



# “Karur Vysya Bank Annual General Meeting”

**August 11, 2021**



**DIRECTORS ATTENDANCE:**

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

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

**STATUTORY AUDITOR:**

SHRI KRISHNAKUMAR ANANTHASIVAN	PARTNER, M/S. WALKER, CHANDIOK & Co., CHARTERED ACCOUNTANTS
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**PROPOSED STATUTORY AUDITOR:**

SHRI P M VEERAMANI	PARTNER, R.G.N. PRICE & Co., CHARTERED ACCOUNTANTS
SHRI MENAKSHI SUNDARAM	PARTNER, SUNDARAM & SRINIVASAN, CHARTERED ACCOUNTANTS

**SECRETARIAL AUDITOR:**

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

**N. S. Srinath:** Good morning to all. I, N. S. Srinath, Chairman of the Bank, extend a warm welcome to the 102nd Annual General Meeting of Karur Vysya Bank. I wish you and your families are healthy, safe and well during these uncertain, unprecedented times. Since the requisite quorum is present through video conferencing, other audio visual means as confirmed by the Company Secretary pursuant to circulars issued by Ministry of Corporate Affairs and Section 103 of the Companies Act, I call the meeting to order. Seeking the blessings of Goddess Gayathri and founding fathers, Shri M. A. Venkatarama Chettiar and Shri Athi Krishna Chettiyar, we will commence our meeting with invocation. I request Ms. Subbulakshmi to render to the invocation.

**Subbulakshmi:** Invocation

**N. S. Srinath:** In adherence to government directives on COVID and to maintain social distancing norms, as also in compliance with the directions of Ministry of Corporate Affairs and Securities and Exchange Board of India, your Bank has arranged the AGM through video conferencing, other audio visual means rather than our usual way of doing AGM at a physical venue. We have ensured to take sufficient care to maintain proper social distancing and comply with other health advisories while conducting this meeting. Further, in order to comply with the social distancing norms and the restrictions on interstate movements laid down by the government of India and local government authorities, some of the board members are participating from different locations.

Now, I will introduce myself and my colleague directors on the Board. I am N. S. Srinath - Chairman of the Bank conducting this Annual General Meeting from Bank's registered and central office, Karur. Accompanied with me, to my left is Shri. Ramesh Babu - Managing Director and CEO of the Bank.

**Ramesh Babu:** Good morning to all of you. I am B. Ramesh Babu - MD and CEO, Karur Vysya Bank attending the 102nd annual general meeting of the Bank from the KVB's Auditorium at Registered and Central Office, Karur. I wish you and your families are safe and vaccinated. Thank you.

**N. S. Srinath:** To my right is Mr. M. V. Srinivasamoorthi.

**M. V. Srinivasamoorthi:** Good morning. I am M. V. Srinivasamoorthi - Non-Executive Non-Independent Director attending this Annual General Meeting from Registered and Central Office Auditorium, Karur. I wish you all good health. Thank you.

**N. S. Srinath:** Now, let me introduce my other colleague on the board joining through video conferencing, Shri. M. K. Venkatesan.

- M. K. Venkatesan:** Good morning to everyone. I am M. K. Venkatesan - Non-Executive Non-Independent Director, attending today's annual general meeting of Karur Vysya Bank from Registered and Central Office, Gallery Hall at Karur. Please take care of your near and dear ones. Thank you.
- N. S. Srinath:** Shri. A. K. Praburaj.
- A. K. Praburaj:** Good morning everyone, I am A. K. Praburaj - Non-Executive Non-Independent Director, attending this Annual General Meeting from Registered and Central Office, Gallery Hall, Karur. I am sure that you all are in good health. Thank you.
- N. S. Srinath:** Shri. Ram Kumar.
- R. Ram Kumar:** Good morning. I am R. Ram Kumar - Non-Executive Non-Independent Director, attending this Annual General Meeting from Registered and Central office, Gallery Hall at Karur. I believe that we will have a prosperous year and a healthy mankind. Thank you.
- N. S. Srinath:** Dr. V, G. Mohan Prasad.
- V. G. Mohan Prasad:** I am Dr. V. G. Mohan Prasad; I am a Non-Executive Independent Director of the Board of Karur Vysya Bank. I am also the Chairman of the Customer Service and Stakeholder Grievances Committee of the Bank. I am attending the 102nd Annual General Meeting of the Karur Vysya Bank from Coimbatore and today we are amidst the COVID pandemic, please vaccinate yourself and please get all your near and dear vaccinated and by wearing a mask, you can prevent transmission. I hope all of you are safe and by next year, we should be able to meet physically in the next AGM of KVB 2022, so God bless, thank you.
- N. S. Srinath:** Smt. K. L. Vijayalakshmi.
- K. L. Vijayalakshmi:** Good morning all. I am CA. K. L. Vijayalakshmi - Non-Executive Independent Director, attending this 102nd AGM from Coimbatore. I am also the Chairperson of Audit Committee. I wish you all and your family a good health. Thank you.
- N. S. Srinath:** Dr. K. S. Ravichandran.
- K. S. Ravichandran:** Good morning to everyone. I am Dr. K. S. Ravichandran, attending this 102nd AGM of Karur Vysya Bank. I am a Non-Executive Independent Director and I am the Chairman of the Nomination and Remuneration Committee of the Board of Directors of the Bank. I hope everyone is safe, taking care of yourself as well as your near ones. Thank you.
- N. S. Srinath:** Shri. Harshavardhan.
- H. Raghunath:** Good morning. This is Harshavardhan Raghunath - Independent Non-Executive Director of Karur Vysya Bank. I also chair the Risk Management and Asset Liability Management Committee of the Board. I wish everybody good health and successful coming year.

- N. S. Srinath:** Mr. Mohan from Bangalore had joined right now. There is slight technical glitch.
- Moderator:** Sir, Mr. Mohan is not with us.
- N. S. Srinath:** Okay, once he joins, once his connection is restore, I will introduce him. I am also accompanied to my second left, J. Natarajan - President and COO and to my right near the podium is our Company Secretary, Srinivasarao Maddirala. I recognize the presence of Bank's Statutory Central Auditors, M/s Walker Chandiook & Company, Mr. Krishnakumar Ananthasivam, Partner who are completing their tenure as statutory auditors of the Bank at the conclusion of this annual general meeting of the Bank, as per the regulatory guidelines of Reserve Bank of India. Recent RBI guidelines mandated that banks with asset size of Rs. 15,000 crores and above as at the end of previous year shall conduct the statutory audit under joint audit of a minimum of 2 audit firms. As per the said guidelines, the Bank's asset size is more than the stipulated threshold in this regard. The Bank will need to appoint a minimum of two joint statutory auditors. RBI accorded their approval on the appointment of two joint statutory auditors.
- I recognize the presence of the proposed joint statutory central auditors whose appointment resolution is placed as one of the agenda in the meeting. They have joined through the video conferencing mode, M/s R G N Price & Company, Chartered Accountants, Kochi represented by Shri. P. M. Veeramani, Partner. The other Chartered Accountant firm is M/s Sundaram & Srinivasan, Chartered Accountants, Chennai represented by Shri. Meenakshi Sundaram, Partner. Also, I recognize the presence of Secretarial auditor and scrutinizer of this annual general meeting, Shri. R. K. Babulal, Senior Partner representing M/s. Babulal Yasar & Associates, Company Secretaries, joining through video conferencing mode.
- R. K. Babulal:** Good morning to you all. I wish good luck to all sir.
- N. S. Srinath:** Thank you. The Bank has taken all visible efforts under the current circumstances to enable members to participate through video conference, other audio visual means and vote at the AGM. 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. Now, I shall call upon the Company Secretary to make few general announcements. Over to Mr. Srinivasarao, Company Secretary.
- Srinivasarao Maddirala:** Thank you sir. In compliance with the circular issued by the Ministry of Corporate Affairs, the provisions of the Company's Act 2013 and SEBI listing obligations and disclosure requirement 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 accounting 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 to all the shareholders through email whose email IDs are registered with the Bank's Registrar and Transfer Agent of their respective depositors. In accordance with the provisions of the Company's Act 2013 and SEBI listing obligations and disclosure requirements regulations 2015, the members have been provided the facility to exercise their right to vote by electronic means through NSDL platform both through remote e-voting and e-voting during and after the annual general meeting. All the relevant documents referred in the notice requiring the approval of members at the meeting and other statutory registrars are available for electronic inspection of the NSDL e-voting platform.

Bank has received requests from 13 eligible shareholders who are members of the Bank as on the cutoff date that is August 4, 2021. All their requests are considered and allowed them as speakers. The floor will be open for these members to ask queries or express their views. The moderator will facilitate this session once the Chairman opens the floor for question and answers. The other members can also post their views or queries on the communicate tab on the video conference screen.

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 video and audio icon appearing on the screen and if for any 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 earphones, so that you are clearly audible and it may also minimize any noise in the background. You are also requested to ensure sufficient bandwidth and lighting at your end.

During the annual general meeting, if any shareholder other than speaker shareholder faces any technical issue, can contact the helpline number mentioned in the notice of the annual general meeting or refer to the FAQ section available on the video conference screen. Over to Chairman sir for welcome address to the shareholders. Thank you.

**N. S. Srinath:** While introducing the Directors, there was a small technical glitch and I could not introduce Mr. K. G. Mohan and Mr. K. G. Mohan, you can mark your presence and greet our shareholders.

**K. G. Mohan:** Thank you, Chairman sir. Good morning everyone. I am K. G. Mohan - Non-Executive Independent Director and also Chairman of the IT Strategy and Digital Transaction Monitoring Committee of the Bank. I am attending this annual general meeting from Bangalore. I wish you all a very healthy, happy, safe year ahead. Thank you sir.

**N. S. Srinath:** Thank you Mohan. So good morning to all shareholders. It gives me a great pleasure to cordially welcome you all to the 102nd annual general meeting of the Bank and address you this morning. This is a special occasion to exchange the thoughts and ideas between the Bank and its shareholders. We really expected to meet you all in person this year, but the COVID-19

safety protocols have continued this year also and the meeting is being held through virtual mode. At this juncture, let me appeal to those who are yet to get vaccinated to get the jab at the earliest and healthy nation in containing this pandemic. Also, prevail upon your friends and relatives to get vaccinated if not already done so.

