



“Karur Vysya Bank’s 101st Annual General Meeting”

September 23, 2020 - 11:00 AM (IST)



DIRECTORS ATTENDANCE:

SHRI. N.S. SRINATH	CHAIRMAN, KVB
SHRI B. RAMESH BABU	MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, KVB
SHRI M.K. VENKATESAN	NON-EXECUTIVE NON-INDEPENDENT DIRECTOR, KVB
DR. V.G. MOHAN PRASAD	NON-EXECUTIVE INDEPENDENT DIRECTOR, KVB
CA K.L. VIJAYALAKSHMI	NON-EXECUTIVE INDEPENDENT DIRECTOR, KVB
DR. KS RAVICHANDRAN	NON-EXECUTIVE INDEPENDENT DIRECTOR, KVB
SHRI A.K. PRABURAJ	NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR, KVB
SHRI M.V. SRINIVASAMOORTHI	NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR, KVB
SHRI R. RAMKUMAR	NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR, KVB
SHRI KG MOHAN	NON-EXECUTIVE INDEPENDENT DIRECTOR, KVB
SHRI HARSHA VARDHAN RAGHUNATH	NON-EXECUTIVE INDEPENDENT DIRECTOR, KVB

SHRI J NATARAJAN	PRESIDENT & COO
SHRI SRINIVASA RAO M	COMPANY SECRETARY, KVB

STATUTORY AUDITOR:

SHRI KRISHNA KUMAR ANANTHA SHIVAM	PARTNER, M/S. WALKER, CHANDIOK & Co., CHARTERED ACCOUNTANTS
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SECRETARIAL AUDITOR:

SHRI R K BAPULAL	SECRETARIAL AUDITOR, M/S. BAPULAL YASAR & ASSOCIATES, COMPANY SECRETARIES
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Moderator: Good morning, all. Over to you, Chairman sir.

N.S. Srinath: Hearty Welcome and Good Morning to You All. I N.S. Srinath, Chairman of the Bank, extend a warm welcome to the 101st Annual General Meeting of the Bank.

Since the requisite quorum is present through video conferencing, other audio visual means, as confirmed by the company Secretary pursuant to the circulars issued by Ministry of Corporate affairs, and Sec.103 of the Companies Act 2013, I call the meeting to order.

Seeking the blessings of Goddess Gayatri and founding fathers, Shri M.A. Venkatarama Chettiar and Athi Krishna Chettiar, we will commence our meeting with an invocation. I request Subbulakshmi to render the invocation.

Subbulakshmi: Invocation: (2:33-4:00).

N.S. Srinath: Thank you, Subbulakshmi. In view of the pandemic and social distancing norms as per the directions of Ministry of Corporate affairs, your bank has arranged the AGM through audio-video conferencing and other audio-visual means, rather than our usual way of doing the AGM at a physical venue. To maintain social distancing, some of our board members are participating from different locations. We have ensured to take sufficient care to maintain proper social distancing, and comply with other health advisories while conducting the meeting.

Now, let me introduce my colleague board members. I am participating in this meeting from bank's registered and central office Karur and I am also the Chairman of the Bank and the Chairman of Customer Service and Stakeholder Grievances Committee. I am accompanied with me to my left, Shri B. Ramesh Babu, M.D. and CEO.

B. Ramesh Babu: Good morning and welcome you all.

N.S. Srinath: And to my right Shri M.K. Venkatesan, Non-Executive Non-Independent Director.

M.K. Venkatesan: Good morning to everyone. Welcome to this 101st annual general meeting of Karur Vysya Bank.

N.S. Srinath: Now, I would introduce my colleague directors who are for participating from Coimbatore; Dr. V.G. Mohan Prasad.

Dr. V.G. Mohan Prasad: My salutations to all the stakeholders of Karur Vysya Bank. I am Dr. V.G. Mohan Prasad, an Independent Non-Executive Director participating in this program from Coimbatore. Thank you.

N.S. Srinath: Now, I would like to introduce Madam K.L. Vijayalakshmi, who also happens to be the Chairperson of the Audit Committee of the Board.

CA K.L. Vijayalakshmi: Good morning, all. I am CA K.L. Vijayalakshmi, Independent Director, and I am a practicing-chartered accountant. I welcome all the shareholders. Thank you.

N.S. Srinath: Now I take the pleasure of introducing Dr. KS Ravichandran, who also happens to be the Chairman of the Nomination and Remuneration Committee of the Board.

Dr. K.S. Ravichandran: Good morning, my dear shareholders. I am Dr. K.S. Ravichandran, attending this annual general meeting from Coimbatore. I am a practicing Company Secretary with about 25-years of experience in the field of corporate laws. And I am also Chairman of the Nomination Remuneration Committee and I am a member of several other committees, including the CSR Committee. I wish everyone a very safe, prosperous year in the years to come. Thank you.

N.S. Srinath: I would now like to introduce some of my colleague directors from Karur who are sitting in another cabin. I call upon Shri A.K. Praburaj to identify and introduce himself.

A.K. Praburaj: Good Morning. I am A.K. Praburaj, Non-Executive, Non-Independent Director attending the AGM from the central office Karur. Thank you.

N.S. Srinath: I now request Shri M.V. Srinivasamoorthy to introduce himself.

M.V. Srinivasamoorthy: Good Morning Shareholders. I am M.V. Srinivasamoorthy, Non-Executive Non-Independent Director attending from registered central office, Karur.

N.S. Srinath: I now call upon Shri R. Ramkumar to introduce himself.

R. Ramkumar: Good morning. I am Ramkumar, Non-Executive, Non-Independent Director attending the Annual General Meeting from the central office Karur.

N.S. Srinath: Now, I would like to introduce my colleague director who is participating from Bangalore, Shri KG Mohan.

KG Mohan: Good morning. I am KG Mohan, Non-Executive Independent Director attending from Bangalore. I have over 40-years of multinational corporate experience in the areas of process, systems and technology. I worked as a member of the global regional business leadership teams at both Unilever and Johnson & Johnson. Good morning everyone.

N.S. Srinath: Now, I would like to introduce my colleague who is participating from Bombay Shri Harshvardhan Raghunath.

Harshvardhan Raghunath: Good morning. My salutations to all the shareholders participating. I feel honored and privileged to join this board. This is my first shareholder meeting. I look forward to contributing to the future success of the bank. Thank you.

N.S. Srinath: I would also like to inform everyone that bank's statutory central auditor, Mr. Krishna Kumar Anantha Shivam, Partner representing M/s. Walker, Chandiok & Co. Chartered Accountants, has joined through video conferencing from Kochi. Also Secretarial Auditor, Shri R K Bapulal, Senior Partner, representing M/s. Bapulal Yasar & Associates, Company Secretaries, has joined through video conferencing from Karur.

The bank has taken all feasible efforts under the current circumstances to enable members to participate through video conferencing, other audio-visual means and voted the AGM.

I thank you for joining this meeting virtually. And I greatly appreciate for taking the time to attend this annual general meeting of the bank despite the challenging environment. There may be technical glitches here and there. I request all to bear with us in case if such a glitch happens. Now I call upon the company secretary to make a few general announcements. Over to the company secretary.

Srinivasa Rao M: Thank you, sir. In compliance with the circulars issued by the Ministry of Corporate Affairs, the provisions of the Companies Act 2013, and SEBI listing obligations and disclosure requirements regulations 2015, the annual general meeting of the bank is being held through video conferencing, other audio-visual means without the physical presence of the members at a common venue. Hence, the facility of appointing proxies is not applicable for the meeting. Shareholders may please note that by default, they are on mute mode for the smooth and seamless conduct of the meeting. Notice of the Annual General Meeting along with the Annual Report was sent through e-mail to all the shareholders whose e-mails are registered with bank, registrar and transfer agent or with respect to depositories. Board has not recommended any dividend for the financial year 2019-20 pursuant to the guidelines issued by the Reserve Bank of India vide their circular dated April 17, 2020, advises that bank shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions.

All the relevant documents referred in the notice requiring the approval of the members at the meeting and other statutory registers are available for electronic inspection by the members on the NSDL e-voting platform.

Bank has received requests from 20 eligible shareholders who are members of the bank as on the cutoff date, that is September 16, 2020. All the requests are considered and allowed them as speakers. The floor will be open for those members to ask queries or express their views. The moderator will facilitate the session once the chairman opens the floor for questions-and-answers. Members can also post their views or queries on the communicate tab on their video conferencing screen. It may be noted that bank reserves the right to limit the number of members asking queries depending upon the availability of time at the annual general meeting. During the question-and-answer session, once the name of the speaker shareholder is called out by the chairman, the shareholder will be unmuted by the host, enabling him or her to speak. Before speaking, shareholders are requested to click on the audio and video icon appearing on

the screen. And if for some reason, the shareholder is not able to join through video mode, he or she can still speak using audio mode. While speaking we request you to use earphone so that they are clearly audible and it also would minimize any noise in the background. They are also requested to ensure a proper internet connection and lighting.

Over to chairman for welcome address to the shareholders. Thank you.

N.S. Srinath:

Dear shareholders, a very good morning to you all. It gives me great pleasure to welcome you all to the 101st Annual General Meeting of the Bank. I was very eager to meet and address you all in person. But, as you know, this meeting held through video conference, is unusual on account of external environment. This is the first time in the hundred years of history and tradition of your bank that an AGM is being conducted virtually through the audio-visual means. The ongoing COVID-19 pandemic is perhaps the most disruptive event in modern history. The last such pandemic of epic proportions being the Spanish Flu a century ago, during 1918-1920, when your bank was a fledgling enterprise, our world has indeed changed, and forever.

Before proceeding to brief upon our bank's performance, I wish to introduce our newly joined colleagues in the board. Though they have already identified and introduced themselves, it is my duty to introduce the three new directors who have joined the board recently. I am very glad to welcome Shri B. Ramesh Babu, a veteran banker, who has held various positions up to Deputy Managing Director at State Bank of India as M.D. and CEO of your bank. He has worked in India and US and has a deep understanding of the command area where we operate. I am sure that new milestone will be achieved under his stewardship as we emerge from the current economic crisis.

B. Ramesh Babu:

Thank you very much.

N.S. Srinath:

I am also delighted to welcome Shri KG Mohan to the board as an independent director. He is an alumni of IIT Madras. He has over four decades of rich corporate experience in the field of information technology, planning and strategy. He has spent major portion of his career with Unilever and Johnson & Johnson. Welcome Shri K.G. Mohan to the board who is from Bangalore.

K.G. Mohan:

Thank you.

N.S. Srinath:

I am happy to welcome Dr. Harshvardhan Raghunath, who has deep expertise in various facets of financial industry to the board as an independent director. He by qualification is an engineer with an MBA from IIM Kolkata, and an M.S. degree from University of Maryland. He is a management consultant having rich experience working with BCG, Arthur Andersen and Bain & Co. The board is strengthened by joining of these three new directors.

