the relevant provisions on managerial remuneration under the Companies Act, 2013 are not applicable.	

@ No Directors of the Bank except MD&CEO is entitled for variable pay /incentives other than sitting fee for attending Board and Committee meetings.

^ No remuneration/sitting fees was paid to the directors nominated by promoters of the Bank, M/s. FIH Mauritius Investments Ltd.

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

Sr. No	Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total Amount
		Mr. B K Divakara	Mr. Sijo Varghese	
1	Gross Salary	(₹)	(₹)	(₹)
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66,71,500.00	21,97,166.12	88,68,666.12
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2	Stock Option (Nos)	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
<b>TOTAL</b>		<b>66,71,500.00</b>	<b>21,97,166.12</b>	<b>88,68,666.12</b>

By Order of the Board

Sd/-

**Madhavan Aravamuthan**

Chairman

(DIN: 01865555)

 Place: Thrissur  
 Date : July 05, 2021