I would like to take this opportunity and convey on behalf of all of us, our Bank's congratulations to the Indian Olympic contingent for bringing glory to the nation by winning 7 medals at the Tokyo Olympics. This is a record, every Indian will cherish and a gold medal by Neeraj Chopra and the performance of our men and women hockey team has brought us lot of pride and happiness. My best wishes to them in the coming Olympics also.

I hope you would have gone through my message in the annual report and hence I will confine myself by touching upon few important observations. Our MD and CEO will elaborate on our performance and future strategies in his address. The fiscal 2020-21 will never be forgotten. It will be etched in our memories for overturning the lives of the people and bringing in distort changes. The pandemic touched our lives in some way or the other bringing noticeable changes in the lifestyles. The entire strata of the society were affected. The global growth contracted sharply during the year owing to lockdowns and disruptions in trade. The fall was even deeper domestically as the country underwent one of the strictest lockdown. Sadly, the offshoots of revival witnessed during the festive season could not be sustained as the breakout of mutant strains in the initial months of financial year 2022 derailed the growth prospects. The banking industry was crippled with double whammy of multiyear low credit growth and gushing deposits into the system which resulted in pressures on margins. The government of India and the Reserve Bank of India stepped in with unprecedented fiscal and monetary stimulus measures to reinforce the falling economy.

Amidst this tough environment, I reasonably believe that we have made a decent performance in a difficult year. This proves that your Bank has the resilience to ride out volatility and uncertainty. We grew our balance sheet responsibly in terms of business growth, strengthening of bottomlines, healthy liability franchise and improving our capital adequacy levels. In a situation like this, what characteristics must an organization display to thrive better, what it must do to wither out the odds and emerge as a predominant financial house, the key to this lies in the two words that you see on the cover of your annual report, growing responsibly. What it takes to grow responsibly? The words, growing responsibly encompasses an extensive landscape, be it business growth, solutions that create value for our customers, fairness and diversity in work place, relationship with the communities, etc. It also imbibes within it our resilience to cope with adverse circumstances and spring back by unleashing the potential.

In the process of responsible growth journey, we significantly strengthened our digital underwriting capabilities and navigated cautiously through the capricious external environment. As you probably know, the retail and commercial loan approvals are processed through an entirely digitally driven process. The gross and net NPAs of our Bank are consistently softening for the last 2 years. Thanks to our robust underwriting mechanism and

also the enhanced collection systems. This is already yielding results by way of visible diminution in incremental slippages and has also brightened the recovery prospects in legacy accounts. We have been continuously improving our provision coverage ratios and also significantly strengthened our capital adequacy levels. In the days to come, we will focus more on delivering a sustainable and responsible growth. So I would urge all our shareholders to look at your Bank's performance from a wider perspective of resilience and long-term growth.

Turning now to the year ahead, we are already beginning to see glimpses of early signs that give rise to cautious optimism as they say the darkest hour is before dawn. Hopefully, we have passed through the darkest hour. We are witnessing a declining trend in COVID cases as well as prospects of vaccine rollout, gaining pace across the country. We expect the credit growth to revive in the medium term, aided by supportive stimulus packages of the government and accommodative policy stands of RBI. We are also optimistic that the farm laws will strengthen the rural credit demand and open up new opportunities for lending in agricultural sector. We are continuously reviewing and recalibrating our business strategies. We will strive to further granularize our portfolios and unleash the potential of our branchless banking unit, NEO. We are also aiming to penetrate the untapped segments by integrating our digital capabilities and also by strategic tie-ups with select Fintech platforms and NBFCs. Having said this, our focal remains on continuously improving our productivity, operational efficiency, cost control and expenses optimization.

Giving back to the community has been the guiding principle of our business, ever since we commenced our business a century ago. During the year, we intensified our community empowerment activities with special focus on extending required support to low income group who have been disproportionately impacted by the pandemic. We also collaborated with the government and local authorities to create a far reaching impact in the areas of healthcare, education, livelihood, enhancement, etc., and we will continue to explore more community support initiatives in the days to come. We value your support. The outlook is turning positive and the conditions are increasingly becoming favorable. Our business is well positioned to continue to prosper into the future and I look forward to the years ahead with confidence.

Before I conclude, I would like to thank my fellow board members for their support during the year. I would like to place on record my appreciations to the management, senior executive team and the rank and file of the staff for their outstanding efforts during the year. I am sure their efforts will continue to place the Bank in a strong position to capture the opportunities ahead. On this occasion, I express my sincere gratitude for our shareholders, business partners, customers and other stakeholders for the continued support and faith in us. I would like to place on record our sincere gratitude to Central and State government authorities, RBI, SEBI, MCA, Stock Exchanges, NSE and BSE, Depositories and other Regulatory Authorities and our Statutory Auditors for their valuable guidance and support. I thank you all for setting aside your schedules and to be with us today from wherever you are. With these words, I once again welcome the shareholders, representatives of the corporates, FIIs, mutual funds, insurance



companies, and all other stakeholders to the 102nd annual general meeting of the Bank. Thank you.

The notice and the annual report are with you for some time now. With your permission, I shall take the notice for convening the 102nd annual general meeting as read. As per the secretarial standards, reading from the entire text of auditor's report, be it 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 auditor's qualifications and observations. There are no qualifications, observations and comments in the reports of the statutory auditors as well as the secretarial auditors. Hence, with your permission, I shall take this statutory auditor's report and secretarial auditor's 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 the Company Secretary.

**Srinivasarao Maddirala:** Thank you sir. There are 5 agenda items for approval of the shareholders mentioned in the notice of the annual general meeting. Four agenda items are of ordinary business and one agenda item is of special business and all are ordinary resolutions. Four agenda items of ordinary business are, first agenda item, to receive, consider and adopt the audited financial statements of the Bank for the financial year ended March 31st 2021 together with the reports of the Board of Directors and auditors thereon.

Second agenda item, to declare final dividend of 50 paise per equity share of face value of ₹ 2 each for the financial year 2021. Reserve Bank of India has issued guidelines regarding payment of dividend out of the profits for the year 2021 while its circular dated April 22, 2021 and advised the quantum of dividend payout to 50% of the actual entitlement in line with the extant guidelines of RBI circular dated May 4, 2005. Accordingly, Board of Directors of the Bank have proposed the final dividend.

Third agenda item, to appoint a Director in the place of Shri. M. V. Srinivasamoorthi, DIN: 00694618 who retires by rotation and being eligible, offers himself for re-appointment. Fourth agenda item, to appoint M/s R G N Price & Co, Chartered Accountants, Kochi, FRN Registration No: 002785S together with M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, FRN Registration No: 004207S as joint Statutory Central Auditors of the Bank and fix their remuneration.

And one agenda item of special business is, that is fifth and final agenda item, to appoint branch auditors of the Bank and fix their remuneration. The objectives and implications of the resolutions proposed at the annual general meeting are already set out in the notice of the annual general meeting and explanatory statements. Since the remote e-voting has already taken place, the requirement of proposing and seconding of the resolution is not required. Thank you. Over to Chairman sir.

**N. S. Srinath:**

Now I request MD and CEO, Shri. B. Ramesh Babu to deliver his address.

**B. Ramesh Babu:**

Thank you Chairman sir. Dear shareholders, welcome to this 102nd annual general meeting being conducted virtually in line with the current social distancing norms. Quoting a Vietnamese monk, hope is important because it can make the present movement less difficult to bear, if we believe that tomorrow will be better we can bear a hardship today. This quotation is the mantra that has kept us going through the past financial year 2021 and continues to be relevant through the second wave of COVID-19 that swept across the country in April and May and the threat of third wave. While hope kept all of us motivated to face the tough economic and market challenges, it was ingenuity grit and determination of scientists and doctors that led to fast based research for vaccination to enable to world populations safeguard themselves, against evolving strains of COVID-19 virus. The pandemic also forced all of us to think differently and evolve a new normal including work from home, digital transacting and shopping, virtual meetings, online classes and so forth and so on. The biggest hope for us is that India's COVID inflection curve continues its downward trend and signs of recovery are also visible. The reduction in new cases coupled with an improving recovery rate and the speed of vaccination drives across the country augurs a slow, but positive move towards recovery.

As a Bank, we too have faced formidable challenges on the personal as well as business front. Being an essential service, we are continuing to deliver uninterrupted service to our customers while taking all necessary precautions to safeguard ourselves, our families and our colleagues. In order to enforce the new guidelines, we adopted for safeguarding ourselves during the pandemic, branch and office staff were advised to work from home as much as feasible. Division offices were provided complete description to formulate work rosters whether alternatives like bi weekly, weekly, staggered work hours, etc., to safeguard our employees while ensuring seamless business continuity of our customers. We initiated the reimbursement of COVID testing costs, compensation for immediate medical attention for infected staff and reimbursement of hospital expenditure incurred by COVID positive employees that was over and above the insurance settlement. In the unfortunate cases where there were fatalities, we provided additional monetary solace beyond the employee's insurance compensation. In addition to these measures, we also organized talks by medical experts on various aspects of pandemic, organized vaccination camps across locations. As we always have, we continue to stand by our employees and our extended KVB families providing help and support in every way we can.

On the macroeconomic front, as we all know, financial year 2021's started with the COVID-19 pandemic and the nationwide lockdowns, they were imposed and to prevent and restrict the spread of virus across the world. This choked both market, demand and supply dealing a decisive blow to an already weak economy. The livelihood of many got affected including small businesses that shut down. Governments, central banks and regulators worldwide responded swiftly by coming out with several policy measures to overcome the crisis. These were aimed at providing succour to the financial institutions and stabilize financial markets and damp the severity of the global crisis. The recovery seen in the last quarter of the year was

battered by the second wave that hit at the start of the first quarter of the current financial year. In response to the second wave, the RBI and Government of India have come out with an additional relief measures to the needed sectors. I hope the above measures coupled with ramping up of the vaccination drives would reduce the possibility of any third wave. I hope for and expect economy to show stable signs of recovery in the current year.