Karur Vysya Bank
September 23, 2020

Today, I wish to only make a few observations on the year that has passed by and I trust that you have read my letter to you all in the annual report. Our M.D. and CEO will elaborate on our performance and future strategies.

The global economic growth, which showed signs of recovery during December 2019 and January 2020, came to an abrupt halt due to the pandemic outbreak. India's macroeconomic conditions deteriorated further owing to successive lockdowns. The banking sector faced strong headwinds, including muted GDP growth and continued liquidity stress in NBFCs to name a few. While financial year '19-20 ended on unsettling note, the developments during the first five months of financial year 2021 indicate that this will be a very challenging year for the banks. The government and the Reserve Bank of India have announced series of supportive measures to cushion the economic fallout caused by the pandemic. Against this backdrop, I am happy that your bank has posted an encouraging performance during financial year '19-20. The growth in the retail advances, aided by a steady agricultural loan book has helped offset the impact of degrowth in the corporate credit. While our net interest income remains largely unchanged, strong growth in non-interest income on the back of good treasury performance delivered the overall profitability. It may appear that our total business had not grown during the period. This is partly due to the conscious effort to achieve a granular growth in our advances portfolio. Asset quality challenges that your bank will face this year, given the withdrawal of moratorium, at some point of time, will be met by appropriate strategic plans developed by the management under the guidance of the board.

On a positive note, we have grown our CASA portion, especially the savings bank segment, and continue to grow our deposits granularly. It is pertinent to point out that your bank has already migrated its lending to an entirely digitally driven process for loan approvals. Furthermore, we have significantly enhanced our collection mechanism, both through the call center and on-field process and imbibe the recovery culture among staff members. These measures I am sure will keep the delinquencies under control apart from improving the recovery prospects from existing accounts.

It is also worth mentioning that during financial year '19-20, we have improved our provision coverage ratio (PCR) level to 68.90, the previous year, it was 56.86. And also increased our capital to risk weighted assets ratio CRER to 17.17%, which was 16% in the last year. And both these ratios have further improved during Q1 of financial year 2021.

You are aware that KVB is one among the few banks in the country, having an enviable track of paying dividends unfailingly ever since its inception. And we have always taken pride in the same. However, you would appreciate that Reserve Bank of India with a view that bank must conserve capital in an environment of heightened uncertainty caused by lockdowns has barred to the banks from payment of a dividend for financial year 2020. Accordingly, the Board of Directors of your bank has not proposed any dividend for the year ended March 31, 2020.

*Karur Vysya Bank
September 23, 2020*

Your bank has always believed in giving back to the community during this period. We have carried out a number of CSR projects with flagship projects that involve revamping the old Amaravathi bridge in Karur into a dedicated walk and jog track, providing equipment to hospitals and municipality for dealing with the pandemic apart from donating to central and state relief funds. The donations have been made not only by the bank, but also by all the KVBians.

Going forward, the board of directors are continuously engaged with the senior management to recalibrate the business strategies and convert any challenges into opportunities. Our aim will be to achieve better efficiency while ensuring healthy growth in credit and profitability. We intend focusing on widening the bank's digital reach by integrating with various fin tech platforms to offer seamless financial solutions to our customers. Further, cost control and expenses optimization will be pursued with rigor to contribute to our profitability.

Before I conclude, I would like to place on record our sincere gratitude to central and state government authorities, RBI, SEBI, Ministry of Corporate Affairs, stock exchanges -- NSE and BSE -- Depositories and other regulatory authorities for their valuable guidance and support.

On behalf of your bank, I salute and thank all our frontline healthcare and sanitation workers, our true corona warriors who have risked and unfortunately, few have lost their lives in this ongoing battle against an invisible enemy of humanity. I also salute all the KVBians who have ensured that the branches are kept open and functional to meet the requirements of our customers. I thank you all for setting aside your schedules and to be with us today from wherever you are. I wholeheartedly appreciate your sustained faith in KVB and its management. I hope you and your family members remain healthy and stay safe.

With these words, I once again welcome the shareholders, representatives of corporate, FIIs mutual funds, insurance companies and all other stakeholders to the 101st Annual General Meeting of the bank. Thank you.

Next: The notice and the annual report are with you for some time now. With your permission, I shall take the notice convening the 101st Annual General Meeting as read. As per the secretarial standards, reading of the entire text of auditor's report be it a statutory auditor's report or the secretarial audit report is not mandatory unless the said reports have certain qualifications, observations and comments made thereon and the members attention is also to be drawn to the explanation and comments given by the board for the audit qualifications, observations. There are no qualifications in the reports of the statutory auditors as well as secretarial auditors. Hence, with your permission, I shall take the statutory auditors' report and secretarial auditors' report as read.

For the benefit of shareholders, I request company secretary to read out the agenda items put for voting through this AGM. Over to company secretary.

Srinivasa Rao M.: Thank you sir. There are eight agenda items for approval of the shareholders mentioned in the notice of the AGM. Three agenda items are of ordinary business and five agenda items are of special business and all are ordinary resolutions.

Three agenda items of ordinary business are:

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the Financial Year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri M.K. Venkatesan, who retires by rotation and being eligible, offers himself for reappointment.
3. To reappoint M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Kochi, as the Statutory Auditors of the bank and fix their remuneration.

And the five agenda items of “SPECIAL BUSINESS” are:

4. To appoint Branch Auditors of the Bank and fix their recommendation.
5. To appoint Shri KG Mohan as Non-Executive Independent Director w.e.f. February 1, 2020 to October 11, 2022.
6. To appoint Dr. Harshvardhan Raghunath as Non-Executive Independent Director for a period of three years, w.e.f. July 30, 2020.
7. To appoint Shri B. Ramesh Babu as a Director of the Bank.

The final resolution that is eight, to approve the appointment of Shri B. Ramesh Babu as Managing Director and Chief Executive Officer of the Bank for a period of three years on the terms and conditions as detailed in the note.

Further, Reserve Bank of India accorded their approval for the appointment of Shri B. Ramesh Babu as Managing Director and Chief Executive Officer of the Bank vide their mail dated August 20, 2020.

The objectives and implications of the resolutions proposed at the AGM are already set out in the notice of the AGM and explanatory statement.

Since the remote e-voting has already taken place, the requirement of proposing and seconding of a resolution is not required. Thank you. Over to you, chairman.

N.S. Srinath: Now, I request M.D. and CEO, Shri B. Ramesh Babu to deliver his address.

B. Ramesh Babu:

Sir, thank you very much, sir. So, dear shareholders, a very warm welcome once again to all of you. When one is resolute in his mind, and unflinching, even when the misery piles on him, the misery that strikes him itself will become miserable. Reads the 625 Thirukural of the great poet Thiruvalluvar. All of us can draw inspiration from these lines, as today, every man, woman and child is facing unprecedented challenges. We will face and overcome this pandemic with our strength, vigor and support the valiant efforts of one and all. Amidst these testing times is an honor for me to be a part of the team leading this great historic institution, which has set high standards of repute in the industry and our country. Indeed, it is a great pleasure to be a part of this wonderful family of shareholders, customers and staff members. Thank you for giving me the privilege to welcome you all to this 101st Annual General Body Meeting of the Bank. This is the first instance of our annual general body meeting being held in the digital sphere and without your physical presence. Keeping in mind the need to comply with the continuing restrictions on public gathering, I am sure that you are all excited to be part of the first virtual meeting and will cherish this memory in the years to come.

Before I begin to share my views on the performance of the bank and our economy, I hope and pray that all of you and your family members will keep good health and remain safe. So, as far as we are concerned, so we value our staff members as well as customers. So, they are very critical for the bank. So all measures what all are required to protect them while they are functioning has been taken care. Likewise, for the customers also, the sensitization has been made and what all precautions they need to take including sanitizers everything has been provided there. And even today, so, we are aware of that and we are sensitizing our people.

COVID-19 pandemic, which sprang up suddenly necessitated various measures to be initiated by the government, including the unprecedented lockdown across the country, resulting in a heavily toll being imposed not only on the day-to-day lives of the citizens, but also on the economy. The recently released GDP numbers confirm the impact of the lockdown on the economy, the silver lining being the agri sector has shown a positive growth even when other sectors are in the negative territory. Government of India and the Reserve Bank of India announced several relief measures to ameliorate the difficulties faced by the borrowers. These measures have lent a helping hand to the people and will enable them to face the upcoming challenges. We are confident that the economic revival will take place gradually, and the resilience of the people and business will overcome the setbacks faced.

Apart from the COVID-19 pandemic, banking industry faced other challenges during the year gone by, which was in the form of liquidity crunch faced by NBFCs, sudden rating downgrades of large corporate, governance issues, including that of a cooperative sector entity, rescue package for a large private sector banking entity and merger of public sector banks. Together, these developments did have an impact on the business growth of the bank during the financial year '19-20. Despite these diverse challenges, your bank has emerged stronger with sound business fundamentals, which I am sure you must have observed in the annual report. The highlights of which I will share first and thereafter outline the various initiatives and our future goals.

Coming to the “Performance Highlights”. Chairman has briefed a few of the highlights. Your bank continues to be well capitalized with CRAR at 17.17% as on 31st, March 2020, of which core capital CET itself is 15.27% which indicates not only the inherent strength of the bank, but also provides ample opportunity for great expansion. So, you would have seen as at the end of June, the CRAR has crossed even 18% and 14% now. Total business as on 31st March 2020 stands at a level of 1,07,591 crores, with gross advance of Rs.48,516 crores and deposits of Rs.59,075 crores. While this number in absolute terms is lower by about 3% over the previous year, the average business numbers both deposits as well as average advances shows an uptick of 6% and 3% respectively during the year '19-20.

I am happy to inform you that on the deposits front, savings deposits continues to grow, and CASA portfolio improved to 31%, registering an increase of 141 basis points even in the first half year of 2021 also. So, the focus is on CASA and we are still growing on that. This augurs well for the bank and indicates that the digital initiatives are bearing fruits. However, term deposits have marginally declined by 3% due to specific circumstances prevailing in the last quarter of the financial year. Loan book has degrown by 4% mainly due to the conscious decision taken to reduce corporate credit exposure as well as repayment of interbank participation certificates. Composition of credit portfolio continues to directionally improve through increasing share of retail credit, improving to 23% of the total portfolio. Agriculture and commercial credit share stands at 19% and 32% respectively, and corporate portfolio share stands at 26%. So, you would have seen in the June presentation, the corporate portfolio share has come further down to 25% now and commercial portfolio has gone up to 33% now. Bank's Treasury portfolio during the year has been a substantial contributor to the bottom line, having earned Rs.340 crores through churning of investment portfolio. The performance during 2021 will be reasonable considering the prevailing market conditions and interest rate scenario. Net interest income for the year ended 31.3.2020 has remained stable at Rs.2,348 crores and total revenue was up by 5% at Rs.3,503 crore. Expenditure went up mainly on account of staff expenses, resulting out of provisions towards retirement benefits, which were higher than the previous year. Other operating costs however increased by only 4%. Operating profit for the year went up by Rs.50 crores to Rs.1,761 crores. Provision requirements for the year especially towards NPA were higher at Rs.1,356 crores despite which, net profit to the year has increased by 11% at Rs.235 crores. ROA has improved 0.32 for the whole year of '19-20 whereas, for the first quarter of this year, if you see, the ROA is at 0.59. Higher provisions enabled the bank to improve its provision coverage ratio to 68.90 as at the end of March. However, at the end of June, it has crossed even 72. The recovery efforts during the year resulted in gross NPA declining to 8.68, previous year it was 8.79, coupled with higher provisions undertaken, the net NPA has improved by 106 basis points to 3.92% from 4.98% a year ago. If you look at the June numbers, gross NPA has come down to 8.34 and net NPA has further come down to 3.44.