Coming to the performance highlights for the year 2020-2021, despite financial year 2021 being a very challenging year, we improved our overall performance in terms of asset quality, business growth and profitability. Our people have shown true grit and determination in the face of severe odds proving beyond doubt that they are our true strength, playing by our century old ethics and work culture enabling our enduring results. Your Bank continues to be well capitalized with capital adequacy ratio at 18.98% as on 31st March 2021 of which the core capital that is CET-1 we call is 16.95%. This shows the inherent strength of the Bank and also our capability for future trade expansion. Total business as on 31st March 2021 stands at ₹ 1,16,098 crores comprising of gross advance of ₹ 52,820 crores and deposits of ₹ 63,278 crores. The growth in deposits and advances is 7% and 9% respectively.

On the deposit front, savings deposit continue to grow and the CASA portfolio improved to 34% registering a growth of 3%. The reaffirms that our digital initiatives are bearing fruit. The term deposits also improved to ₹ 41,625 crores as on 31st March 2021 as against ₹ 40,568 crores of the previous financial year. The gross advances excluding interbank participation certificates have grown by 11% and the credit growth has come from all verticals excepting corporate wing where we are trending cautiously and in that way, majorly growth has come from the retail segment. That too at a lower risk weighted asset percentage. Retail continues to have 23% share in the total portfolio, commercial at 32% followed by agriculture at 22%. The corporate portfolio reduced to 23% indicating our shift towards a granular portfolio.

Our NEO business model is progressing well and they built a loan book of about ₹ 1400 crores at the end of 18 month period. So we have plans to expand area of operation in the current year, there is immense scope for this vertical to grow. Our precious metal business completed their full year of operations and during the year, they dealt with 3 tons of gold valued at ₹ 1361 crores. The metal loan book at the end of the year was ₹ 302 crores and this is scaled up further due to the current year. Our transaction banking group handles supply chain finance and we are offering vendor finance, dealer finance and factoring programs. Your Bank is actively participating in TReDS platform by financing MSME vendors. The total portfolio under this business is ₹ 345 crores. The net interest income for the year ended 31st March 2021 is at ₹ 2360 crores and the total income was at ₹ 3416 crores after refunding ₹ 25 crores towards interest on interest as per the honorable Supreme Court's order and ₹ 15 crores of interest capitalization on moratorium accounts.

Operating profit for the year was ₹ 1429 crores, 19% lower than the previous year due to onetime impact of ₹ 246 crores of the 11th Bi-partite settlement and the interest refund reversal as mentioned above. Provision requirements for the year especially towards the NPAs were

lower at ₹ 757 crores, previous year it was ₹ 1449 crores due to which the net profit of the year increased by 53% to stand at ₹ 359 crores. ROA has improved to 0.49%, previous year it was 0.32%. Higher provisions enabled the Bank to improve the provision coverage ratio to 72.7%, previous year being 68.9%. The recovery efforts during the year resulted in the gross NPA declining to 7.85%, previous year it was 8.68%. Coupled with higher provision undertaken, the net NPA has improved to 3.41% from 3.92% of last year. Our collection efficiency continues to be above 95% during the last quarter of the year as well as the current year too. Anticipating the challenges, we have created a separate collection team to closely oversee the stressed accounts particularly at SMA0 and SMA1 levels.

In summary, these numbers continue to reflect the inherent and fundamental strength of your Bank. In view of the above, the Board of Directors of the Bank has recommended a dividend of 50 paise per equity share on a face value of Rs. 2 per share that is 25% of the paid-up equity capital of the Bank for financial year 2021. The new initiatives taken by the Bank during 2021 are, we planned and implemented several new initiatives during 2021. These include, launching of digital gold loans and digital loans through KVB Delight app, video KYC has been launched, end-to-end digital processing of the commercial and retail loans, establishing centralized operation center and stabilizing it to provide complete back office support to the frontline branches for document processing, KYC updation and many more back office works, automation of daily transaction posting through robotic processing, expenditure management cell is getting stabilized to centrally handle the various payment functions.

Now, coming to the ESG, environment, social and governance practices of the Bank are concerned, in your Bank, ESG is considered as an integral part of the business. It has taken cognizance whenever any activity endeavor is planned or strategized by any business unit in their operations affecting both clients and customers, external and internal as well. Coming to environment, as a part of our commitment to reduce carbon prints and greenhouse gases, we contributed battery powered electric vehicles to hospital and railway stations for the use of public. Our Bank has 850 KW Wind Turbine Generator at Theni District, Tamil Nadu and generating 12,00,000 KW electricity during financial year 2021. As a measure for energy efficiency improvement, the Bank has started installing LED lights in a phased manner in all the branches. Digital current account, video KYC, digitization of interoffice communications through E-Memo, replacing paper based documents are other initiatives taken by your Bank in this area.

Coming to the social part, Bank extended help to COVID-19 frontline workers by way of distribution of masks, sanitizers, gloves to hospitals and public. More than 83% of our employees have been vaccinated. Bank continues to support its effort to strengthen the health infrastructure in the country. So coming to the governance, your Bank is committed towards achieving the higher standards of corporate governance for conducting the business with integrity and fairness, being transparent in all transactions, making all necessary disclosures complying with all the applicable laws, accountability and responsibility to all the stakeholders. The board consists of eminent executives with lots of experience in banking, risk

management, financial market, information technology, agriculture, business transformation, textiles, law and other domains.

Now, coming to our strategy which we have articulated in our annual reports as well as in the investor's deck uploaded in our website, so we call it as SMART, that is the focus will be on SMEs, emerging corporate, agriculture, retail through technology. Our growth strategy till 2024 is summarized and deliver sustainable and consistent financial performance by providing superior services towards to our targeted customers; offer our clients appropriate financial solutions, production services by focusing on the Southern and Western markets attracting small and medium entrepreneur, self-employed professionals and the entire spectrum of individual savers; establish a sole-banking or preferred Bank relationship by providing positive customer experience through delivery of quick and efficient services, leveraging our digital channels backed by experienced and dedicated team; ensure an optimized balance sheet approach to achieve, maintain and sustain the benchmark ROA of (+1%) by the financial year 2023-2024.

The above strategy will be pursued religiously by utilizing the following means which are split into 5 heads, one is people, process, practices, planning and partnership. Coming to the people, nurturing in-house talent; continuous capacity building of officers in credit appraisal, risk management and loan recovery; digital enablers to sales force at the field level; talent acquisition through lateral hires; talent management through appropriate retention measures. Processes; digital adoption A2Z customer journey through technology to deliver a seamless personalized customer centric experience; improved decision making and operational excellence by leveraging data, business intelligence and advanced analytics; adoption of technologies including robotic process automation and artificial intelligence. Practices; strong governance and oversight; developing a good compliance culture; zero tolerance for non-adherence to process and compliance; comprehensive risk management practices. Coming to planning; optimize the use of financial resources; improved efficiency of the capital deployment; ensuring adequate competitive funding is available with the Bank. Finally, coming to the partnerships; co-lending partnerships with NBFCs; Fintech partnerships for sourcing and providing digital customer experience across multiple channels. This in a nutshell, we would like to pursue.

Our initiatives and the road ahead. I would now like to take you through the various business transformation initiatives. Your Bank has planned for the year 2021-2022 and the road ahead. One is Cloud banking. Bank has embarked on cloud journey as early as in the year 2003 onwards for our transaction fixed services and again in the year 2017 for our digital transformation project, however, we are confident that by adapting Cloud services, for the Bank in a widespread way, other strategic initiative will bring the following benefits:

1. Faster deployment of production services
2. Standardized technology infrastructure by focusing on open-source models.
3. Save technology management cost sizably

4. Better scalability and lock on to the capital cost.
5. Ensured and structured cyber security controls.

Based on the above, we are closely working with leading cloud service providers to identify applications suitable for the cloud as well as modernize our infrastructure to reap the best benefit of cloud services.

Retail credit card:

We have implemented corporate credit card program in the year 2020 and based on this experience, we plan to launch retail credit card program during the current year. This will be an end-to-end paperless digital process with high degree of rule based underwriting process. Now, enhancements what we have brought out in the Delight app, we have launched unique Delight app, mobile Bank application in the year 2019. We are glad to mention that 2.65 million downloads were made and more than 0.24 million savings accounts were opened through digital mode, 1.5 million customers currently use this application. In addition to regular banking operations, customers can use this app for bill payments, e-commerce services, Fastag recharge, etc. We have larger plans to expand these services for the benefit of our customer during the current year. So digital center of excellence, you are aware that your Bank has created digital center of excellence in Chennai to undertake digital initiatives of the Bank. We are pleased to mention that all our retail and commercial loan products are fully on digital mode. This is an end-to-end paperless process which enables our team at branches to seamlessly book and dispose the loans at ease. The digital processes helps us to scale up our business and rule based underwriting model supports operating team in taking right decisions at the right time. Our team at the center is continuously working towards the value added services to customers in digital mode.

Coming to the road ahead:

We are consistently moving towards a granular portfolio by diversifying our lending and minimizing the reliance on our corporate portfolio. Our retail loans and small business loans are fully on the digital platform and the quality of loans underwritten digitally is good. We have temporary stopped, unsecured loans and we will resume them after studying the market at the collections track record. The digital platform is highly scalable and we will make use of this to expand our assets. Our jewel loan portfolio in both agriculture and personal segment is doing well and we shall continue to focus on this during the current year too. We have kept our LTV at 75% for the personal segment to mitigate the price risk. We continue with our internal limit of per borrower exposure of 125 crores while on-boarding new corporates and many of our existing customer exposure have been reduced to this level. Exceptions are certain government accounts and few of the borrowers, we have created special business units to oversee this business and we continue to onboard new customers with prudent underwriting standards. The businesses of NEO and precious metal division would be ramped up during the current year further. Your Bank has commenced co-lending activities with non-banking

finance companies in the commercial vehicle and construction equipment segment. Going forward, your Bank will continue to focus on new business opportunities under this model for widening its horizons.