So, here, I would like to just share a minute about the impact on the NPAs on account of the moratorium. So, as far as the moratorium is concerned, all of you know that, end of August, the moratorium has come to an end. So, there are two basic components -- working capital as well as the term loan. So working capital is concerned, we have given an offer to all our

borrowers, whoever they cannot meet the six months, the interest component we gave an offer, 37% of the people have opted for this and we have given FITL, that is Funded Interest Term Loan to them, but 63% of the working capital borrowers did not opt. It implies that they are confident of meeting this obligation. So that way, we do not foresee many issues as far as working capital is concerned. Now, coming to the term loan, the six installments whoever have opted for the moratorium, we have extended the due date. So that way they had to start repaying the installment from this month onwards. So we started presenting the cheques for the EMIs SI, as well as NACH, all of them, it runs for this month, and initial estimate as well as assessment when we saw, out of those presented, more than 80% to 85% of the installments have been paid, rest of the 15% our people are in touch with them for regularizing these accounts, that way, it is quite encouraging on the term loan front too.

I would like to sum up by stating that these numbers reflect the inherent and fundamental strength of the bank, and believe that we are emerging stronger in these challenging times. An indication of this is through our first quarter numbers of financial year 2021 which are encouraging, and I am sure you have taken cognizance of the same.

I feel our shareholders would be disappointed that the board has been unable to recommend dividend for the year '19-20. As Chairman mentioned, for the first time in the history of the bank, I am sure that you are aware that this was due to regulatory requirements.

Coming to our initiatives and the road ahead, I would now like to take you through the various business transformation initiatives your bank has undertaken and the road ahead. With economy now functional via unlock measures initiated across the country, the prospects of a turnaround are visible, gauging the pickup in the business activity and the resumption of day-to-day activities on a larger scale. Bank will continue to focus on leveraging the technological initiatives to improve customer acquisition and credit delivery. Simultaneously, the thrust on alternative revenue streams, improving branchless footprint, etc., also will continue. The thrust as well as focus of the bank would be to have a branch light and distribution heavy structure. So likewise, all our branches wherever we have presence, so, the model we propose to do is wherever organic is there, we would like to go for the physical route. Wherever inorganic is there, we would like to promote the digital route. And we also would like to partner with fin techs, as well as the NBFCs by leveraging their product processes, and distribution expertise.

Now the results of the digital initiatives as well as a roadmap to achieve higher business growth in the coming years comprise of "KVB DLite" app has been downloaded by more than 15 lakh users, more than 1,70,000 accounts have been opened using this app. Apart from digital payments, and fund transfer facilities, DLite app is feature loaded, enabling term deposit, including recurring deposit operations and options like Demat, ASBA, locker, insurance, etc., as well as digital gold loan. Your bank will continue to work to enlarge the features in the days to come. Apart from customer facing services, we will also transform some of the back office functions into digital processes, which include centralized operation center, provides back office support to the frontline branches for document processing, KYC updation,

etc., Verification of transaction posting has been automated through robotic processing commenced. Expenditure management cell established to centrally handle the various payment functions. These initiatives I am sure will free up our frontline branch staff from repetitive tasks and enable them to concentrate on customer acquisition, interactions and improve delivery of services.

The pandemic has brought paradigm shift in our working environment. Bank has adopted the work from home concept and was able to seamlessly continue uninterrupted operations across the country. Even today, our entire treasury operations are being done from work from home. Our staff members utilized that time to improve customer connect and deliver personalized services, which will deliver stable banking relationship in the time to come. Bank being at the forefront of digital banking delivery was able to meet customer expectations arising out of necessity to avoid physical banking at branches. As stated earlier, our digital initiatives continue to do well and continue to be the backbone of our future business growth.

Notable product was our digital jewel loan alone available on the mobile platform also. The launch of which has come at an appropriate and opportune time. The industry witnesses a huge demand in this category, as people use jewel loan as a short-term measure to overcome their temporary cash crunch. Bank is well positioned to encash this opportunity and the portfolio has crossed Rs.10,000 crores. Retail and small business credit requirements which are the prime business segment for us historically continue to gain traction. Bank will continue to grow this portfolio, while keeping a close watch on the credit quality. Bank's portfolio in the sector is doing well and we are sure that it will continue to be robust. Digitizing the entire approval process has been a boon for the bank as well as for the clients. Traditionally, this has been a bread and butter business for us, enabling us to nurture and build business relationships, especially with the trading community. So while the commercial segment will occupy the center of our business growth platform, we will continue to cater to the needs of corporate clients subject to diligence and board approved limits. Pre-approved credit has been kicked off on a trial basis. It was offered to about 4,000 clients who have availed 83 crores so far. Portfolio performance has been good. And the bank expects this line to gain further traction during the coming period.

Commercial credit card has been received well. The card base stands at 2,862 with an average float of above Rs.9 crores for the financial year '19-20. It will continue to grow, albeit at a gradual pace.

To supplement this initiative, retail credit card has been readied for launch. Bank will have a stable credit float through this platform enabling us to maximize returns. Robust digital architecture has enabled your bank to create a co-lending platform and partner with reputed NBFCs, fin techs, etc., The platform is now live and is generating business volumes. Bank has developed strong partnerships with well entrenched players, enabling us to tap into the granular market which will also improve our visibility.

Non-branch distribution channel we call it as neo, is progressing well and cumulative disbursements till now have crossed Rs.660 crores and there are ample opportunities available in the market. Bank is likely to witness faster growth under this initiative.

Your bank has been permitted by the Reserve Bank of India to undertake bullion business which was launched in February '20. The new business is growing despite headwinds. AUM presently stands at around Rs.100 crores. This is another area where the bank would like to focus to enlarge its business.

On the non-banking business front. Bancassurance, FASTag, mutual fund distribution, demat accounts, etc., continue to grow. Bank will focus on upselling and cross-selling these products to our client to improve our wallet share as we find lot of opportunity available to be exploited. These transformation initiatives will help your bank to grow in focused areas and bring value to all stakeholders. We will continue to nurture and expand these business lines and will reap the rewards in the years to come.

Now, coming to the “Corporate Social Responsibility.” The pandemic has highlighted the importance of need of organizational support and giving back to the people and the society. As a responsible corporate citizen, our contribution to the society continues and we extend a helping hand to those in need. Our CSR activities encompass areas like education, health and sanitation, sports, environmental sustainability, woman empowerment, etc., by taking up development projects that would help the community at large and create a positive impact. Not only the bank, but the employees of the bank have also risen to the occasion by contributing a day salary to the PM CARES Fund to mitigate the hardships faced by those affected by the pandemic.

Before I conclude, I would like to share the words of Ian Davis, Managing Partner of McKinsey: “For some organizations, near-term survival is the only agenda item. Others are peering through the fog of uncertainty, thinking about how to position themselves once the crisis has passed, and things return to normal.” The question is, “What will normal look like?” While no one can say how long the crisis will last. What we find on the other side will not look like the normal of recent years. This was stated by him during the global financial crisis in 2008 which holds good even today given the current scenario.

On behalf of my colleagues on the board, and the staff members, I take this opportunity to convey my deep sense of gratitude to the shareholders for your long standing trust, loyalty, patronage and support given to us. We will always remain indebted to you for the same and take strength for our future endeavors.

I sincerely thank Chairman and other members of the board for their continuous guidance, as well as sharing their wisdom. I also thank our esteemed customers, business partners, and employees for your loyalty and affinity. I am happy to share that during my interactions with the customer, I could find the strong bondage they possess towards the bank, which itself is an

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affirmation and is a inherent strength of the bank. My wholehearted thanks to our employees for their unstinted efforts and their urge to render best possible services to the customers always, making our customers to prefer our bank for all their banking needs. I thank my colleagues for the support and excellence in their work. I also thank NSDL for having provided an excellent technical platform to interact with our shareholders.

Further, I would like to express our thankfulness to the Reserve Bank of India SEBI and central and state governments, other regulatory authorities and all other stakeholders for their continued support and guidance. Thank you, all. Thanks, sir.

N.S. Srinath:

Thank you, Mr. Ramesh Babu. I appreciate your spirit. Before I proceed to take up the question and answer session with speakers registered, I would request the registered speaker shareholders to note number one, to introduce themselves. Number two, while seeking clarifications, shareholders may kindly restrict to the subject matter on the agenda items only. Number three, replies to clarification sought by the shareholders will be provided at the end of the meeting. Number four, shareholders are requested to limit their queries to three minutes time in order to facilitate the other speaker shareholders to participate. Number five, if there is a connectivity problem at the speaker's end, the host will invite the next speaker and all such speakers would be given chance once their connectivity is restored within the available time. Shareholders are requested to cooperate in this regard.

Now, the question-and-answer session begins. I call upon the first speaker, N Sai Prasad to be connected and spoken.