On the nonbanking business front, Bank Insurance, Fastag, Mutual Funds, Distribution, demat accounts, we continue to grow. The Bank will focus further on up-selling and cross-selling these products to clients to improve our wallet share. With these diversified activities, we plan to expand our asset base expect a growth of 12% during the current year with more focus on the retail and small business, MSMEs, depending upon the external environment. We aim to deliver a sustainable and consistent financial performance by providing superior services to our targeted customers and in the process, realize our goal of achieving ROA of over 1% by financial year 2024. We have identified focus segments such as small and medium entrepreneurs, self-employed, and professionals and the entire spectrum of individual savers, particularly in the Southern and Western markets as the potential growth drivers. Our approach would be to offer our customers need based specific financial solutions, products, services by providing tailor-made solutions and positive customer experience through delivery of quick and efficient services.

Before I conclude, I would like to quote Verse 666 of Tamil Poet, Thiruvalluvar, they reach their goal as planned, those who are steadfast in their plan. On behalf of my colleagues on the board and the staff members, I take this opportunity to convey my deep gratitude to the shareholders for your longstanding 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 our Chairman and other members of the board for their continuous guidance and sharing of their wisdom. I also thank our esteemed customers and business partners for their continued loyalty and trust. My wholehearted thanks to our employees for their continued loyalty and trust and unstinted efforts to render the best possible services to our customers always. I thank my colleagues for the support and excellence in their work. I also thank M/s NSDL for having provided an excellent technical platform to interact with our shareholder. Further, I would like to express our thankfulness to Reserve Bank of India, SEBI, the Central and State governments, other regulatory authorities and all other stakeholders for their continued support and guidance. Thank you all.

**N. S. Srinath:**

Thank you Mr. Ramesh Babu. It is really a dynamic speech with deep insights on the Bank's performance and its strategies. Before I proceed to take up the questions and answer session with speakers registered, I would request the registered speaker shareholders to, number one, identify themselves from where they are speaking, number two, while seeking clarifications, shareholders may kindly restrict the subject matter on the agenda items only. Number three, replies to clarification sought with shareholders, will be provided at the end of the meeting. Number four, shareholders are requested to limit their queries to reasonable time in order to facilitate the other speaker shareholders to participate and lastly if there is a connectivity problem at the speaker side, 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. I pass on the control to the moderator for the shareholders to flag their questions, suggestions. Over to the moderator.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer sessions. We will take our first speaker shareholder K. S. Balasubramanian. You may please go ahead, please.

**K. S. Balasubramanian:** Good morning, Chairman & Director, one of the South-Based Banks with the history of more than a century with dedicated banking services to the middle class and lower middle class. I am K. S. Balasubramanian, a shareholder from Coimbatore participating as a speaker in this unique 102<sup>nd</sup> AGMs. Sir, against the background of COVID-19 pandemic affected economy, the performance of the KVB is to some extent satisfactory if not splendid or spectacular. The net profit was ₹ 359.39 crores as against ₹ 235.02 crores last year. Gross NPA ratio improved 7.8% versus 9.3, though the cross NPA, net NPA have shown an increase. Return on asset was 0.49% versus 0.32%. Capital adequacy ratio as per Basel-III was 18.98 versus 17.17. Diluted EPS was 4.50 versus 2.94. Improvement in deposit collection, provisions coverage ratio was 72.70%. Dividend of course at Rs. 0.50 per share, this is not at all up to our satisfaction, but anyhow due to the RBI restrictions and considering the reserves we agree. But I have few more questions to ask, sir. There was a steep fall in the total interest income ₹ 598.99 crores to ₹ 547.04 crores. Other non-interest income was only ₹ 680 lakhs versus ₹ 3450 lakhs last year. Why such a drastic fall? Operating expenses shot up from ₹ 1741.71 crores to ₹ 1986.83 crores. Why such a steep rise in expenditure. This resulted in operating profit came down from ₹ 176.08 crores to ₹ 142.93 crores. Segment revenue from ₹ 714.46 crores, ₹ 652.70 crores. Operating segment results including treasury corporate, retail etc. came down to ₹ 164.64 crores from ₹ 202.42 crores, in which segment the slippages are causing concern. Sir, it is the highest, is there any fresh slippages and which sector accounted for such slippages. SMEs, retail, agriculture or corporate. What is the slippage ratio presently due to COVID-19 stress covering personal, corporate, Individual and small business loans. Overall credit growth was also subdued at 9%. Do the Bank see any pressure on asset quality? And how about collection? The Chairman was kind enough to tell that the collections is about 95%. What is the percentage level of collections, he has clarified. Is there any efforts made invoking personal guarantee under insolvency and bankruptcy code for recovery of bulky slippages. What is the percentage of net interest margin? Any improvement in non-interest income? What is the present Gross NPA and net NPA. Has the Bank made any recovery, already written off account? Any further deterioration in asset quality envisage, lastly I would suggest the management to reduce the exposure to corporate loans as much as possible and resolved to more gold loans which is safe and secured and no further need for more provisioning for stressed loan segments. The managing director was kind enough to inform about the resorting to cloud servicing and digitalization. I hope that with these two instruments, the Bank will definitely score more profit and reward the shareholders next year. Thanking you, sir.

**N. S. Srinath:** Thank you, Mr. Balasubramanian.

**Moderator:** Thank you. We take our next shareholder, Krishnan PS. You may go ahead, please.



**Krishnan PS:**

Thank you very much. Good day to you, good day to Karur Vysya Bank Board and Management Team. My name is Krishnan, I am based in Chennai. Before I raise my queries, I would like to acknowledge the good work and progress of Bank in moving away from bulky corporate deposits, corporate accounts, improving our underwriting practices, building a retail-based deposit franchise, as well as diversifying and building a more granular asset book. I have few queries around the operational metric and performance of our Bank and **like to discuss**. Even though gross and net NPA has come down in FY21 at 7.85 and 3.4%, our NPA ratios are very high when compared to the overall banking industry. So I would like to get an understanding from the board and management team, what is the roadmap and target to bring down the NPA ratios to more reasonable levels. My second query is the return on equity at 5.31% and return on assets at 0.5% are definitely at a very lower end. What is the roadmap and target to drive up the ROCE, ROE and ROA? And what are some of the specific initiatives of the Bank which should drive the ROE and ROA? My third query is around the asset quality which I perceive is on the broader side in comparison to other similar size banks. Our slippage are especially in Q1 and FY22, the recent quarter, especially with 80% coming from corporate houses and SMEs, what are the initiatives and measures undertaken to ensure that the slippages are contained within a reasonable level? My fourth query is around provisional coverage ratio, which at 56% in Q1 in FY22 is at the lower end again. What are the steps that will be taken to improve the PCR going forward? My next query is around our book value in relation to the market capitalization or valuation. Our Bank is currently valued close to 50% of our book value which I think is a market reflection and a perception of the quality of our book or asset book. In the event, we want to enhance our capital, we will have to dilute equity at the significant discount to our book value. How does the Bank plan to address this mismatch between the book value and the market valuation of our Bank? My next query is, the banking & financial sector you spoke about some of our digital initiatives and going forward how we plan to address about the digital initiatives of the Bank. This sector is witnessing rapid changes and disruptions where digital lending Fintech, co-lending, technology enabled credit appraisal and monitoring systems related to risks and losses which are the current trends at the banking sector. In light of these disruptions, how Karur Vysya Bank, a traditional Bank has geared itself to handle disruptions as well as compete, more importantly compete with other banks, NBFCs, Fintechs and other financial intermediaries. My last query is our wage cost or employee cost as a percentage of our net interest income as well as operational revenues are much higher when I compare it to other Bank NBFCs and similar sized banks. How do you plan to address this gap? That is it from my end, these are my queries. Thank you very much.

**N. S. Srinath:**

Thank you, Mr. Krishnan.

**Moderator:**

Thank you. The next shareholder is K. R. Palaniappan. Please go ahead.

**K. R. Palaniappan:**

Chairman, CEO and Board of Directors and my unfortunate shareholders. See but for the last AGM, **(Inaudible) 1:10:43**. Sir, let me welcome Mr. Ramesh Babu. **(Inaudible)**

**Moderator:** While we check the connection for Palaniappan, we will take our next shareholder, K. Nagarajan, we lost his connection, our next shareholder, Santhosh Kumar Saraf. You may go ahead, please.

**Santhosh Kumar Saraf:** Respected Chairman sir, other members and my fellow shareholders who are present on the video call. I am Santhosh Kumar Saraf, I am calling from Kolkata. First of all, greetings to all. Chairman, sir, you are doing a wonderful job. Sir, I am giving you flower from here, please accept it, sir. And sir, you along with other employees, I wish good health and hope you all are safe and healthy. And sir, I pay due respect to those who left us during the COVID time. May their soul rest in peace and may their family get strength to pass this time. Sir, I have already sent a letter to your secretary. He must have got it; it must be in your table. So I won't take much time of yours. I would like to know what is the future plan of the Bank with which our Bank will come to our old glory. And also I would like to know if any new branches have been opened and how many new employees joined us? At your office building which you own, what provisions have been done for rain water harvesting, inside your building, what steps are taken to reuse it? Also, what steps taken for renewable energy set up on the roof top of your building? And please tell, about the vaccination, how many employees are vaccinated? And sir, I would like to know did you pay for the expense incurred by employees for vaccination. And I won't take much time of yours, pray to god, you and board of directors and all employees, they and their families, let their lives be filled with happiness, wellness and safeness. Last one request is, please continue video conference. See, I am able to express my feeling from Kolkata, which is otherwise I am not able to attend. Jai Hind, Jai Bharat. Thank you for giving me time. Once again wish long life for you, that our company is doing great under your guidance. Thank you, sir.