N Sai Prasad:

Good morning, gentlemen. Respected Chairman, Shri Srinath, M.D. and CEO, Shri Ramesh Babu, esteemed Board of Directors, abled Karur Vysya Bank executives, officers, staffs, dear shareholders, good morning to one and all. My name is N Sai Prasad, a shareholder of the bank. My family has been shareholders since from the day one. Due to COVID-19 pandemic, by the orders of Ministry of Corporate Affairs, we are meeting at this AGM through video conferencing. By this way, this is a landmark AGM so to call, which has been made possible by technology. The year passed by 2019-20, the bank has witnessed and achieved greater milestones in several fronts, notably are NPA reductions, increase in the provision coverage ratio, maintaining the deposit base, despite PMC Bank and YES Bank crisis. Gross NPA reduced from 8.79% to 8.68%. Net NPA from 4.98% to 3.92%. Provision coverage ratio has gone up from 58.6 to 69.9, which Chairman and M.D. has mentioned. This will give the regulator RBI a greater comfort. Despite in a sliding economy, tough business conditions, Karur Vysya Bank has contained the NPA and slippages. This shows good amount of work done on recovery front. I would like to compliment the Board of Directors, the M.D., CEO for bank for making this to happen. Having said this, we the shareholders have few concerns on the earning side. Your flat net interest income at Rs.2,348 crores, net interest margins fell by 23 basis points, increase in the operating expenses by 8% at Rs.1,742 crores. I urge the management to take a note in containing the expenses. Sir, may I know the cost-income ratio as on 31st of March 2020? At this hour, I have a few suggestions to make; the capital adequacy

ratio is (Inaudible) well above 18% which is (Inaudible). Considering the present and the near future macro environment, growth would be muted. I would urge the management and the board of directors to take efforts to make the bank as a universal bank, encompasses all aspects of BFSI, Banking, Financial Services and Insurance. Why do you not think of starting subsidiaries? It is time to start one an insurance joint venture or a separate gold loan company or any other activities subject to the regulator's approval so that the capital can be used for high growth. It will serve twin purpose as well. One, it will maximize the wealth, thereby the intrinsic value of the bank shares will increase which will benefit the shareholders at large. Secondly, when these subsidiaries attain a critical mass, the value of unlocking can happen at a higher price which will give an elbow room to raise the capital at a higher price by the bank when you consider QIP or similar issuances. Why settle for a less price sir? This is the mantra. Non-declaration of dividend definitely should have strengthened the balance sheet. Going forward, I request the board of directors to work for the progressive development, distributive liberal dividends quickly as and when RBI permits. At this point of time, on behalf of all the shareholders, I welcome the new M.D. and CEO Shri B. Ramesh Babu to this glorious institution sir. Sir, you have come to essentially old bank, yet young in the mind, young in the zeal and drive for betterment, technologically well placed, adequately capitalized. Though the general business conditions are tough due to pandemic, only in a tough time the performance can be evaluated. I would like to recall a famous statement made by Father of our Nation, Mahatma Gandhi, "Never allow a good crisis to go waste." Sir, we have great expectation from you. Under your leadership, please strive to make KVB to attain the pinnacle of glory. With your State Bank of India's experience, we are sure you will take KVB to greater heights, more particularly, we want you to do your best, to enhance shareholder value, also by declaring higher dividends and issue liberal bonus shares in the near future. All the best to you sir once again. With this, I thank the Board of Directors, the Chairman for giving me the opportunity to speak at this AGM. Thank you. Welcome.

N.S. Srinath: Thank you Sai Prasad. I request the next speaker to be connected, Sengodappan S.L.

Sengodappan S.L.: Hello, good morning one and all. First, I would like to thank the management team for their excellent performance during the previous financial year. The main highlight is bringing down the net NPA which is very remarkable. The second one is I would like to recognize the local branch Erode savandapur branch for their excellent performance and customer satisfaction. When it comes to service, KVB is number one. The last but not the least, I have a question with regard to net NPA. Do you foresee any net NPAs for this current financial year and what is the percentage do we see of the net NPAs?

N.S. Srinath: Thank you. I request the next speaker to be connected, Hemant Khandelwal. Hemant sir, we cannot hear you. We will come back to you. In the meantime, we will go to the next speaker, Mr. Mohit. This speaker also could not communicate. We will check at the back end. We will come back to you. We will go to Mr. Madhukar.

Madhukar: Good morning. This is Madhukar. First, I would like to congratulate team KVB for maintaining the financials and while reviewing advances portfolio, corporate and institutional group CIG shares 26% of total advances. Over the past few years, the percentage of NPA were in this segment all because of like consortium advances. So, the share of CIG can be further reduced and balance with personal banking in the future or the days to come. And one more thing, at present, the net NPA level are 3.92 and it should be like further reduced to 0.5 as it were five years ago. So, the bank will be like shining in the future. The present employee strength is 7,935 and profit per employee is Rs.2.96 lakhs. Five years back profit per employee were Rs.7.9 lakhs per employee. The steps should be taken to increase profit per employee. So while the profits and reserves increases, the bank can give higher dividend to investors which were declared, a few years back which was traditional for the KVB after the government initiative to issue the dividend. So thanks for the opportunity given at this 101st AGM. Thank you, sir.

N.S. Srinath: Thank you, Madhukar. We will go to the next speaker Himanshu Upadhyay.

Himanshu Upadhyay: So, I have four things to state. We are more than hundred years old and it is a great pride that a financial institution survives for 100-years. But there are things besides living for 100 years. Despite what are we trying to achieve in this bank? Despite being 100-years old, our market share in both deposits and advances is less than 1%. And besides that, even when we are being conservative, our profitability is extremely low, volatile and NPAs are nothing proud to be spoken off. Can you tell me what as 100-years old organization and an investor in 100-years old organization I should be proud of because neither the sustainable profitability is there nor we have a market share? These are two important parameters. And on both of them, we are nowhere. Second point, a lot of changes were brought under the previous M.D., though he left for a brief period of time. The changes which he brought up, how many of them are sustainable? And the strategy under him, which we were going, how many of them we are going to change under the new M.D., can you give the new direction? I think the new M.D. has also spent sufficient time to understand the business. So can he give the changes what he wants to bring or not want to bring in the bank and why so. Third point, the bank has lost market shares steadily in last 10-years and profits are nearly half of what they were 10-years back. Where did the bank went wrong? And what are the Board reflections on it? What actions have been taken by board? And what changes have been taken on the people front in the bank after seeing the last 10-years results? Fourth and the final point, what are we doing to improve the quality of people? And we understand that there were certain new hirings under the old M.D., especially on analytics, risk management and all those sides. Are we sticking with those positions or we are letting those people go? What are our thoughts because some of these departments are completely new to us? So these are my four, five questions. If you can reply in detail and your thought process, it would be highly helpful. Thank you. And I am an aggrieved investor in this bank.

N.S. Srinath: Thank you for the feedback Himanshu. We will get back to you. We will go to the next speaker, Mr. P.S. Krishnan.

P.S. Krishnan: Good day to Karur Vysya Bank, board and management team. My name is Krishnan. I am a shareholder in Karur Vysya Bank, and I am based in Chennai. I have a bunch of queries and these queries are to gain a much better understanding of the bank's growth plans and operations. And my queries are, there has been a huge erosion in shareholders' value. So I would like to get an understanding in terms of what is the strategy and the plan to arrest this erosion in shareholders value and enhance shareholders value? Number one. The next point I wanted to ask was, what is a bank's growth strategy going forward? And which segments do you see or want to focus on growth? And what would be the growth metrics and milestones if there are any? My third query is, I do not want to repeat NPA levels because a lot of the other speakers have also spoken about high NPA levels. Also want to get an understanding in terms of what is the total outstanding NPA due from large or midsize corporates as on date? And what is the net value of collateral that we are holding? I think even a ballpark percentage figure would suffice. COVID notwithstanding, what is the three-year vision or aspiration for total business size, especially loan book growth, and what segments do you see driving growth and contribution? And my last query is, are we planning for any fundraising to augment the growth capital going forward? That is it from my end. Thank you very much.

N.S. Srinath: Thank you, Mr. Krishnan. We have Mr. B. Vasudevan in queue.

B. Vasudevan (Inaudible)

N.S. Srinath: Your audio is slightly getting disturbed. I have not fully understood. Number one, the first point which you made was on account of COVID-19, are you following the instructions issued by the authorities?

B. Vasudevan: Number two, how many staff are affected and what are the welfare measures given?

N.S. Srinath: Second point is how many staff are affected.

B. Vasudevan: Any tragic thing happened (Inaudible) yet you have not given the special leave or extra leave who are affected by COVID.

N.S. Srinath: I understood. Thank you, Mr. Vasudevan. Now, I request Shri J. Abhishek to be connected. (Inaudible). I am sorry, I am not able to hear you. We will come back to you. We will go to the next speaker logged in, K.S. Balasubramanian.

K.S. Balasubramanian: Mr. Chairman, Managing Director and other directors of the 101-year-old KVB, a rural based bank, well-known as traders bank with 779 branches and nearly 8,000 employees, I am K.S. Balasubramanian, a shareholder from Coimbatore participating in this unique virtual AGM of our company. Apart from raising queries and seeking clarifications on certain issues, the AGM provides an opportunity to the shareholders to highlight the good performance of the company in the midst of economic challenges and also the impact of COVID-19 at the end of March 2020. In spite of operating expenses having increased by 4% to Rs.885 crores from Rs.864 crores, and net interest margin declining to 3.44 from 3.66 and the spread falling to 2.67 from

3.90, our bank's net profit grew by 11.4% to Rs.235 crores which is really a steady growth. The net NPA has come down to 3.92% from 4.98%. Return on equity improved to 3.56% from 3.38%. Net-owned funds grew by 3.7% to 6,600 crores. The capital adequacy ratio at 17.7% as per Basel-III norms against a statutory norm of 10.75% speaks the inherent strength of the bank. CASA margin is also good from 31% to 35%. Digital transformation is being given a great attention. The CSR activities is a special mention. Contributions of Rs.5 crores to PM National Relief Fund and Rs.1 crore to CM Relief Fund, eco-friendly electric car in Karur railway station, donations of Rs.25 lakhs worth of equipment to Coimbatore Medical College Hospital, masks and sanitizers worth Rs.4.82 lakhs to frontline workers, classroom construction at the cost of Rs.2.25 crores, laying for walkers path old Amaravathi bridge at a cost of Rs.2.95 crores which the chairman had mentioned. All these deserve our appreciation. Coming to the other side, business per employee has come down to Rs.13.54 crores from Rs.14.42 crores. Advances declined by 4%. Deposits have also declined from 59,860 crores to 59,075 crores. May I know what is the present position in terms of CASA deposits? Total expenditure shot up from Rs.5,067 crores to Rs.5,384 crores. Export credit declined by 22.41%. Why? Foreign exchange transactions also declined by 12.57%. Operating expenditure increased by 7.9% on year-on-year basis to Rs.1,742 crores. Establishment expenditure also shown a 13% increase from Rs.765 crores to Rs.857 crores. RBI has imposed a penalty of Rs.92,950 to us for specified soiled notes remittances at our current chest. Any follow-up action taken on the concerned persons for the dereliction of duty? The loans and advances portfolio besides corporate focus area accounts, CBG, SBG, MSME, PBG sectors need a fresh look. Gold loan will be a less risky area compared to other. Sir the non-interest income should be increased. Higher provisioning due to COVID-19 high cost of funds weighted average lending rate in fresh loan may be highlighted. If necessary, in order to economically run the branches, the branches which has become non-profit center may be relocated or may be direct not from the (Inaudible) could be controlled.

So I would request you to kindly looking into these uneconomic branches and hasty opening of branches so that exercising more stringiest cost control measures and prudent financial management the bank will turn the corner will give better performance will reward the shareholders at least next year. Thanking you, Sir.