**N. S. Srinath:** Thank you.

**Moderator:** Thank you. We take our next shareholder, J. Rajendran, you may go ahead, please.

**J. Rajendran:** I am Rajendran, participating in the 102<sup>nd</sup> Annual General Meeting from Chennai residence. I was an employee of our Bank for nearly 35 years. The queries raised in the investor point as well as the reply offered by our President J. Natarajan, prompted me to participate in this annual general meeting. Further our great Bank, for the last 13 years have gone into trouble due to mounting NPA. These are the two points which prompted me to participate in the general body meeting. Sir, the Karur Vysya Bank is known for its customer service. But from our point of view it is declining due to death of staff. Invariably each branch is handled with one clerical cadre or two clerical cadre at the most. We are often talking about the cost of the establishment, whereas on the other side you are posting officers in the counter for the day-today operations. Further in the investor point it is replied that we are going to reduce the cost of establishment by downsizing the permanent employees, if I am correct. And you are slowly migrating to contract employees. I request the MD to give the breakup figures for the establishment cost incurred for the permanent staff and officers with that of the high end executives and officers so that the shareholders may know where the cost comes. Then coming

to the NPA, sir. Please give the names of the top 10 defaulters with amount advance, date of advance, present outstanding and the date from which the default occurred. Sir, recently Karnataka Bank reported to the stock exchange the Reliance Home Finance is classified as fraud, to be around 21.94 crores. I wish to know whether our Bank advanced any money to the Mumbai company Reliance Home Finance, if yes, how much and what is the present status? Sir, when the officer is held accountable, why the same yardstick is not applied to board of directors, who are all responsible for the high end advances? Secondly sir, I may kindly be excused for quoting City Union Bank, the City Union Bank used a target only retail advances. Why we have gone for the high-end advances, god knows sir. For shareholder realizing issue and should act with determination to stop at any effort to save our great Bank, sir. Sir, while concluding I would like to raise another issue that I am happy to note that our Bank has recently promoted 180 clerical cadres to the officers scale 1 cadre. If it is so, when it was reported to us, that they were assigned the work of sales manager duties and not the regular banking duties. The promotion policy was arrived forty years back, taking care and aspiration of our staff members. If it is understood that this is in violation of promotion policy from clerical cadre to officer cadre. Whether our Bank is going to enter into another litigation, I request the MD whether will this be corrected. And another thing, while concluding, the Chairman & MD conveyed their sincere thanks to the rank and file. It is our social responsibility as well as compassion that number of employees and officers have lost their life during this pandemic. Their family is in dire necessity of one employment. They cannot be allowed to wander in the street. I request the management to extend the compassionate appointment to bereaved families who have lost bread winners of the family. With this I conclude. Thank you, sir.

**N. S. Srinath:**

Thank you, Rajendran. Your email has also been received by the management to look into the administrative part with regard to financial results and the subject agenda of this annual general meeting, to that extent I request MD to clarify. Other points the administration will look into and undertake your views. We can go to the next speaker, please.

**Moderator:**

Thank you. Our next shareholder is on an audio call. It is K. R. Palaniappan. Please go ahead.

**K. R. Palaniappan:**

I am Palaniappan from Madurai. I am the shareholder for more than 3 decades. I am a retired banker. Everyone knows because I used to talk in all the AGMs except last one. I welcome Mr. Ramesh Babu, a seasoned banker to our Bank. Very brief, I would like to conclude my speech. First one is, the Karur Vysya Bank is struggling to survive, number one. Because every year some problem or other they are facing, all because of the NPA. The NPA has accrued, not of recent, it is before 2017. I have already asked why before the AGMs back I asked the then CEO why the advances are growing little slow. Then CEO clarified that it is because they are going on granting only A rated, AAA rated advances, the advance growth is less, but to my surprise, I saw in the paper advertisement, the Bank has granted to one individual gold loan of ₹ 162 crores at Chennai which has become NPA immediately and many such loans, not only, many big ticket loans have been sanctioned without proper appraisal. I have sent email several times, the Director has told there is no reply at all. And I request you to, all the big ticket loans

granted previous to 2017 should be looked into and who has sanctioned such unworthy loans because the collateral have been taken on paper, but the value is not market value. They have quoted excess and they are not able to sell as we could see, we are going on releasing advertisement, quoting lesser value, still it is not going. And I could see there are several loans in your website, around 400 properties are under auction, repeatedly you are doing it, you are not able to recover. Whoever experience CEO comes definitely it is a very herculean task to collect this NPA because your appraisal part is wrong and I concur with Mr. Rajendran who is the previous speaker that the responsibility does not end with the soldiers, it has to be taken by the board of directors also who has sanctioned this unworthy big-ticket loans. Especially I want to know why the Bank has to go in for one single borrower ₹ 162 crores, can the ₹ 160 crores NPA that the Bank can't withstand. Number two, you have to sanction loans, big ticket loans sanctioned previous to 2017 or why such loans are sanctioned, are they in order. All the properties, valued properly, why then you are not able to recover. First, they told because we went to consortium it has become bad, then they told corporate, now you have given several individual loans, all are **(Inaudible) 1:25:27** your appraisal part or the integrated part is wrong. So you have to go into that and I request the present CEO to look into deeply and correct. But for Mr. Sheshadri, your predecessor definitely the Bank would have gone to some other hand because he arrested the trend and he put a full stop not to sanction loans, that was the etiquette for this Bank, still run in the name of Karur Vysya Bank. So, it is a very serious issue. I have already told several times, the NPA has to be addressed. Now the difficulty in, you are taking action, because wrong appraisal part itself wrong, how are you going to recover? Number two, is your cost-to-income ratio is very high, perhaps one of the worst banks I have seen. Because I have seen all the banks, cost-to-income ratio even if your account for the bi-partite settlement one-time off, the cost-to-income ratio is more than 50% which is not acceptable at all. That means your expenditure cell is not working well. Somewhere leakage is there, you have to arrest. The manpower is very high. You have gone digitalization and you are not going in for branch expansion, what is the need of having so many staffs? You have gone for digitalization, everything is concluded, then the cost of staff is too high. Almost you have to pay, also provide for the NPA. And leaving nothing on the table for the shareholders. And dividend also even though RBI restricted you could have declared 30%, 17.5% because many of them live on this dividend from Karur. But last time you skipped because of RBI directive, this time at least you could have given 30% which is permissible. But why you are restricted to 25%, you could have given 30% as of previous years. See, there are years when we are expecting more than 100%, 120%, 130% now, we are thinking whether the Bank will give dividend at all. Now the days have come whether the banks, in the scenario now, COVID scenario but previous COVID scenario what has happened. Suddenly the Bank is struggling to survive. The present CEO has to look into this, Board of Directors is also accountable because all big ticket loans are sanctioned by them. What is the necessity of sanctioning one single borrower ₹ 162 crores which have become NPA all of a sudden. There is something which is not acceptable at KVB standards. And another thing is, why don't you cover all the staffs, you vaccinate all the staffs and declare in advertisement that all our staff has been vaccinate and you are in safe hands. The Bank would strength and you can involve some private Apollo Hospital like that, cover all the people and declare that you in the safe hands, only 83% as CEO told. I am sorry putting

harsh words. But I have to express my feelings, and definitely NPA should be addressed immediately and bring down, otherwise very difficult. Because I saw in Q1 ₹ 279 crores has been provided for, which is shocking. Of course, it is not related to this AGM but ₹ 279 crores in a quarter, who will accept that. The NPA has not increased, the NPA is shifting gears from D1, D2, D3 that means all the accounts has become loss assets, which is very shocking and it has to be addressed. Some few loans have contributed all the things, going deep into that and see that the shareholders' value because I told when the right issue is ensured, I asked them to keep the value at Rs. 50, but the board of directors and then CEO was very adamant now shareholders wealth eroded like anything. So many crores we lost. Anyhow, I wish best of luck Mr. New CEO and he is a seasoned banker, I need not explain. Thank you, if I come personally I would have explained more. Because I am on the way I am not able to speak, arise many more questions. Anyhow I wish that the present CEO should come and set right the things. Because I had a lot of interaction with Sheshadri, he told that I could not do anything because legal fees incurred is very bad. Thank you, sir, for giving an opportunity. Please address this NPA and bring back the old glory to the Bank and let us address the issue of NPA very well and go into the question of why such big ticket loans have been sanctioned without proper security and without proper appraisal, who is responsible, fix the accountability including the Bank board of directors. Thank you, sir.

**N. S. Srinath:**

Thank you, Mr. Palaniappan.

**Moderator:**

We take our next shareholder, Prakash Raj. You may go ahead, please.

**Prakash Raj:**

I have two queries at my side. Bank should improve its ROA, NIM and try to maximize their shareholders wealth and recently Bank have shown a decent growth in most of the parameters. But it is not reflecting in Bank share price and it showed performance in today's market price. So these are the two queries that I have, just want to share with you. That is it. Thank you, sir.

**N. S. Srinath:**

Thank you, Prakash Raj.

**Moderator:**

Thank you. We take our next shareholder, K. Nagarajan, you may go ahead, please.

**K. Nagarajan:**

Good morning, to all of you. Good morning, sir, I am Nagarajan, shareholder of our Bank and my DPID is 120132 and 43021. I would like to share some of my views on the performance of the Bank. The impact of COVID-19 in the banking industry, the advances growth not on the expected levels in all the banks in India, C-19 leads to significant reduction in demand of loan, from SME and corporate sectors. It adversely affect the entire banking industry across the country. In spite of COVID impact on the economy and human resources, our Bank's focused approach and tactical initiatives impose its advances by 9% nearly. In the priority sector advances, stood at 52%, against a requirement of 40%. During the year, this sector grown by 20% which is commendable under present economic conditions. Use of digital platform for sanction of retail loan is appreciated as it reduces TAT for sanction of loan and hardship to the customers. So, in this area I would like to one thing, sir so many shareholders are asking why

the manpower is increasing. So, when we are going for digital increasing the digital platform it require both technical people from outside. I think that is the reason for going for new recruitment. And also, the net profit has grown steadily over the years, 3 years, 18-19 ₹ 211 crores, 19-20 ₹ 239 crores and 20-21 ₹ 359 crores. So Bank's PCR ratio also, 72% indicates that most of the assets quality since are already been taken care, it is really appreciable. Even in the pandemic period a growth of 34% in CASA was a good performance. Share of digital transaction is very good at 92% which reflect our robust IT infrastructure and trust of our customers in our banks. Nearly 14 lakhs customers are using our Bank KVB DLite mobile application and it is really wonderful. And in the DLite application one of my friends and my relatives are telling that SB accounts if you are providing with valid proof and everything the account has been opened within few minutes. It is really impressive one and also in DLite application now we are introducing the E-ASBA. It is also very helpful for the investors to applying for the IPOs in this recent times. Bank has won many awards during this year. It is a sign of recognition by outside agencies. It is also really impressive. We the shareholders always like a maths teacher, sir. Chairman sir, we always, shareholder is like a maths teacher. If one person is asking 35% mark, we will ask them to take 60%. If they are taking 60%, we will demand 80%. And take 80% means we will ask 100%. So, the student scoring 100% if we are approaching the maths teacher, if we are taking centum only subject is easy, you have to take in all subjects. So always shareholders expectation is very high, sir. So don't take it any comments of the shareholders and all you don't take in the negative sense, you have to take it in positive attitude and anything is possible in our Bank and we believe ourselves. Similarly excellent performance of the Bank also possible when the shareholders have faith and trust with the management. I am having full confidence in the management as a shareholder. As a shareholder I will support the management every year and every single year, sir. I firmly believe and we will have a wonderful performance in the future. And one more request to the board of directors, I request the board of directors to arrange vaccination for all the staff members and their family members in the COVID situation, sir. Thank you for the opportunity given to me to share my views in this meeting. Thank you, sir.