N. S. Srinath: Thank you, Balasubramanian. Now I request to connect Bharati Saraf who is in the queue.

Bharati Saraf: I am a Bharati shareholder Santosh Kumar Saraf speaking. I am a joint holder. My name is Santosh Kumar Saraf. I am a joint holder of Bharati Saraf. I have applied you can see that. I am Santosh Kumar, I am a joint holder. Bharati is wife.

N. S. Srinath: Okay. Are you a joint holder?

Santosh Kumar Saraf: Yes, I am a joint holder. You can check. No problem. I have applied in my name also. Respected Chairman, present Board of Directors, and my fellow shareholders brothers and sisters, my name is Santosh Kumar Saraf and I am calling from Kolkata my Namaskar to all of

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you. I just pray to god and hope that your directors, chairman, staff and others and the staff who is working in various branches and their families are all in good condition. I hope they will spend the forthcoming festive season well. I have sent a letter to you because many meetings were there so please look into that letter.

Your CASA deposit of Rs. 18,506 crores in that how much percentage is current account and how much is in saving account? Please increase your women employee's numbers in all your service branches that will be good. They will progress. I have asked for the figure of disabled employees, their data of disabled. And sir, 5.31 crores unspent amount what is this for? What is the status of this? Please try to answer. I have one complaint, sir 51833 complaints have come, in which accounts they came? Please tell me that will be good.

N. S. Srinath: Okay I understand he has already given a mail. We will try to look into it and take care of that. Can you please connect next to Deepak Khinji Chaddha who is in queue?

Deepak Khinji Chaddha: Good Morning to all of you, I am Deepak Chaddha from Tiruppur. My best wishes to the entire KVB family on the eve of 101st AGM. I put on record my sincere thanks to the KVB management for providing a truly rewarding relationship spanning for nearly two decades that I have been a shareholder of this wonderful bank.

Though last few years have been extremely challenging we all hope that it shapes up and scales great heights like some illustrious private sector peers of KVB. I congratulate Mr. Ramesh Babu for taking the names of this illustrious bank as CEO and wish him the very best. Thank you very much for providing me with opportunity. Once again, all the best and hope to see Ramesh Babu in person one of these days when he visits Tirupur that would be wonderful to meet CEO and really try and understand the future game plans. Thank you so much.

B. Ramesh Babu: Definitely sir. I will definitely meet you. Thank you very much, sir.

N. S. Srinath: Thank you for the good words. I request now to connect Gautam Chowdhary.

Gautam Chowdhary: Good morning. I am Gautam Chowdhary from Sanstar Group of Industries, Ahmadabad. Respected Chairman, Mr. Srinath sir; MD, Mr. Ramesh Babu and entire board of directors, shareholders and staff of KVB. First of all, I would like to thank everyone at KVB for giving me this opportunity to speak and I would like to congratulate Karur Vysya Bank for having its 101st Annual General Body Meeting in this new modern way.

We are present today to see and experience this momentous occasion of 101st AGM speaks volume how the bank have been continuously repositioning itself to the external as well as internal challenges and changes. This means it is a great achievement and speaks volumes as to how the bank has been continuously building relationship with its customers for over 100 years.

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I can only count a handful of companies in India who can boast also have completed 100 years of its business and truly feel proud to be associated with KVB. We are all passing through these difficult times of COVID-19 and hope all are keeping fine. I would like to inform you all that we have been associated with Karur Vysya Bank for the last 57 years and we have also crossed half the century with Karur Vysya Bank.

I still even remember that our journey started as a sole banker with Karur Vysya Bank in 1965 with (Inaudible) branch as a sake of traders and we are continuing the relationship as one of the largest manufacturers of **cold starch 1.33.33** in India. We have grown with Karur Vysya Bank. I had the pleasure of meeting all the directors for the last two generations. I am not only a customer but also a shareholder for the past last five decades.

I have been continuously receiving bonuses, rights, dividends from the bank from time-to-time. I have also had the pleasure of doing all the AGMs office executives in Ahmadabad and at central office for the last 50 years. And you would be surprised to do all of that. Each one of them was more dedicated than the previous one. This is what differentiates Karur Vysya Bank if starts works as a stakeholder and a custodian of the bank. With the state of art infrastructure dedicated team of staff KVB has positioned itself to be one of the finest bank in the private sector.

And is poised for the tremendous growth run in coming years. I would like to take this opportunity to congratulate Mr. Ramesh Babu who has taken over as MD of the bank. Mr. Babu brings along with him abundance of experience, knowledge, impeccable integrity and wisdom. We are of the fact that the bank and the banking sector as the whole is passing through difficult phase. With this wide array of skill sets I am confident that Mr. Babu will drive the bank through this difficult phase to new heights and reclaim the old glory. My best wishes to MD, Shri Ramesh Babu and the entire board of directors of Karur Vysya Bank in coming years. Thanking you once again. My best wishes.

B. Ramesh Babu: Thank you very much, sir. Thank you.

N. S. Srinath: Thank you for the good words. Now we will try once again Mr. Hemant Khandelwal who had dropped out earlier because of the technical glitch. Can you please try Hemant Khandelwal?

Hemant Khandelwal: Good Morning. This is Hemant. I have restricted my video due to the bandwidth repetition. Respected Chairman, Shri Srinath Ji; MD, B. Ramesh Babu Ji and distinguished members of the board, employees and the fellow shareholders; Namaste. I am Hemant Khandelwal, shareholder from Chennai. At the outset I wish good health to all, sir. I complement the company on the 101 Annual General Body Meeting.

What a way to start the 101 Annual General Body Meeting in a virtual manner, sir. It demonstrates that the company is going to adopt all the transformation which is happening in the banking and I wish all our good wishes that company grow and become one of the number

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one bank in India. Sir, I wish to thank Chairman for granting this opportunity. I appreciate and the presentation made for this virtual AGM. Extremely gratitude to our Company Secretary Shri Srinivasa Rao Ji and his team for creating and presenting the Annual Report in detail, transparent and informative manner.

Thank you, the company secretarial department, for coordination and assistance on the technical aspects. So we are extremely happy with the company's performance and we are very, very positive about the future outlook of our bank under your dynamic leadership, sir. And it is very immense honor and the privilege to be associated with KVB as a shareholder. Sir, your presentation has explained several important developments and the initiative undertaken by the company.

As a shareholder I wish to share my view and seek certain clarifications. I would like to apologize if I am repeating certain things if some my fellow shareholders have already expressed it. I would like to apologize for that if I am repeating. Sir, first of all I would like to congratulate on the excellent performance on all the parameter despite tough microeconomic situation. Sir, what is the percentage of loan amount the customer have availed the moratorium? First thing sir, the impact of COVID-19 on future business outlook and the prospect? Sir, will it be relevant that having a lot of physical banking branches going forward?

I believe that the transformation what is happening at the digital front we have to rethink and we have to think in a different manner that just having a physical branch will not suffice for the future growth. Sir, third thing I would wish to ask is there any inorganic growth for the company? Sir, fourth one, sir, what is your thought process on expanding into gold loan which is like very safe and secure? Sir, what is our strategy to be in the top 5 private bank in India? Sir, rest all things have been explained very well.

I would request company to adopt digitalization in the business and the operations to improve efficiency and save time. Sir, any strategy on expansion sir because we have very limited presence in the North part, in Northern India. So I wish what is your thought on that? Sir, on the cover page of the Annual Report we can mention the year 101 and I request and suggest, it is a suggestion from me. You can adopt this 101-year-old bank in the theme of your advertisement so it will create the trust and the faith in the customer's mind that such an old bank is there.

So why do not you? It demonstrates our fundamental and the strength. We are very happy and satisfied with our bank. Once again, I wish to thank Chairman for this opportunity. Thank you, sir.

N. S. Srinath: Thank you, Hemant. Thank you for your suggestions and also for the queries which you have raised. Now I request to reconnect to once again to Mr. Mohit who has dropped out because of audio problem.

Mohit: Chairman Sir, I am Mohit from Chennai. I am holding the shares for more than three to four years. Since the rights issue and our share prices have come down even below the rights issue price and during this pandemic time whether we are going to raise any fundraising for future like rights, QIP anything? Chairman sir, another question. We are a 100-year-old bank, but we are having just 700 branches or 800 branches, average. But the banks like Bandhan Bank, IDFC First Bank t within 5 years they have made more than 1,000 branches.

Bandhan Bank has made 1,200 branches within 5 years. We are 100-year-old Bank, but we have only made 700 branches, why it is so? And we are in the Southern part of India. What is the plan to go to Northern part of India? That is my other question. And sir, we are a very small bank. Why cannot we merge with any big banks and create value to shareholders? Like ING Vysya Bank did with Kotak Bank and the share prices tripled from there for ING Vysya shareholders.

Why cannot we go for inorganic opportunities? Sir, regarding the CEO, like Bandhan Bank, Kotak they are having good CEO in the media presence but KVB is not in the media. Our CEO, our Chairman sir are not coming through the media for interviews in frequent like City Union Bank has Mr. N. Kamakoti, he is for 17 years in the bank and he is the face of the bank. And regarding the profits. Our profits have been decreased for past three years. Regarding CASA, how you are going to make the CASA?

We are 100-year-old bank. The banks which are 5 years old banks are more than us. How we are going to increase our CASA above Rs. 50,000 crores how we are going to be? Regarding NIMs, our Net Interest Margins, we are below our peers like City Union Bank, DCB Bank but how we are going to increase our NIMs? That is all, Chairman sir.

N. S. Srinath: Thank you. Now anybody in the queue? Can you try Mr. Sekar KV?

Sekar K. V.: Good afternoon, I am Sekhar, shareholder from Chennai. I invite the new MD & CEO from a reputed bank from the State Bank of India. With regard to the performance of the bank during last year it was wonderful but however, in the Page 6 Centralised Operations Centres because of that the customers are facing lot of problems even for updation of the Aadhaar or updation of the mobile number because each and every bank they are doing it within one hour or two hour but our bank is taking lot of time two days or three days. That is why the customers are unhappy with these services. And with regard to the total advances which was reduced from the Rs. 50600 to Rs. 48,516 crores near about Rs. 2,102 crores decrease. As far as the deposits have also reduced from that and nearly about Rs. 793 crores. So the bank will be having more than 100 years old. The reduction in the level of deposit on that basis is not acceptable level compare with 3 peer banks.

Because banks have got the award for the digitalization and other thing, it is appreciable one. However, after digitalization moving customers are old valuable customers more than having 14 years, 15 years with our bank and retaining the customer concept is not followed. And so

many advances are rejected by digitization, but the bill was taken, and it was sanctioned. Why such contraries in sanctioning such thing? In the PMD how much of the gold was purchased and sold? What percentage earned profit in that division because they are not mentioned in the annual report? Those new projects what are the activities carried out by the newer project? In the annual report so many highlighted the new project and what are the activities carried out by you? What are the pilots with the bank? How many businesses where we have achieved? What is the bank's (Inaudible)? That is not founded out there. And in the balance sheet for the people who are 2019-20 lockdown came only on the last week of the March 2020.