**N. S. Srinath:**

Thank you, Nagarajan. Thanks for your compliments. Not only maths teacher, even every parent wants 100% in all subjects. Nothing wrong in that and shareholders has to demand so that we will improve our performance. All suggestions are taken in a positive way. We will definitely try to improve and all suggestions are most welcome. Thank you, Nagarajan.

**Moderator:**

Thank you. We will take our next shareholder, J. Abhishek. You may go ahead, please.

**J. Abhishek:**

My DP ID IN301637 & Client ID 41359155, First of all, I congratulate the management on the eve of 102<sup>nd</sup> annual general body meeting, hope all is well with you and your family. In this challenging situation our company deserves much more respect than the current cap after completing more than decade of successful operations, profitability, dividend history and becoming one of the strongest brands in our respective industry. Sir, we would like to know how our Bank has been impacted in these past two years of COVID pandemic? Where do you see the light in the end of the tunnel and what will be growth status, in the first half and in the

second half? Post the corona virus and subsequent lockdowns held up and virtually no industry untouched out of the COVID. So any employees you are sacked, hire or salary cut in percentage if any, sir? Any salary cut was being taken by the management during the pandemic time and what is the view of the management going forward, sustainability of the profit and growth will remain challenging in the coming quarters. Sir, what are the steps being taken by the management to reduce the other expenses, legal professional charges, and the audit fees. Sir, myself and my team are running a legal firm in Chennai. So I would request you to kindly enroll the empanelment of the bank and we will be glad to extend our services. I have made a request last year, in the last year AGM also, sir, but I have not received **any reply** I will request kindly ask them to get in touch with me, sir, so that I can share my credentials with them. And what is the policy related to dividend in our Bank, most of the senior citizens are only dependent on the dividend income and in the right issue also shareholders have lost lot of money, so how are we going to benefit the minority investor fraternity in the years to come and kindly share the details of top 10 NPA list with the investor fraternity, who are the top 10 defaulters whether any public limited company is involved in the defaulters list I would like to know from you. Nothing much to ask, sir. And I would request you to kindly give us an appointment as soon as the pandemic ends to meet you and greet you and kindly give us an appointment in Chennai. Nothing much to ask, sir, I wish the company and the board of directors great success and prosperity in the coming future. Thank you for giving the opportunity. Thank you very much.

**N. S. Srinath:** Thank you, Abhishek. You were a bit fast, very very fast. Anyhow we have noted down the points. Regarding meeting MD you can send a mail and fix an appointment depending up on the movement of people and other things. Thank you, Abhishek.

**Moderator:** Thank you. We take our next shareholder, Shekhar K. V. You may go ahead, please. While we check the connection for Mr. Shekhar K. V. we will move to our next shareholder Aspi Bhesania. You may go ahead, please.

**Aspi Bhesania:** Chairman sir, Directors and shareholders. Sir, my name is Aspi Bhesania from Bombay. Sir, congratulate the management on maintaining Q1 net profit, year-on-year and quarter-on-quarter. Normally all banks show provisions for NPA separately whereas you have not shown, why, in the quarterly results? Sir, ask the Company Secretary to inform the shareholders speaker number, we have to aware any time our name can be called out. So, you should inform the shareholder number, speaker number beforehand. Sir, cost-to-income ratio is mentioned by others of 50.38% is on the higher side. Sir, page #137 unclaimed dividend for 2013-2014 is Rs. 58,82,669, it is a big amount, 58 lakhs. Why don't you trace the shareholders? It is the amount of the shareholders which you will transfer to IEPF where dividend is more than Rs. 1000 you see the address of the shareholder and send someone from the nearest branch to find out why dividend is not encashed, also help the shareholder to get his dividend. I am talking from my own experience of other companies. Registrars keep on harassing shareholders asking for unnecessary documents while issuing duplicate dividend cheque. The company secretary should help shareholders get their rightful dividends. Sir, this is not an isolated case. For every



other dividend amount is so big which will be transferred to our IEPF and further why have given Rs. 0.50 dividend now. You should have ploughed back that money, rather than giving Rs. 0.50 dividend. Even if somebody is having 100 shares he will get only Rs. 50 dividend, it is not worthwhile now considering the current inflation. Sir, earlier Bank used to issue bonus and rights, quite regularly, please scrutinize loans properly. Otherwise, our Bank will also be sold for free. Just as Lakshmi Vilas Bank was sold to DBS for free. Shareholders of Lakshmi Vilas Bank didn't get anything. Sir, Union Bank is showing profit, mainly due to treasury profits. Why our treasury profits is so low? Please strengthen the treasury department. SBI has increased the Bank charges to show profits whereas they don't want to reduce the NPAs. I hope our Bank has not increased the Bank charges. Sir, next year when this physical AGM please continue with video conferencing. Sir, shareholders from entire country can attend your AGM. Sir, thank you and all the best.

**N. S. Srinath:** Thank you, Bhesania.

**Moderator:** Thank you. We take our next shareholder, Krishnamoorthy V. you may go ahead please.

**Krishnamoorthy V:** Chairman and MD, I am Krishnamoorthy from Bangalore. Thank you for your time. As the Karur Vysya Bank is concerned, our motto itself **(Inaudible) 1:45:10** and I am happy **(Inaudible) 1:45:15**.

**Moderator:** While we check the connection for Mr. Krishnamoorthy, we take our next shareholder, Vasudevan. You may go ahead, please.

**Vasudevan:** Respected Chairman, Board members and other stock holders assembled in the AGM. Good morning, I am Vasudevan from Karur. I would like to wish for continuous growth in the business and we are proud to be a shareholder of KVB ever. In the meantime the share growth is not there. Already some people have asked, the same thing I am also expecting some growth in our share value. Just some suggestion I am having, last year the KVB has been walk and jog, CSR activity has been done in Karur and took the initiative and every person from the Karur has been proud for the same. Whenever we are crossing that we are happy to see that. In the same way we request the Bank to do more CSR activities, especially in Karur to make as an environmental Karur Forest Area is only 3% against the proposed national policy of 33%. So ecological balance improved in Karur that but initiatives has to be expected from KVB as it is the birthplace of Karur. And other CSR activities to clean the city also. Karur, we expect more in the Bank can think to invest more CSR activities in Karur. Thanks for giving the opportunity. Thank you, sir.

**N. S. Srinath:** Thank you, Vasudevan.

**Moderator:** That was the last shareholder in queue. Over to you, Chairman sir.

**N. S. Srinath:** Will you please try Krishnamurthy once again?



**Moderator:** sure, will get the connection checked if it is available, will bring him on screen sir.

**N. S. Srinath:** Ok while checking up connectivity of Mr. Krishnamurthy, Thanks for the other shareholders who could put forth their point of view, seek clarifications and other things. We really appreciate your interest and attachment with our Bank. We very much value your feedback and I assure that all your suggestion would be put to careful thought with the management. Before I request MD & CEO to respond on the queries, I would announce general instruction regarding e-voting. Pursuant to the provisions of section 108 of companies Act 2013, and securities and exchange board of India, Bank offer e-voting facility. That is remote vote, e-voting to the members for resolution contained in the notice through e-voting platform of NSDL from August 7 2021 till August 10, 2021. The said e-voting was closed at 5 pm yesterday. Though e-voting ended at 5 pm yesterday, those members who have not voted on the e-voting platform, may cast their votes through voting facility at the AGM through NSDL website until 15 minutes from the conclusion of the meeting. Shri. R. K. Bapulal, senior partner 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 of 2015, the voting results will be announced within two working days and the results will be hosted on the website of the NSE, BSE and in our Bank's website. I request those who have not voted to cast their vote, that is number one. So can we get Krishnamurthy online ?

**Moderator:** No sir, the connection is still unstable.

**N. S. Srinath:** So, now I think now, we will proceed and requesting MD and CEO to respond to the queries. Over to MD & CEO.

**Ramesh Babu:** Thank you, Chairman sir. So, first of my profound thanks to all the shareholders for the interest they have taken in going through our accounts and flagging their suggestions, queries, so first of all we are grateful to each one of you for spending time with us. Now, there is, if you look at the points flagged by the shareholders, there is some sort of overlap is there and many of the points have come overlap, that is why instead of addressing each of the points shareholder wise, so I have summarized this points and all and I will clarify head wise, so that that will provide the clarification to all the shareholders. The first is on the interest income. Interest income when we are looking at it, so ideally if you look at it in a falling interest rate scenario, the interest income will come down, but we need to look at the cost also. The cost also when it has come down, so we need to look at the net interest income. If we look at the net interest income of the Bank, compared to last year, even though we have refunded the interest on account of moratorium as well as interest on interest is fixed, Supreme Court has given a directive, even with all these things, our net interest income has gone up over the year. So that way, whenever the cost of deposits is coming down, we need to pass on and we need to reduce the interest rate of loans also. So you may find this lower interest amount but net interest amount has gone up. So this is regarding the interest income part. Second thing is the operating expenses, few of the shareholders were expressing their concern over the operating expenses.