In the business wise review page number 52 to 56 you have specified its impacts of the lockdown. How it is possible there because lockdown came in April, but it is not relevant to the financial year of 2019-20. Government has advised the banks to extend the moratorium in April only. We have not made it in each group is not acceptable one. In page number 58 with respect to asset quality. Empowered branch heads to take quick decision on OTS. Whether branch managers are empowered to settle such accounts or empowered to clear the OTS. And the previous MD was resigned it was mentioned as relieved on 31.03.2020. what is the reason for resignation is not specified in the report.

Only banks have been (Inaudible) page number 124 you have mentioned. Why it is not of cleared so far? With regard to sexual harassment case which was mentioned as a NIL but we received, hear from the (Inaudible) group some sexual harassment cases are reported, that was not mentioned in there. Out of the banks, that mentioned that one among the 42 frauds was mentioned in the report.

Even after one among the 42 frauds, but was only one case of report that are in the media that is what was happened in the gold loan case. Because if it was mentioned in the medias and everything everybody got fear to pledge their gold with our bank.

But other things not mentioned. Why is that incident only came in media? Even after 104 years the bank has not crossed this Rs. 110,000 crores, what is the strategy was adopted for crossing so many lakhs of rupees compare with peer banks. With regard to the COVID so many staff were affected, any special compensations extended to the staff who were joined or suffered lastly during the COVID session.

I hope that our MD will continue till the tenure of the three years I hope. I thank you for the management and Chairman for the given the opportunity to do this. Thank you.

N. S. Srinath: Thank you, Mr. Sekhar. Now we will go to Mr. J Abhishek.

J Abhishek: My name is Abhishek, a shareholder of the company my id 301637 and client ID is 413555. Sir, trust all is well with you and your family in this challenging situation. It was much more restricted in the current market cap. After completing more than a decade of successful

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operations profitability and dividend history and becoming one of the strongest banks in our respective segment.

Sir, first of all I congratulate the management on the eve of 101st Annual General Body Meeting. Sir, we are a long term shareholder of your company. My entire family is a shareholder of Karur Vysya Bank and since the inception of the company most of the shareholders, few of the shareholders have asked and most of queries have already sent through email so I will not repeat any of the queries which I sent through email and the other shareholders have asked.

Sir, Coronavirus and subsequent lockdowns have left virtually no industry untouched after the COVID. So I would like to know any employees we have sacked or hired, salary cuts? Any salary cuts taken by the management? What is the view of the management going forward? Still will your profit and growth will remain challenged in the coming quarters. And what are the management efforts to improve working capital sales ratio ROC, EBITDA and interest coverage ratio?

Whether our bank is involving in investor relation exercise like past call, quarterly presentation and meeting for global investors I would like to know from you. And I would also suggest you to move our bank to Northern parts also and open more and more number of branches and ATMs. Sir, I am as a shareholder I also have three, four properties in Chennai so you may also give us an opportunity to open your bank space and ATM in our premises, it will be a privilege for us.

So I can share the details with you, you can kindly look into the right person. And me and my team are running a legal firm in the name and style of 700 associates in Chennai and we will be glad to extent our services to Karur Vysya Bank and we will abide by the terms and conditions made by the bank. So you may kindly look in to the right person and add me in the empanelment of the bank so that we may provide services and we are glad to do that.

And nothing much to ask. I wish the bank and you know the rights issue most of the people are already told and I shall not repeat the same and I wish the company and the board of directors a great success and prosperity in the coming future. Thank you for giving me the opportunity, sir.

N. S. Srinath: Thank you, Abhishek. I feel that there is nobody else in the queue. Am I right?

Moderator: Yes sir, nobody in queue now.

N. S. Srinath: Okay in that case we will proceed further. Before I request MD and CEO to respond on the queries, I would announce general instructions regarding e-voting. Pursuant to the provisions of Section 108 of the Companies Act 2013 and Securities and Exchange Board of India, SEBI, bank offered e-voting facility, remote e-voting to the members for resolutions contained in the

notice through e-voting platform of NSDL from September 19, 2020 till September 22, 2020. The said e-voting was closed at 5:00 pm yesterday.

Though e-voting was ended at 5:00 pm yesterday, those members who are not voted on the e-voting platform may cast their votes through voting facility at the AGM through NSDL website until the 15 minutes from the conclusion of this meeting. Shri R. K. Bapulal of M/s Bapulal Yasar & Associates practicing company secretaries has been appointed as the scrutinizer to scrutinize the e-voting processes in a fair and transparent manner.

In terms of the SEBI listing obligations and disclosure requirements Regulation 2015 the voting results will be announced within 48 hours and the results will be put on the websites of NSE, BSE and in our bank's website. Now I request the MD & CEO to respond to the queries raised, clarifications sought, kind words, sentiments, pleasantries expressed by the shareholders. Over to Shri Ramesh Babu.

B. Ramesh Babu:

Thank you, sir. Sir, at the outset, let me convey my profound thanks to all the shareholders, who have participated proactively in providing guidance and providing good words and feedback on our performance. So I would like to thank the speakers, Mr. N. Sai Prasad, Mr. Singinapan, Mr. Hemant Khandelwal, Mr. Mohit, Mr. Madhukar, Mr. Pradeep Kumar Sharma sorry he is not there, Mr. Vasudevan, Mr. Himanshu Upadhyay, Mr. Krishnan, Mr. Santosh Kumar Saraf, Mr. Abhishek and Mr. Balasubramanian, Mr. Deepak Chaddha and Mr. Gautam Chowdhary and Mr. Sekhar.

So for taking out their time and which shows the concern and the interest what they have in our organization for providing such a nice feedback and for the good words. Now if you look at the feedback and the questions raised by the shareholders, so there is an overlap in the questions a few of them that is why instead of naming each and every shareholders and responding so I will address them in general on all the points what have been flagged. So first of all, many of them were talking about the growth strategy. And before that, let me say that the continuity so one of the shareholders has mentioned about the continuity and the initiatives.

So I want to confirm that every initiative bank has taken so with lot of thinking and wisdom of the Board, deliberations, brainstorming, these initiatives have been taken. It can be the digital platform or non branch channel or it can be the operation matter, whichever initiative is taken, so I felt in fact I have gone through the last one-and-a-half months, so there is lot of value in each of the initiative on this platform I am going to confirm to all the shareholders that none of the initiatives will be junked.

Every initiative will be taken forward because we have spent resources as well as management time also in that, and above all I also see value in them. But only thing what I may have to do is one we have visualized and initiated this particular initiative so what was the end result we anticipated if we are unable to reach that stage, so where did we stuck and how to fix those

issues so that they desired benefit what we have envisaged so we need to get that. So that way I want to confirm to everyone this continuity will be ensured.

Now coming to the people also another question was raised saying that RMD as well as analytics and rest of the people who have taken. So these are very critical for the sustenance of the organization these have been done, for improving the quality of the organization of the bank, so that way as I confirmed, every initiative will be taken forward. Analytics I strongly feel so that enables us to weigh to take a smarter way of taking decisions rather than in the normal way.

So analytics have to be used in depth and in fact number of times I am in touch with them, so every new initiative including RMD and analytics will be taken care of. Now coming to the growth strategy, so few other shareholders have been mentioning how to go ahead and all. So all of you know that when the country was growing actually the infrastructure was the need, your bank also has gone into the infrastructure and all, the CAG portfolio corporate what we are discussing.

So we also participated in the growth story of the country. So later few of the developments which all of you know and few of the sectors so they had to bear the brunt of what all has happened, and in the process having taken those exposures, we also need to bear the brunt. So that way, having realized so what we can actually digest, Board has already taken a call last year itself to confine the corporate exposures to Rs. 125 crores.

Earlier we were taking higher exposures also so second point what we took a call was whenever it is finance under a consortium, and if you do not have a sufficient share where you have a say in the consortium, so there is no point in being a member of the consortium because you will be a me to there in the consortium. So rather wherever there a sole banking or multiple banking or you have a hold in the consortium, so we propose to take those sort of exposures that too within the limit of Rs. 125 crores if we look at the overall exposure average exposure under corporate also if you look at it, it comes to around Rs. 38 crores.

Though Rs. 125 crores is the upper limit, average is about Rs. 38 crores, that way sufficiently the corporate portfolio has been granularized. And one more thing we need to look at it, out of Rs. 125 crores so there are few exposures even today which are above Rs. 125 crores where we found that they are backed by government and some sort of comfort is there and absolutely which will be less than ten numbers that also not many and those are continued and rest of the cases bank had to literally persuade even the good account holders also to reduce their exposure to confine and to bring it to Rs. 125 crores, to take rather events basis. An event comes to take care of that so that way sufficiently this portfolio has been addressed and now so with the proposed approach as far as CIG is concerned, we will be in the business.

Any good opportunity coming and all, we will not miss and we will be participating. Now having discussed about the CIG, so as I said at one point of time it used to be 35% of our total

advances which has now come down as at the end of June to 25% now. Now the focus what we thought in fact few of the press also, I had a discussion last week with them, so few areas the growth strategy because that is one of the point raised by the shareholders. First thing is, the Karur Vysya Bank's footprint and foothold was majority in the traders and MSMEs and these sorts of accounts.

So what we felt is, we call it as a commercial banking group which is up to Rs. 15 crores. Here it offers a lot of opportunity because the competition is relatively low here and the pricing powers are better here. So whereas in a bigger corporate, you do not have the pricing power, and above all you have to fall in line with others. So that is why we want to go back to the blackboard and want to see how we can regain our lost hold on the commercial banking group where the margins also will improve and you will granulize the portfolio, because even if there are some event risks and defaults are there, with the operating profit of Rs. 1,700 crores on an average what we are getting because there will not be any chunky and lumpy NPAs coming there, so you will be able to manage gradually.

So this is our approach, how we want to go ahead and all. For that the first step is last year verticalization has happened under that these advances were managed by the branches earlier. A separate vertical with Relationship Manager's structure has been created to bring focus. Now these Relationship Managers are exclusively handles this accounts only not on the general banking, so that way the bondage and connect will improve and the market what all potential is there we would like to exploit.

So this is regarding the commercial banking group. And coming to the retail, so retail your bank has spent enough resources on creating digital platform. Even the commercial also the digital platform is ready and everything is passing through that. Then you may be getting you may be thinking saying that so what is this digital platform? In earlier AGMs as well as various presentations, it has been explained but one minute I would like to share. In the normal course some application comes you will go with the papers what you have received.