So we need to split this issue into two parts. One is employee cost and the second one is other operating expenses. Other operating expense if we look at it, so it was there in our investors deck also which we have uploaded on the website. The other operating expense have come down compared to 19-20. 19-20 and 20-21 if you look at it, it has come down. Now coming to the employee cost, it has gone up. So there are reason for that. One is Bank is a member of the IBA and consented for the employee wage settlement negotiation in July 2017. Based on the initial discussions it was expected that the increase would be in the range of 10%. Bank had been paying 10% of the payable component as an adhoc to the employees from November 2017 onwards. By the end of 2019, we understood that the offer was increased to 12%. Bank had created an additional provision of 49 crores up to September 2020 based on the estimates. The wage settlement was signed in the month of November 2020. The MoU on wage increase was arrived at 15% of the payable component plus connected expenses on the retirement benefits. On account of this, Bank had incurred additional establishment expense of 246 crores in an year towards payable component and retirement benefits during the year 2021. Our normal runrate for the wage bill including estimated AS-15 provisions for the current year is estimated at 1040 crores. In fact, we have arrived at, one of the shareholders was mentioning about the ratios of the staff cost. When we look at the staff cost ratios, compared to our size, our peer banks whoever are there, particularly the old generation private sector Bank, we are more or less comparable with that of them other than the last year because last year the single payment of the past provisions we had to make for the wage revision it has come out, otherwise we are well aware of this thing and all, we are looking into the staff cost as well. So that way operating expense are concerned barring these one-time expenses, we are within control and we are literally lower than the 19-20.

Now coming to the slippages. Slippages there is a lot of concern expressed. Here, I need to mention that in our investor deck and balance sheet also you have mentioned, 2019-2020, our slippages were ₹ 1602 crores and 2021 the slippages are ₹ 959. It is below ₹ 1000 crores. So ₹ 1602 crores and prior year also it was ranging in that range, ₹ 1500, this is the year which all of you appreciate, pretty difficult year because not only for the staff, even for the business people, self-employed, all of them, few of them they have lost their livelihoods and despite that moratorium is there. Many of them they thought that they need not pay, it will extend, that was the reason they were keeping this money for a rainy day. Actually, many of the customers for any medical emergency for them as well as their families. In the month of March, the Supreme Court has given a decision that this moratorium comes to an end, we need to come back to the normalcy. Your Bank is like any other Bank left with 10 days. And entire team, KVB team, I need to give credit to every one of them, they rallied, ran around and they followed up with the customers and all. They have brought down the NPA level, which you will not find in the last 5 years this rate. And you can also find in our presentation the credit cost, what we call as provisions, what we are making as a percentage of the assets. It was high, it is lowest at 1.46 in the last 5 years. The credit cost what the Bank has incurred lowest in the last 5 years and it used to be 2.5, 2.8 and all, we have come down to 1.46 this year, despite a pretty difficulty year mostly for the retail. You all know your rank has an equal 32% of the portfolio of the Bank is commercial. So commercial when they are struggling actually in the SME front, we

need to bear more brunt. But despite that we are able to manage the slippages during this year so that is your Bank is doing very well and knowing that slippages have to be contained. And one more thing we need to keep in mind, the slippages that we were looking at it, they are all retail front also, not 1 or 2 years vintage. The loans are not given one or two or three years back. When we look at it with 6 years, 8 years they have been paying the loan because of the COVID which is unprecedented, they couldn't manage, they had to default. But whatever it is, all the securities, particularly retail are backed by the securities, we have collateral and we will be able to recover the money over a period of time. So that way if we look at the asset quality front, if we look at it, now so continuously because we are monitoring and the quality of the booking and the digital front started going up. In 2018, when we have introduced the digital so lot of surrogate data and lot of cheques and balances when we have kept it, on one side you have the speed, 15 minutes you can give a sanction to a borrower. Simultaneously, in this 15 minutes system checks various sources about the quality of the borrower. So if we look at these two, the slippages and the stress if we look at it, 2018 onwards what all we are booking many of them are doing pretty well. There can be exceptions because COVID itself is an exception. On account of COVID-19 no one has expected, otherwise the quality of the booking of the borrowers is pretty good and you can be rest assured.

Now coming to the collection efficiency. We realized that how business growth is important, NPA recovery is important, collection is equally important in the backdrop of COVID because if we do not recover the money, the good work what you are doing under the business front goes waste. With these things, your Bank has already started a separate collection wing, not only by activating all the branches, a dedicated team using center, a feet on street engaging the agencies and suppose in aggravated cases then how to go ahead, under the head of a DGM we have created a dedicated team for the collection wing to give more focus on this. One of the shareholder has mentioned about the NIM. NIM if you look at it, NIM is a derivative of the interest yield on advances what you are getting and the cost of the deposit. And initially I was mentioning, the deposit cost has come down naturally the yield on advances also has come down. But the challenge for the Bank is, are we able to maintain our NIM or not. If you look at our NIMs, despite the challenge competition and severe competition from other banks also, we are able to more or less maintain our NIM at the same level despite our earlier NPA issues. Now if you talk about the asset quality, we were also talking about the corporate pain. Corporate pain if we know to look at it, hindsight if we look now, we get a feeling saying that we should not have taken the corporate exposures. But all of you have learned, you must be seeing how other banks are faring, how economy was faring in the years 2010 and 2011 and 2009, when anyone looks at it, so were getting a feeling infrastructure is the key for the country. If country is not going to spend on infrastructure and growth, there will not be survival for the country. So that is the reason many of them they have come into the infrastructure and they were going forward, not only our Bank, many banks, they have gone into financing that. Had it gone in the normal course, we would have been in a better position. But beyond their capacity and beyond their control few of the factors not beyond the control of the Bank also they couldn't succeed. So that is the reason at that time had we not embarked on the journey for financing infrastructure, maybe if that is working well, at this stage, we would

have felt saying that we have missed the bus. We have missed the bus, we have missed the opportunity when Bank is able to do so well, why not we? So that way, what all has happened, it is along with other banks. But rest of the portfolio if we look at it, our portfolio under the corporate has come down to 23% now. It used to 27% of the portfolio and in the last AGM also we have categorically told internally we have checks and balances for onboarding this corporate accounts and the current, average corporate account size is ₹ 39 crores and we have literally put a cap of ₹ 125 crores and beyond that we will not take an exposure, that too conservatively, we are trying to go for around ₹ 75 crores of exposure because tomorrow if the corporate grows, you need to have sufficient space for him to accommodate this growth also. That is the reason we are giving around ₹ 75 crores, so that over a period of time it grows ₹ 125. Even today, if you look at it, there are very handful of accounts under corporate which are above ₹ 125 crores, they are either backed by government and they are well rated. So that way majority of these accounts which we are talking have come down drastically. Now coming to the NPA also, all of you have mentioned, NPA net NPA one of the shareholder has mentioned the amount has gone. So I would like to just clarify the position, net NPA as a percentage as well as the amount over March 19, it has come down. It has come down, net NPA has come down, despite the odds. What sort of odds, if we look at it, we have the security with us. If we need to go for an auction, the courts are not functioning, even if you go for an auction, the people who ever apply and bid for the auction it has come down on account of the COVID. What I said earlier, everyone they were trying to conserve the money for a rainy day, how it works. Sir, that is the reason rather than for an investment, they are waiting for an opportunity. It is a question of time. We have the securities with us, it is for us, once things improve, once we are out of the challenging environment, we will be able to recover our dues particularly under the retail and many of the commercial segment and few of the corporates if you look at it we have our own securities charged us separately or so. All these things we can bring out and bring back money So it is a passing phase for us, not only for us, even for **any Bank**. So that way if you look at it, asset quality we are actually focusing and the net NPA amount is around ₹ 1800 crores. So on an average when we are actually earning every quarter, we are trying to take care of that. One more question raised was why this amount of ₹ 270 crores, something like that was provided. We need to look at two aspects. The ratios will come down with 3 ways. One is, the business grows, automatically the ratios will come down even with same NPA amount. Second one is, the recoveries what all are coming. And the third thing, you need to provide from the current profit. So you are providing for the current profit, it doesn't mean that we are leaving anything. All this to cleanup we have been doing, but all this is receiving our attention. All of you know we have last year created a separate vertical, only for monitoring the credit and stressed assets headed by GM, under him full-fledged paraphernalia we have provided and these people are focusing exclusively on the recoveries. So that way, the asset quality on one side we are trying to grow the business, thanks to the compliments given by few of the shareholders that despite the challenging environment, your Bank has grown in the business, yes. The credit goes to all the staff members. In my inaugural address, I was mentioning the growth has come from all verticals, not a particular vertical. Agriculture, commercial, personal, everyone has given the growth including Neo, PMD everyone has given the growth. So under these circumstances, we have repaid the IBPC also. Inter-Bank

participation certificate, even with that, if you look at it, the growth of your bank under advances is pretty good, which was not there in the last few years at 11% we grew. So still maintaining a good CD ration. So coming to ROA and ROE, we have been giving a guidance, saying that, our ROA, because we need to clean up few of the things and all profit what we are getting, ideally two things can be done. One is, declare the total profit what all you are earning and closing it. Second thing is, accelerated provisions making it to clean up the balance sheet that way and your legacy issues are out and over a period of time we will be recovering the money and you are on a clean slate. So which route we need to go. We thought, so we will, every quarter we will provide something as an accelerated provisions even for the NPA, so that way the numbers what you see as a provision is to some extent deceptive. Because it contains a normal provision which you are supposed to provide as per the IRAC norms of Reserve Bank of India. Plus the accelerated provision what you are making it to bring down the net NPA levels to a comparable level because as a shareholder when you felt our NPA level is 3.49 and 5 is high, we also agree with you, with this background and we are trying to bring it down over a period of time, how to bring it down to 2.5. With this 3 methods, as I said the growth in the numbers, business numbers and recovery these NPA and third thing is by providing we will bring it down and we will keep the Bank in a good position. Now, once these things happen, naturally the earnings what all are coming will be going towards the profit only. So if you can look at the numbers of 2021, there is a growth in the ROA vis-à-vis 2019. 2019, though the staff cost expenses were very high. But we are able to contain so well, the path of ROA movement is so good, we are able to do it better. We have given a guidance also to all the investors and analysts also that from 2024 March onwards, we would like to maintain one plus ROA on a sustained basis. Our intention is not to oscillate. One year this, another this, that. So that is the intention we thought that, that is provided accelerated and sustained basis it will provide ROA. So that if you can look at it once we start declaring the profit that way after the provision, ROA as well as ROE will be taken care of. The market capitalization few of the shareholders have expressed their concern. So all of you need to see few of the ratios when I just talk about. Compared to last year, they are pretty good. If we look at it, the net profit has grown by 53%, advances has grown by 9%, without IBPC 11% and NIM flat I said, ROA has gone up by 0.7%, GNPA has come down by 0.83%, net NPA is down by 0.51% and PCR has gone up by 3.8%. So that way all key ratios what you look at it we are on the correct track. But our sole focus and sole intention is to take care of the shareholders' value. We know the trust and loyalty what you have and our intention is to do what all is good for the Bank and good for the shareholder. So in the process market will realize over a period of time what is the value what we are bringing and all and you can be rest assured that we will focus in our approach in taking care of these ratios, asset quality, growth, everything what you have enunciated today. We will be focus on each one of them to see that your Bank is on the right track. Now, digital disruptions when you talk about it, I agree digital is the future, but I am really happy to share that your Bank is a front runner in the digital. When rest of the peer banks, actually they were thinking of this one, in 2016-2017 itself we have started the digital journey and when you look at few of the big banks, when they talk about what we have done, we are planning and all, we are trying to do, then you can get a feeling saying that how we are ahead of others. Our retail, what all we have brought the LOS and other things what we say by using every available

information to check the veracity, the accuracy with which we are working. So all this disruptions, we started actually ahead of others when that is a reason by 2019 more or less it is stabilized. Now we are extending it to other sectors, other portfolios also so that your Bank will be ahead of digital always. So in my inaugural speech also, I have conveyed what are the things we are doing on the digital and you can be rest assured we will not lag behind and we will be continuously looking at what is happening in the market and what is required and what is relevant to the Bank, not for the sake of having particular digital initiative we will not do, because it involves cost and we need to take care of the cost-to-income ratio also. What all is good for the Bank where we are going to derive value out of that definitely we will work on that. Now, coming to the treasury profits. Treasury profits somewhere I think there is a small gap in respect of that particular numbers when a shareholder has seen. If you look at the treasury profit, both the years, 19-20 and 20-21 we have earned around ₹ 340 crores. So our treasury is one of the well performing treasuries and even now if you look at it, we have shown in our investor deck, the duration what we call 1.71 for the ASF portfolio which is one of the lowest amongst the banks. Which is one of the lowest, so we are relatively conservative and we have booked enough profits, when the interest rates were coming down, your treasury is one of the treasury and it's the front runner in encashing the opportunity and what all profits we need to book, we have booked it. Coming to the staff vaccination, I will tell you, we took it as a move because we know entire team KVB is a family. If there is a pain in any of their families, it is a pain for us. So that way, we propagated the need for the vaccination to all the staff members, I am happy to share though I have told 83%, so a sect of people for variety of reasons for their health reasons or something and all they cannot take. They cannot take vaccination or they have got the pain of COVID in the second phase. So that way they cannot take it. The time they need to wait, if I look at the number of people out of 7800 only 460 people need to be vaccinated. Other than the rest of them, either they are vaccinated once or twice or they cannot undergo the process. These 450-500 or so, what I am talking, we are actively working with them because wherever they cannot get the vaccination, we are liaising with the government and private agencies to get them vaccinated before the end of this month or most probably 20<sup>th</sup>. I am very thankful for each one of you, for the concern each one of you for the KVB family and we will see that these staff members are also vaccinated so that all of us we are safe. Now the impact of COVID. So impact of COVID, few of them were mentioning, I agree it was a pretty difficult year because really last year, so we were not even knowing, every bank was finding their feet. So every staff member also naturally they are concerned about their lives and they are dealing with them. With all these things every precaution what we are supposed to take and educating staff, customers also what they need to do, what we need to do, we have done the business in a safer way and the numbers are in front of you in the balance sheet and P&L what your team have done. Despite the challenging environment. Now, coming to the dividend front. So RBI has given some sort of a guidelines and your net NPA have to be this level and something else at this level you can declare this much of dividend. So we know very well, many of the senior citizens who are there, they may be dependent on our dividend. So that is the reason one of the shareholder has in the interest of the Bank, he has suggested that why did you not conserve the capital? Ideally it should have been conserved because how things pan out no one knows, but keeping in mind the interest of



our shareholders who are dependent on the dividend, we though we need to declare the dividend, up to the extent what Reserve Bank of India has permitted. So, that we have declared. So that way, if you look at it, overall all your suggestions each one of you have given, we have taken note of each of the suggestions and next AGM I whole heartedly wish that all of us, we need to, meet personally, so that the satisfaction levels are much better and despite all these odds, I profusely thank each one of you for taking the interest in sharing your thoughts and giving us suggestions and which will be of immense use for us, for the improvement of the Bank and finally I would like to say that, the entire team is committed and we single point agenda interest of the Bank how to take it forward. So that is what we will keep in mind, because you have trust in us and it is our duty to repose and act accordingly. So on behalf of the entire KVB team, I will commit that your Bank will do what is right, what is correct, what is needed. So going for other things and all, that way we will always try to keep your Bank on the right path. Thank you very much once again to each one of you for your participation and suggestions.

**N. S. Srinath:**

Thank you, Mr. Ramesh Babu. You have entirely covered all the points raised by the shareholders. One of the shareholder was talking about the unclaimed dividends which will go to the investor education fund and so I can assure all the shareholders that thorough follow up is being done even at the board level to see that the beneficiaries take the dividend, multi prompt approach we are following up including sending our people to the shareholders residences available and other things. The steps taken are I think as you know sending reminder letters, registered posts, personal visits, even the addresses which they have given are sometimes wrong and almost 50% of the registered letters have come back. I can assure you that we make an honest approach in identifying the beneficiaries of the dividend who has to receive the dividend to see that they get it because it is a legitimate income which they have earned on the investment made, despite that sometimes these things do happen. We will pursue continuously to see that they update their addresses, we try to find out their contacts and see that the dividends are reaching the correct hands. So thank you. Now, the question-and-answer session has come to an end, I request Mr. M.V. Srinivasamoorthy, Director to propose vote of thanks.

**M. V. Srinivasamoorthi:**

Respected Chairman, MD & CEO, my colleagues in the Board, past Directors, our beloved employees, esteemed shareholders, ladies and gentlemen, good afternoon to all. My job is the pressurable one of saying thanks. We say thanks because we know that all things in life are result of some collaborative effort, direct or indirect, intentional or unintentional. As our Bank move past its 105 years of existence from a simple lending house to a digitally driven pan India financial Institution. I thank our architects and founding fathers of KVB, Shri. M. A. Venkatarama Chettiar and Shri. Athi Krishna Chettiar for their vision in building and enduring organization. I also thank former directors and past senior management of the Bank for shaping up this institution as what is now. I thank Shri. N. S. Srinath, Chairman for conducting the proceedings of the AGM in his unique and iconic style. Sir, your opening address precisely highlighted the challenges confronted by the Bank during the year and how the Bank tided over it by growing responsibly. I also thank you very much for your steady hand in guiding the

affairs of our Bank. We are grateful to our MD & CEO for his detailed narration about Bank's performance during the year. And also his enthusiasm in replying to the shareholders queries. Sir, your speech and interactions with shareholders not only reflects your enriched banking experience but also the zeal and rigor in growing this organization. I am sure that your active and energetic persona will move the Bank to its zenith in the days to come. I would like to express my sincere thanks to fellow directors for their collective wisdoms and guidance in shaping up the future of our Bank. I wholeheartedly thank our entire rank and file of our employees for their involvement and willingness in ensuring seamless functioning of branches, channels, across the country, by working beyond their comfort zones, given the tough pandemic period. An event like this cannot happen overnight. The wheels start rolling weeks ago. It requires lot of planning and meticulous execution. We have been fortunate enough to be backed by a team of very motivated and dedicated employees at central office for successful conduct of this event. An AGM event happening consecutively for more than a century is a rare phenomenon and we are humbled by the fact that few institutions in this country have reached this milestone. At the same time we always remember that we could not have made without unstinted support of you, our beloved shareholders and investors. You stood by us, in our testing times and I don't find matching words to express gratitude for your solidarity and loyalty. I wish to place and record our deep sense of appreciation for the astounding work done by our frontline corona warriors including doctors, medical staffs, sanitary workers, police and various authorities. I earnestly appeal to you to shed the fears of vaccination if any and ensure health and safety of your dear ones. It is my duty to extend our gratitude for the continued support of all the customers of the Bank. I take this opportunity to thank Reserve Bank of India, SEBI, Central and State Governments, MCA, NSE, BSE other regulators and business partners. I thank our present statutory auditors M/s Walker Chandiook & Co. Chartered Accountants and also thank M/s R G N Price & Co. Chartered Accountants and M/s Sundaram & Srinivasan Chartered Accountants for consenting to act as joint statutory auditors of our Bank. We also thank M/s Bapupal Yasar & Co. Secretarial auditor and Scrutinizer of this annual general meeting. My special thanks and appreciation to the media, police and all the service providers including NSDL, Chorus call conferencing services for providing this technological platform. We are seeing promising silver linings of realizing our dreams and are cautiously optimistic in delivering our values. I am happy that the hard efforts made in the past has just begun to yield the desired results and going forward we are sure of a better tomorrow. Thank you ladies and gentlemen and we wish to meet you all in person in the next year. Thank you.

**N. S. Srinath:**

So friends, 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 VC or other audio-visual means will be available up to 15 minutes from the conclusion of this meeting. The time is around 1:30, so it will be open, the meeting is coming to a close. It will be open up to 1:45. Please cast your votes without fail.

**N. S. Srinath:**

Now National Anthem. Now I declare the meeting as concluded. Thank you once again.

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