The same thing if it passes through a digital platform, it uses so much of data available in the web. It can be a surrogate data, so that way prima facie it looks, it may be a good proposal, but the digital will tell you the inner story of that whether you need to take an exposure or you need not take or any hidden issues are there. So this we have brought out both for the commercial banking group as well as for the retail. So while retail has been stabilized, commercial banking is in the process of stabilization which we will work and where these issues are there, we will make all stakeholders to sit and we will fix all the issues to reap the benefit.

Coming to retail is concerned, the housing loan portfolio is growing and now it is at Rs. 4,500 crores which is pretty decent and likewise we are equally good in vehicle loan as well as LAP and personal loans also. So the good thing is your bank's digital platform enables our staff member to be in the house of a customer and within 15 minutes, we will be able to give a no or

yes for the loan request. So that is a specialty of this, the customer satisfaction will go up immensely so that way we would like to continue our footprint and the numbers in the digital through digital in the retail front.

There we are also focusing on the gold loans also because there is unexploited potential is available in the gold loans under the personal segment. So we will focus there. Now coming to the gold loan front, few of the shareholders have suggested saying that because it is capital light, why capital light, it is zero capital there, and relatively safer and near zero NPA so why cannot we focus on that. So your bank has already embarked on the journey and if we look at this year on an average, per month more than Rs. 200 crores we were growing Rs. 200 crores, Rs. 250 crores.

So if we literally see that compared to last year and before last year there is a 100% growth on the monthly disbursements under the gold loan. So we would like to grow under this segment and what are the various issues and enablers required to further take it up we will see that and this is an area particularly in the south there is a lot of demand is there. Your bank will try to exploit the total potential available. Now coming to the strategy two more aspects I need to share. One is the precious metal. Earlier few of our customers they were taking the non fund based facility like LCR guarantee from us, they were going to other banks and they were availing the fund based facility for the metal gold loan those who are the manufacturers of jewelers and the bigger gold budgets and all.

So these people instead of going to other banks so we have created the division by bringing the best in the industry and this entire set up has been created in Bangalore and they have already started and because of the pandemic now, we are going slow. We will restart the process and we have lot of confidence that this particular initiative will take us forward and will give us good numbers and in addition to that, it will make our customers to get all the facilities under one shelter instead of going elsewhere.

Now and one more interesting initiative, all of you know it, it is the non branch channel, that is NIO. So while the branch expansion also shareholders were mentioning, I will talk about that, wherever your presence is not there, but the business and potential is there. So we cannot afford to miss the potential in those areas, that is the reason your bank has taken the initiative of having a non branch channel and distribution wherein so the feet on the street they mobilize the business, going into the market, and all of them are laterals.

Already 70 people have been recruited, and in addition to Bombay 8 centers we have already opened and they are working and we have given earmarked set of products for them which should not actually have some sort of issues with the offerings from the branch there cannot be overlap.

So that way it started well, it is getting stabilized. Once the Covid this month end once we have a clarity on that, so we will expand to other centers also. So we feel this is another area which

is going to give good numbers because we wanted to ensure the credit quality. With the bitter experiences earlier we had in the CIG, so we are maintaining the same level of credit quality, digital what all we are doing manually for the non-branch channel also. So if we look at during this pandemic also the stress levels in the digital portfolio is much, much better in the sense that it is lower compared to non branch channel as well as non-digital booking earlier made.

So that way we want to focus on these areas simultaneously if we talk about the profitability as well as the ROA and how we are going to add value to the shareholders if we look at it, so these initiatives what I have discussed will add numbers to the assets, simultaneously two more levers will help us to improve the profitability and the net result. That is first thing is the asset quality on account of this earlier what all recognitions we have made under various segments including CIG, and we are actively pursuing these accounts for salvaging the amount and getting money out of that to the extent possible.

So that way any measure what all is required we are doing, and we have created a separate vertical credit monitoring wing headed by a General Manager exclusively to handle this particular segment so that NPA has to be the prime focus area for the bank and what we can first of all to arrest, monitor, arrest and to salvage and get money out of that. So that what all recoveries are going to come, it is going to help us in improving the bottom line. And one more initiative what we may have to think is, the upselling and cross selling. So currently the banks the products per customer if you look at it, so it offers a lot of scope for us.

The existing customer base of 8 million what we have so we want to procure a very good up to date and best-in-class CRM and that will enable us to track properly the leads and how to go ahead all these things we are already in dialogue with few of them and once that works, so that may give some more numbers for the improvement of the bottom line. So these things will help us in improving the income part. So there is a concern expressed by few of the shareholders about the cost to income ratio.

So Mr. Saiprasad was asking about the cost to income ratio as at the end of March. So if we look at it, it was around 46.68%, it has come down in June to 46.09%. So I agree so there is further scope for reduction because this is a two pronged approach, one is improving the income and second thing is to reduce the cost. Now we are working on each of the line items of the cost and what is needed, what is not needed, what we need to bring it down, these things we will work but we need to understand few things.

Suppose if we have spent something on the digital, it is not a cost, even if we are paying depreciation of that, it is an investment for the future. So wherever even if we have to incur today, but which is we are going to reap the benefit in due course, so we feel it is an investment and not a cost, we will continue to spend because your bank needs to have a good standing in the market and we must exploit every potential what all is there in the market. Now coming to the sustainability of the initiative. So CIG also have conveyed it.

Now people also I told saying that we will continue with this thing and all, not only that we are open for lateral at any position, irrespective of the level. So if some good value someone is going to add to the organization, and we are going to get a better perspective of the market by he coming to the organization, so definitely we are open and location also we are open that way so we are willing to see that the organization is benefited. One more good point all of you must be knowing also. Your organization is a very young organization.

The average age of the organization ranges between 35 to 37. If you look at a 100 year old organization, more than 100 years, how many organizations you will find with 35, 37 years. So it is the challenge for the management now, how we are going to leverage and unleash the energies of these particular set of youngsters, because they have the ability to accept what all if something is good, if we are telling them. So we need to tell them in a way which is palatable to them so that they understand, they will take the organization with higher speed.

Now Covid impact on the employees. Yes, we have taken enough measures first of all to take care of our employees when this has sprang up, so immediately we cautioned, we provided the sanitizers, masks, gloves everything what all is required to the employees and above all banking industry level a call is taken only 5 types of transactions will be conducted and not all. So that has really helped all of us. And we have sensitized the customers also not all of them to come into the branch at any point of time, not 4, 5 and all, to maintain the distance.

So these things have really helped, even today also it is helping us and many cases we have provided the mask for a customer who has not come with the mask so that that sense of having a mask will be developed and he will continue to have that. So we are more or less the first bank to enable our technology for our staff to work from home. So even today as I was earlier mentioning during my address, the entire treasury operations they are in Mumbai, all the dealers are sitting in working from home and we did not find even an iota of difference in their functioning which they were doing earlier and now.

Now also many of the back office functions where we can afford, so we are doing, and during the pandemic also we ensured that all branches functioned although with a limited staff sometimes 50%, sometimes lower than that depending upon the provision available and likewise our non branch channels like ATM and other channels we ensured all of them and up and running and we were continuously in dialogue with all the stakeholders who are supposed to maintain this infrastructure and in that way and we did not get any negative feedback from any of our customers about the services we have offered during the critical and challenging times.

Now coming to the staff if you look at it, employees affected, impacted are 430, out of that 338 have already been recovered, so under medical care now they are progressing and they are recovering 90. So I am extremely sorry to share with my shareholders that we have lost 2 of our colleagues so on account of the Covid, and we have provided entire support to the family members and all, and as far as the organization is concerned, so we have donated Rs. 1 crores,

Rs. 100 lakhs to the CM Relief Fund and medical equipment also has been provided to many hospitals. So customers are concerned the government what all measures they have announced initially for taking care of the customers as well as for the borrowers. So every measure has been taken by us in true spirit and with proper understanding that we need to provide a helping hand to all the customers.

So coming to the borrowers if you look at it on account of the Covid so we have also offered moratorium to all those who wanted, so few of you would have seen our Investors presentation during June. So we have mentioned there saying that 37% of our people have opted for moratorium. So now that moratorium has come to an end now from 1st of September onwards, so those who can repay, they can repay otherwise RBI has brought out a scheme for restructuring the loans for both for the business as well as for the personal front, retail front, and Board has approved a policy for that what are the norms we need to go for that.

So Kamat Committee that sort of 1,500 cases and all we do not have, as I was mentioning all our exposures are small now and average is Rs. 38 crores so we are ready with that. But what we are doing is 63% of the borrowers under working capital loan so they did not opt for any FITL, that is Funded Interest Term Loan in respect of cash credit interest of 6 months and they felt their internal accruals will be sufficient enough to service this interest. So that is the reason that gives a lot of confidence to you because during the pandemic period our people whoever were there at home.

So we made it a point, all of them to talk to all the customers continuously. So that gave us two advantages. One is we gave a feel to the customer saying that we are with them, we are enquiring about their wellbeing. Second thing we were also knowing what is happening on the ground. We are happy to advise that many of our borrowers, they are back in action and they are able to perform though not at full capacity utilization, so at varied levels that is going on now, because it depends on the industry, each of the industry so it has happened from 50% to 75%.

So that way as gradually when the economy reopens, we are reasonably confident that so our customers will be back into action.

So now coming to working capital as I said, regarding term loans also as I was mentioning during my address, so these installments they will be due in different dates in a month. So up to the end of the month we will be raising our demand for the term loan installments. The six installments which are due whoever has opted for the moratorium so as per their request all of them have become back ended now and at the end of the maturity so they will be repaying but they will start servicing the enter this EMI from this month onwards so we have sufficiently sensitized them.

And many of them who have the money and those who do not want to have the tag of restructure, they are coming forward, they are paying. If you look at it, up to 28th if we look at

the data, around 85% of the demand what we have raised, so they have honored and rest of the 15% also our own as well as the call center which we have created for the collections last year, so it is working well and they are in touch with them. The feedback what we get is all of them they are asking for some more time. It is a question of getting the cash flows. So it can be 10 days, 15 days so we are with them.

We know very well few people have lost their jobs, few people are not receiving their full salary, we are open and we are also offered to them wherever our helping hand is required, by restructuring their loan and to keep them afloat, so we are with them to support them and we will take care of all those things. But these things the first cut we will be knowing by end of September and the true picture of the total, because next three months they will be able to service or they have serviced one month. We will be able to get a total outlook by the end of December.

So coming to the capital raising plan, so your bank is well capitalized it is above 18% as at the end of June, I have clarified that now we have done an internal exercise because I can say that this pandemic is the mother of all stress scenarios and other scenarios what we were visualizing and doing a stress testing. This is much, much, much beyond that. So we have done a rugged and a stress testing wherein we wanted to see if all these scenarios what we think if they fructify, and if they happen, where your bank will be.

So I am happy to share that though RBI has stipulated a capital adequacy of 11.75%. So internally as a prudential measure, Board thought it has to be a minimum of 13%. So if it crosses below 13% at any point of time we will act immediately to see that we never breach the RBI benchmarks what they have given. So I am happy to share with all my shareholders that under this severest stress scenarios also, your bank will be able to manage and within that 13% it may not go below 13% so that is a source of strength for us, the capital and I need to thank each one of you for making your bank so strong and so that we are able to withstand any sort of unforeseen shocks like this.

So I take the point of Sri Saiprasad what he has mentioned how to properly deploy and use the capital surplus capital we have and we will discuss that what are the opportunities are there, we will work on that sir.

Now coming to the penalty and the currency checks. I agree what happens we have 8 currency checks are there. And but other branches also they handle cash. Lot of cash when it has come you know very well how your staff members have struggled during demonetization time to collect the cash. RBI was actually lifting this cash in lots. So that way some of the amounts which belonged to the demonetization period and subsequently during the rush period what all has come few of the notes what all have come actually they have gone there, so that way I feel that with the amount of cash what all was handled by the employees the number of notes which were traced are hardly minuscule.

It is not even coming to, it is coming to below 1%. So we need to understand their predicament and the support what they have extended up tonight also during the demonetization subsequently so we have sensitized all the staff members how they need to count the cash and we are giving them training also on how to identify these sort of notes and we are mindful of this fact, we will take it forward.

Now net NPA few of them were mentioning, so NPA is a cause of concern what we need to do. I have told you clearly saying that the earlier the infrastructure and other big corporates the problem how it has come. But rather they are me telling if you look at the trend of the NPA accretion, 2018-19, Rs. 2,300 crores was the NPA accretion whereas in 2019-20 if you look at it, it has come down to Rs. 1,600 crores. Okay first quarter though it is pretty low, so it is opaque because of the moratorium we do not know.

I am not going to talk about the first quarter results and all, so once the next quarter will be a better judge to let us know. But overall if you look at 2018-19 and 2019-20 the fact that the NPA amount has come down by Rs. 800 crores, so that itself gives us some confidence saying that we are at the end of the cycle as a pain. So majority of the accounts under corporate which have to be recognized for a variety of reasons bank must proactive in recognizing those accounts. Now in the normal course more pain comes in the corporate sector, so any commercial organization how they need to handle these accounts we will also be handling in those ways, and the operating profit what we generate in the normal course we feel the provisioning requirement what all we may have to make will take care of these things and all so that way we feel there may not be big shocks.

Another green shoot, what we observe is currently the restructuring if we look at it, under CIG segment, though we have huge number of accounts, less than ten customers have approached us even for a discussion for the restructuring. So instead of getting plethora of requests and a big flood coming and all these small numbers which comes that gives you some more confidence that the corporate portfolio has been cleaned up and rest of the quality of the portfolio is good.

Now coming to the branch expansion, few of the shareholders are mentioning, I agree 800 branches are there, majority are there in the South. I mentioned in my address the two pronged approach, that is as far as organic is concerned, I was mentioning it will be physical, physical plus digital. Having invested so much of resources in the digital front it is for us how we are going to leverage and get the best out of that. So even under the physical also, what all can be done digitally if those transactions can be moved to the digital, and the physical the footprint will come down and our people will be able to focus on the value services and valued customers and acquiring these things we want to do.

Now coming to digital front also, so as I said that non branch channel as well as digital on its own, many of you would have experienced our app DLite. It offers variety of features it is seamless, it is comparable with any big bank whoever offers this sort of app so you can use it

and you feel how it breeze. Now coming to expanding the branch, under these circumstances when digital is going to the future so what should be our strategy. So what we were thinking is liability is one area we need to have a sustained base because few of the shareholders were mentioning your TD has not grown.

There is a good point, what we need to see there is I agree, the overall the TD numbers as at the end of March the time deposits have not gone up, but if we look at the CASA as well as the time deposits, the average numbers have gone up. I have told that point in my address. If we see the average CASA on an average, we are growing by Rs. 1,500 crores to Rs. 1,300 crores per year. So last year also Rs. 1,300 crores we have grown. A specific factor on account of that on the material date when we reckon the numbers it may be low, but overall the average is going up and this year also the CASA is going up.

Under the liability front, our main focus is on the CASA so that the overall cost of funds will come down, then we will be able to offer better rates to our borrowers also. So that way if we need to improve the CASA we feel we have to deliberate in fact with the Board also so what we thought internally is can we think of exploiting the potential of the business correspondent. Business correspondent is a service wherein they are our extended arm and they will have a linkage to our CBS. So any transaction, in a village or in a semi urban area in the outlets someone does it is safer because no customer will conclude a transaction without his biometric.

The transaction initiates with the biometric either with a card or password, so that way the safety is ensured security and the next thing is without your branch your representative will be sitting there, he will be able to mobilize the accounts as well as the transactions in that, and which is relatively cheaper and cost wise also if we conduct a transaction in a branch, it comes to around Rs. 40, whereas in a business correspondent it comes to Rs. 15. So it will be a cost effective measure if we use this business correspondent rule, so we will exploit the potential, not that your bank is not in that particular area we are in that 130 are there to take our financial inclusion initiatives.

What we thought is we need to look beyond that. So how we need to expand our footprint, how we are going to mobilize our liability which will be sustained and granular which will not be affected by the shocks. Some, once in a way the news comes. So CSR and spend, yes we are also aware of that we are looking for good opportunities where it has to make a difference to the humanity. So that way we are looking at various opportunities so we will definitely take note of your point and we will spend it judiciously where it is going to impact the lives of the people.

Now one of the shareholders has mentioned about the inconvenience he has faced about the operations. So I am sorry from the bank's side, but I need to share with you one point. So we understand many times the branches in their anxiety with the load what they have they may not be able to handle in time the turnaround time may be higher. So first time and I can say that

very few banks have done that and your bank is in that league, so where all these operations which are mundane, routine we are centralizing and these operations the branch at the most they need to scan it and send it, a centralized cell people sitting, they will be completing it.

Their focus will be exclusively on this and they have the expertise in this. So that way we can ensure uniformity and we will free this staff in the branch. So this is going to be a game changer likewise cost to income ratio also, cost cutting many of you were mentioning. Yes, we are again mindful of the fact, wherever it is not required, we would like to reduce each of them. The bank has taken an initiative to centralize all expenses management. Suppose at each branch level something is done, so they will not have a unified view what is happening at rest of the centers.

So that is the reason your bank has taken a decision to centralize the expenses management and all these bills will be paid at a single point wherein a better control will be exercised. So that way I can assure you saying that the continuity what all has been there will be continued and none of the initiatives will be junked, and we will try to get the best out of each of the initiative and productivity, profit per employee, business per employee, ROA will be in our mind and finally if we fire all these initiatives I am very sure our market share will go up because few of the shareholders have expressed their concern about the market share.

So I totally agree with you. I will suggest a different way of thinking. While market share is important, so we also need to see the bottom line also. So which are the sectors actually which are the lines which are going to offer some sort of strength to our bottom line we may have to focus on those lines because if we again try for the market share, earlier what we have done like a corporate advances high value advances for the numbers, if we go for that.

So we need to understand our appetite and how what we can digest and your bank is well aware of these facts, and the Board will discuss and up to what extent we can take an exposure, how we need to go for the market share, progressively how it has to grow all these will be deliberated. I once again from the bottom of my heart thank every shareholder for taking out their time which itself shows the interest and concern they have towards our bank and the bank is fully grateful to all of you for the interest all of you have taken, and thank you very much for the feedback and guidance each one of you have given.

And I would like to thank our company secretary, few of you have mentioned also for bringing out the Annual Report so well and coordinating everything in the meeting so seamlessly. Thank you very much.

N. S. Srinath:

Thank you, MD sir. I would also like to assure all the shareholders that whatever suggestions we have given it will be gone through in detail in our board meetings and appropriate actions will be initiated and assure that the bank is in the safe hands lead by Mr. Ramesh Babu and you will see the performance of the bank in the coming days. Of course there was one question

why the previous MD left early. And also there was a question whether the initiatives taken by him will continue, whether the staff who joined will continue.

MD left for pursuing other options and opportunities at the same time all initiatives taken by him will be continued with the same vigor and all staff recruited nobody will be separated or sent away. They have been selected with thorough thought. They will be utilized to the best advantage of the bank. This is the assurance I can give it to you.

Now I thank all of you and thank MD for responding. Now I request Shri M. K. Venkatesan, Director to propose the vote of thanks.

M. K. Venkatesan:

Thank you, Chairman Sir. You have assigned me to express vote of thanks to the shareholders and participants of this 101st Annual General Meeting. Esteemed shareholders of Karur Vysya Bank, our bank Chairman Shri Srinath sir, our new MD & CEO Mr. Ramesh Babu, my beloved colleagues of the board and other members of the bank, ladies and gentlemen; first I want to congratulate our Chairman and our MD & CEO for conducting the proceedings of this Annual General Meeting in a very, very smooth manner.

I really appreciate not only our Chairman and MD all the executives of the bank having done because this is the first time that we are conducting Annual General Meeting in this video mode. I need to really appreciate all the people who have connected with this video Annual General Meeting. I really appreciate. At the same time, it is my duty to extent sincere gratitude extended by the customers and shareholders of the bank.

I also thank all the regulatory bodies RBI, SEBI, Central and State Governments, MCA, National Stock Exchange, Bombay Stock Exchange and all other business associates of Karur Vysya Bank including our statutory auditors M/s Walker Chandiock & Co and our secretarial auditor M/s Bapulal Yasar & Associates who is the scrutinizers of this Annual General Meeting. It is really unfortunate that under this pandemic situation we have been forced to conduct this Annual General Meeting virtually as per the MCA guidelines.

I pray our God that all of us should be restore normalcy within a very short time. Though I have mentioned again I want to mention my special thanks and appreciation to the media, police and particularly NSDL who has provided this technology platform. Here I have to thank all the speakers who have spoken good about the bank and lot of suggestions has been extended and I need to appreciate our new MD & CEO though he joined our bank just 45 days or 60 days before.

During his response and during his speech also he has covered as if he has been with the bank for more than three years or four years. I really appreciate the way that he presented the things what I can say in a golden plate he has presented before the shareholders.

On behalf of the board and senior management team of Karur Vysya Bank, I assure you the bank shall deliver the best we will deliver to improve our growth, performance of our bank

Karur Vysya Bank. One of the speakers have touched about the shareholder value also. Dear Sir, we are very much concerned and we will definitely work for the improvement of our shareholder value improvement. I thank everyone once again. Wish you all the best. Thank you, ladies and gentlemen. Thank you, Chairman Sir.

N. S. Srinath: Now we are coming almost to the fag end of the meeting. Just as a reminder as already mentioned I request the members who have not voted already through e-Voting may cast their votes through electronic means in the NSDL platform. E-Voting facility at AGM through VCOAVM will be available up to 15 minutes from the conclusion of this meeting.

I request all of you to stand up for the National Anthem.

Meeting Concluded at 13:40 PM